AON CORP
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April 11, 2003

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
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Aon Corporation

(Name of Registrant as Specified In Its Charter)

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS,

PROXY STATEMENT AND 2002 ANNUAL FINANCIAL AND

GENERAL INFORMATION REPORT

In connection with the 2003 Annual Meeting of Stockholders, we have combined the Notice of Annual Meeting, Proxy Statement and 2002 Annual Financial and General Information Report into one document to save printing and distribution costs. A summary annual report designed primarily for clients that describes Aon's services and products will be available on Aon's website at www.aon.com.

Aon Corporation

www.aon.com

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To Our Stockholders

A letter from the Chairman & CEO

We had many accomplishments during 2002, especially in our reinsurance, international and wholesale brokerage businesses, but we also had disappointments that caused us to miss our financial targets for the year. We have already taken several steps designed to improve our financial performance, and we anticipate better earnings in the future.

I am very confident in the strength of our global franchise. Our insurance brokerage, consulting and specialty insurance underwriting businesses are among the market leaders, and we are extremely well positioned to meet the expanding needs of our clients. Our financial position is strong and we have significant growth opportunities within our businesses merely by leveraging the extensive resources that we have already built.

Employees Respond to Challenges

Last year was a turbulent one for the insurance industry, world financial markets and the global economy. All three were influenced by the tragedy of September 11, which also dramatically impacted our Company. Aon's employees excelled in the face of these new challenges, even as we have been recovering from the painful loss of colleagues, clients and friends. Our employees found renewed purpose by helping clients, and I am proud of their many accomplishments. The importance of their work has never been greater.

Summary of 2002 Consolidated Financial Results and Highlights

In 2002, Aon achieved double-digit revenue growth in all three business segments insurance brokerage and other services, consulting and insurance underwriting. This growth underscores the strong client demand for Aon's products and services. Consolidated revenues were $8.8 billion, up 15 percent from 2001.

Net income for 2002, however, did not meet our targets. Reported net income was $1.64 per share compared with $0.53 per share in 2001, which included World Trade Center (WTC) charges of $0.35 per share, business transformation costs of $0.49 per share and goodwill amortization of $0.38 per share. Other items also impacted 2002 results.

Retaining Our Insurance Underwriting Business

At the beginning of 2002, we planned to start a specialty property and casualty insurance venture through the spinoff of our underwriting businesses. The goal was to supply new capital to the insurance marketplace in response to growing demand by clients. Later in the year, however, it became evident that the negative impact of the financial markets on our investment income and pension assets, coupled with losses suffered from September 11, would preclude Aon from funding a major new venture. By third quarter 2002, operating income and capital ratios had not reached original targets, and we decided that a spinoff would not be in the best interest of stockholders. Although a sale would have alleviated a major portion of our short-term borrowings, we decided not to sell our insurance underwriting operations, given the unacceptable offers we received during an unfavorable mergers and acquisitions market. Instead, we decided to take steps to reinforce our financial position.

Capital Enhancement Actions

Our capital enhancement actions completed in fourth quarter 2002 were successful. Capital ratios improved and we continue to benefit from solid credit ratings at the corporate level and strong claims paying ratings at our principal insurance

company subsidiaries. Most importantly, we have underscored our commitment to our clients and policyholders by keeping a strong financial position to serve their growing needs.

During fourth quarter 2002, we raised more than $1.1 billion of capital. Net proceeds of $607 million were received from the issuance of 36.8 million new common shares, and these funds were used principally to reduce commercial paper borrowings. Long-term debt of $519 million was also issued, primarily to retire near-term debt and repurchase a portion of our trust preferred capital securities. At year-end 2002, debt plus preferred capital as a percentage of total capital improved to 40 percent from 45 percent at September 30, 2002. In addition, we repaid a $150 million note that matured on January 15, 2003.

We also reduced our quarterly dividend to $0.15 per share from $0.225 per share. This will allow our insurance underwriting subsidiaries to retain more of their cash flow, thereby strengthening their financial positions that were negatively affected by WTC, investment and other losses.

Our investment portfolio now has less exposure to the equity markets. Short-term and fixed-maturity investments comprised about 90 percent of Aon's total investment portfolio at December 31, 2002, up from 83 percent a year earlier. Nearly 94 percent of our year-end fixed income securities portfolio was investment grade.

The Securities and Exchange Commission's (SEC) Division of Corporation Finance routinely sends public companies comment letters to ask questions about their filings. During the summer of 2002, Aon received a comment letter and we had discussions with the SEC staff. Aon has addressed all of the comments, and Aon's aggregate stockholders' equity was unchanged as a result of these discussions. In September 2002, we amended our 2001 Form10-K and first quarter 2002 Form 10-Q. A $90 million allowance that was originally recorded in first quarter 2002 was moved to fourth quarter 2001. This allowance arose from a dispute with the reinsurers of one of Aon's underwriting subsidiaries over WTC claims. In second quarter 2002, Aon also posted a $56 million cumulative adjustment for other than temporary impairment related to investments. There are no outstanding comments from the SEC.

Insurance Brokerage and Risk Management Services

Our insurance brokerage and other services segment had record revenues of $5.3 billion for 2002, up 13 percent from the prior year, driven by organic growth. Pretax margins before WTC items and business transformation costs, however, were 13.8 percent for 2002 compared with 15.8 percent in 2001. Increased pension and risk management costs factored into the comparisons, as did lower investment income due to declining interest rates. U.S. retail brokerage improved relative to 2001, but influences from the business transformation and WTC disaster tempered revenue growth and increased expenses. Underperformance in our managing underwriting business during 2002, caused principally by the replacement of an insurance carrier for two programs, also had an impact on the comparisons.

We expect U.S. retail brokerage and managing underwriting to improve in 2003 and beyond as factors from 2002 abate. The business transformation plan in our U.S. retail brokerage operations was completed in 2002, and we are becoming steadily more proficient on our new operating platform, which is designed to drive both revenue growth and efficiencies. In managing underwriting, new insurance carriers have already begun accepting business from the two programs noted above, including one of our own subsidiaries. While insurance companies have become more conservative in deploying their capital in these tight markets, we continue to pursue new sources of capital to satisfy the needs of insurance buyers for specialty coverage.

Importantly, we expect our reinsurance, wholesale and international brokerage operations to continue their strong results, and we anticipate better results from our claims services business.

Our reinsurance brokerage business is an industry leader and typifies Aon's strength in applying our vast resources to solve client problems. Since September 11, insurance companies have had to grapple with new "what-if scenarios" that were previously unthinkable. Effectively retaining and transferring risk through reinsurance is critical to their success. Aon's reinsurance experts help insurers navigate these decisions by using sophisticated tools like dynamic financial analysis to evaluate multiple risk transfer scenarios and the corresponding impact on earnings volatility and financial position.

Our wholesale brokerage business had its best performance ever in 2002. Under the Swett & Crawford brand, we provide independent agents and brokers access to difficult markets by leveraging our industry and product expertise. Our wholesale brokerage services are especially important to clients when insurers restrict their underwriting capacity, as we are witnessing during the current phase of the insurance cycle.

Our international brokerage businesses have coalesced well to deliver integrated solutions to multinational clients. We have market-leading positions in most major European countries, Asia, the Pacific, Africa and South America. Every day we get better at mining our intellectual capital through our knowledge transfer systems to deliver the best ideas from around the world to our clients' doorsteps. Our services include not only insurance brokerage, but also complete risk management services such as captive management, claims services, actuarial analysis, loss prevention and safety engineering.

Recent events show that we continue to generate new opportunities from our existing franchise. Late in 2002, we started an alliance with Giuliani Partners to offer crisis management and disaster recovery planning. This January, we became the first foreign broker licensed in China to provide retail and reinsurance brokerage services to indigenous Chinese companies, as well as international firms with operations in China. And in March 2003, we received the same privilege from India, which had previously restricted foreign insurance brokers. These developments are a testament to our expertise and reputation within our industry. In both China and India, we are operating through joint ventures.

Although pension costs will increase in 2003, as previously announced, we believe the improvements in our global insurance brokerage franchise and strong demand for our services will more than offset these incremental costs, and margins should improve.

Human Capital Consulting

In 2002, Aon signed new human resource outsourcing contracts with clients that propelled revenue growth 12 percent above the prior year. These multi-year contracts are the result of investments made over the past few years to augment Aon's traditional strengths in employee benefits, compensation, business process and communication consulting. Securing these long-term client contracts fulfills our strategy to offer fully integrated human capital consulting services. We believe that a holistic approach to human capital management produces the best results for clients. That is why we have built resources to deliver complete solutions.

Margins for our outsourcing business are lower than our other consulting operations, so they compress segment margins when they are added. Also, margins under these long-term contracts are lowest in the early years due to the initial investment costs. Over the life of these contracts, however, the returns are expected to be quite favorable, and they bolster client relationships by providing new opportunities to offer more services.

Aon's traditional consulting businesses had slower growth in 2002 due to weaker economic conditions around the world, which translated into less hiring and fewer workers employed by our clients. Their expanding needs, though, to enhance workforce productivity and contain costs for retirement, health care and other benefit plans, should drive increased demand for our services.

Insurance Underwriting

Revenue growth in our insurance underwriting segment was quite good at 12 percent in 2002. Several unusual items, however, caused income to fall sharply from historic levels. Expenses related to our previously planned spinoff equaled $50 million last year, $33 million of which was recorded in the underwriting segment. We also chose to discontinue certain unprofitable insurance underwriting operations that had pretax losses of $21 million in 2002, and we had a $36 million loss from an alleged fraud by an outside party, National Program Services, Inc. Lower interest rates also pressured investment income. These factors reduced pretax income to $152 million in 2002, essentially flat with the prior year results of $150 million that were negatively impacted by $135 million of WTC related charges.

To improve results in our supplemental accident and health insurance business, we have instituted a "Back-to-Basics" strategy. We will cease accident and health insurance operations in Mexico, Argentina and Brazil, and we have exited our large company group life business. Going forward, we will concentrate on our core strengths: distribution, product expertise, recruiting, training and financial strength. Our direct sales approach, using a highly trained career agent sales force, will be the foundation for our growth and improved profitability.

In our extended warranty operations, we will focus on our core strengths of disciplined underwriting and efficient claims handling to ensure that our products are appropriately priced and loss costs are minimized. Although slower economic growth has impeded revenue increases on existing business, we believe there are opportunities to gain more clients who may wish to offer extended warranties to their customers.

On the commercial property and casualty side, we are selectively underwriting some niche business produced principally by our managing underwriters. When insurance companies become more restrictive with their capacity, as they are

now, we will opportunistically underwrite this business since premium rates are typically at their highest levels during these periods. We normally have long relationships with the insurance buyers using our managing underwriting facilities and extensive knowledge of the claims experience.

We have benefited from the increased demand for property and casualty insurance through our investment in Endurance Specialty, a Bermuda-based insurance company that we co-sponsored. Endurance is providing new property and casualty insurance capacity to commercial companies, and we believe this investment will provide favorable returns. Aon made an initial investment of $227 million in Endurance, which recently completed an initial public offering.

Milestones

In May 2002, W. Clement Stone, the founder of our accident and health insurance subsidiary, Combined Insurance Company of America, celebrated his 100th birthday. In his honor, our sales agents and management team sold a record number of policies during his birthday week. We were then saddened by Mr. Stone's passing later in the year, but we remain thankful that his lasting spirit and energy live on in the culture of Combined Insurance.

Perry J. Lewis, a director of Aon and our predecessor companies for more than thirty years, will be leaving our board in May 2003. His years of service and many contributions are greatly appreciated.

Raymond I. Skilling, Aon's executive vice president and chief counsel, has announced his desire to retire as chief counsel prior to the 2004 annual meeting of stockholders and he will remain at Aon in a new capacity. He is not standing for re-election to our board in May 2003. Raymond has provided astute counsel as a member of our board for 26 years and we are extremely grateful for his valuable guidance as we grew our organization into a worldwide franchise. Patrick G. Ryan, Jr. will also not be standing for re-election in May. We thank him for his service and we wish him well in his future endeavors.

New director nominees, who qualify as independent directors under newly-proposed regulatory guidelines, have been selected. While Aon already complies fully with proposed New York Stock Exchange guidelines concerning independent directorship, the nominees would increase the number and percentage of independent directors on our board. In addition, the director nominees have extensive international business experience, which we highly value.

Harvey N. Medvin has retired from his position as chief financial officer after serving with us for more than thirty years. We are indebted to Harvey for his dedication and guidance as we built Aon into a global enterprise, and we are fortunate that he has agreed to continue on as an advisor to Aon.

David P. Bolger, who joined Aon in January as executive vice president of finance and administration, assumed the additional position of chief financial officer in April 2003 as planned. David has managed major financial institutions and has held senior finance positions during his career. We welcome him to Aon's executive management team.

Outlook

Looking ahead, I am encouraged by the energy of our management team and employees. They know that Aon shines most when clients' challenges are greatest. In this difficult insurance market, our brokerage and risk management resources are highly prized and our innovation is rewarded. Our consulting professionals are sought after to improve clients' workforce productivity and to optimize their compensation structures. Consumers also are keen to protect their valuable assets and savings against losses, and they seek the advantages of insurance and warranty protection. As we steadily enhance the products and services we deliver to clients with increased productivity, we expect to significantly improve returns to stockholders, increase value to our clients and expand opportunities for employees.

Sincerely,

Patrick G. Ryan
Chairman and Chief Executive Officer

AON CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 16, 2003

To the Holders of Common Stock and Series C Preferred Stock of ***Aon Corporation****:*

The Annual Meeting of Stockholders of Aon Corporation will be held on Friday, May 16, 2003, at 10:00 a.m. (local time), at Bank One Auditorium, 1 Bank One Plaza, 10 South Dearborn Street, Chicago, Illinois, for the following purposes:

1. To elect thirteen Directors to serve until our 2004 Annual Meeting of Stockholders. **Your Board of Directors unanimously recommends that you vote "FOR" the election of all nominees.**

2. To ratify the appointment of Ernst & Young LLP as our independent auditors for the year 2003. **Your Board of Directors unanimously recommends that you vote "FOR" the ratification of the appointment of Ernst & Young LLP as our independent auditors.**

3.

To transact such other business as may properly come before the meeting or any adjournment thereof.

Only holders of common stock and Series C preferred stock of record at the close of business on March 26, 2003 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. A list of the stockholders entitled to vote at the Annual Meeting will be available for inspection at the Annual Meeting and during normal business hours at our corporate offices during the ten-day period immediately prior to the Annual Meeting.

Chicago, Illinois
April 11, 2003

For this year's Annual Meeting, we have combined the Notice of Annual Meeting, Proxy Statement and 2002 Annual Financial and General Information Report into one document.

Your vote is important. Whether or not you plan to attend the meeting in person, please vote as promptly as possible by telephone, on the Internet or by completing and returning the enclosed proxy card.

Aon Corporation
200 East Randolph Street
Chicago, IL 60601

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS MAY 16, 2003

Solicitation of Proxies and Mailing Date

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Aon Corporation ("Aon," "we" or "our") for use at the 2003 Annual Meeting of Stockholders to be held at Bank One Auditorium, 1 Bank One Plaza, 10 South Dearborn Street, Chicago, Illinois, at 10:00 a.m. (local time), on Friday, May 16, 2003, and at any adjournment thereof. Action will be taken at the meeting upon proposals to elect thirteen Directors and to ratify the appointment of our independent auditors, as well as any other business as may properly come before the Annual Meeting. This proxy statement and the accompanying proxy card are first being sent to stockholders on or about April 11, 2003.

Who Can Vote

Only holders of our common stock, par value $1.00 per share (the "Common Stock"), and our Series C Cumulative Preferred Stock, par value $1.00 per share (the "Preferred Stock," and together with the Common Stock, the "Stock"), as of the close of business on March 26, 2003, are entitled to vote at the Annual Meeting. As of that date, there were 312,190,493 shares of Common Stock outstanding, and 1,000,000 shares of Preferred Stock outstanding, each entitled to one vote for each share.

Quorum

The presence in person or by proxy of the holders of a majority of the shares of Stock entitled to vote at the Annual Meeting shall constitute a quorum. Abstentions and broker non-votes will be counted for purposes of determining a quorum at the Annual Meeting.

Vote Necessary for Action

Except as otherwise required by applicable law or our second amended and restated certificate of incorporation, as amended, any proposal properly presented at a meeting in which a quorum is present will be decided by the vote of the holders of a majority of the Stock present in person or represented by proxy and entitled to vote on the proposal at that meeting. An abstention with respect to a particular proposal will have the effect of a vote against that proposal. If a duly executed proxy is marked to indicate that all or a portion of the Stock represented by that proxy is not being voted with respect to a particular proposal, that non-voted Stock will not be considered present and entitled to vote on the proposal even though that Stock will be counted for purposes of determining the presence or absence of a quorum. The election of thirteen Directors and the ratification of the appointment of our independent auditors will be decided by the vote of the holders of a majority of the Stock present in person or represented by proxy and entitled to vote on these matters.

How to Vote

We hope that you will be present at the Annual Meeting. If you cannot attend, please validate the enclosed proxy by telephone, electronically using the Internet or by mail. To validate a proxy by telephone or electronically using the Internet, please follow the instructions located on the proxy card. To validate your proxy by mail, please sign the enclosed proxy card and return it in the accompanying envelope, which is addressed and requires no postage. Please note that you may incur costs charged by telephone companies

or Internet access providers in connection with validating a proxy by telephone or electronically using the Internet.

If you properly cast your vote, by either voting your proxy by telephone, electronically using the Internet or by executing and returning the enclosed proxy card, and your vote is not subsequently revoked, your Stock will be voted in accordance with your instructions. If you execute the enclosed proxy card but do not give instructions, your proxy will be voted as follows: FOR the election of all nominees for Director named below, FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for the year 2003 and in accordance with the judgment of the person or persons voting the proxy on any other matter properly brought before the Annual Meeting. If you receive more than one proxy, you should validate each proxy to ensure that all of your Stock is voted.

We believe that the procedures that have been put in place are consistent with the requirements of applicable state law. Please remember that if your Stock is held through a bank, broker or other nominee, you will receive voting instructions from such bank, broker or other nominee describing the available processes for voting your Stock.

Revocation of Proxies

You may revoke your proxy at any time before it is voted at the Annual Meeting. A vote by telephone or through the Internet may be revoked by executing a later-dated proxy card, by subsequently voting by telephone or through the Internet or by attending the Annual Meeting and voting in person. A stockholder executing a proxy card may also revoke it at any time before it is exercised by giving written notice revoking the proxy to the Office of the Corporate Secretary at the mailing address set forth on the cover of this proxy statement, by subsequently filing another proxy bearing a later date or by attending the Annual Meeting and voting in person. Attending the Annual Meeting will not automatically revoke your prior telephone or Internet vote or your proxy.

Attendance

If you hold your Stock in "street name" (that is, through a bank, broker or other nominee) and would like to attend the Annual Meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of Stock as of the close of business on March 26, 2003, which is the record date for voting. Alternatively, you may contact the bank, broker or other nominee in whose name your Stock is registered and obtain a proxy to bring to the Annual Meeting.

Expenses

We will pay the expenses of the preparation of proxy materials and the solicitation of proxies for the Annual Meeting. In addition to the solicitation of proxies by mail, solicitation may be made by certain directors, officers or employees of Aon and our subsidiaries telephonically, electronically or by other means of communication, and by Georgeson Shareholder Communications Inc., who we have hired to assist in the solicitation and distribution of proxies. Directors, officers and employees will receive no additional compensation for such solicitation. Georgeson will receive a fee of $7,000 for its services. We will reimburse brokers and other nominees for costs incurred by them in mailing proxy materials to beneficial owners in accordance with applicable rules.

2002 Annual Financial and General Information Report

Appendix B to this proxy statement contains our 2002 Annual Financial and General Information Report, including our consolidated financial statements, the notes thereto and management's discussion and analysis of financial condition and results of operations, as well as certain other financial and other information required by the rules and regulations of the Securities and Exchange Commission ("SEC").

Principal Holders of Voting Securities

As of March 26, 2003, the beneficial owners of 5% or more of any class of our Stock entitled to vote at the Annual Meeting and which were known to us were:

Name and Address	No. of Shares of Common Stock	Percent of Class
Patrick G. Ryan c/o Aon Corporation, 200 East Randolph Street, Chicago, IL 60601	27,402,939(1)	8.78
Southeastern Asset Management, Inc. 6410 Poplar Avenue, Suite 900, Memphis, TN 38119	30,289,200(2)	9.70
Capital Research and Management Company 333 South Hope Street, Los Angeles, CA 90071	24,307,300(3)	7.79
State Street Bank and Trust Company 225 Franklin Street, Boston, MA 02110	24,279,523(4)	7.78
John A. Levin & Co., Inc./BKF Capital Group, Inc. One Rockefeller Plaza, New York, NY 10020	19,544,763(5)	6.26
Davis Selected Advisers, L.P. 2949 East Elvira Road, Suite101, Tucson, AZ 85706	17,039,848(6)	5.46

Name and Address	No. of Shares of Preferred Stock	Percent of Class
Estate of W. Clement Stone c/o W. Clement Stone Enterprises, Inc., P.O. Box 649, Lake Forest, IL 60045	400,000	40
Jessie V. Stone c/o W. Clement Stone Enterprises, Inc., P.O. Box 649, Lake Forest, IL 60045	600,000	60

(1)

The decrease in Mr. Ryan's beneficial ownership since our last proxy statement is not the result of the sale of any shares of Common Stock by Mr. Ryan or any member of the Ryan family. Rather, the decrease in Mr. Ryan's beneficial ownership reflects certain charitable contributions and certain transactions within the Ryan family, which are described in this footnote. On March 24, 2003, Shirley W. Ryan resigned as trustee of a trust for the benefit of Corbett M.W. Ryan, and Patrick G. Ryan, Jr. and Robert J.W. Ryan replaced her as trustees. This trust holds 1,455,356 shares of Common Stock. Corbett M.W. Ryan and Robert J.W. Ryan are the brothers of Patrick G. Ryan, Jr. An Irrevocable Stockholders' Voting Agreement and Proxy by and among Mr. Ryan, Mrs. Ryan, their sons and related trusts whereby Mr. Ryan had a proxy to vote the shares of Patrick G. Ryan, Jr., Robert J.W. Ryan and Corbett M.W. Ryan terminated on March 24, 2003 pursuant to an agreement of the parties in order to effectuate certain estate planning goals of the Ryan family. Includes13,865,652 shares of Common Stock beneficially owned by Mr. Ryan and 11,622,637 shares of Common Stock beneficially owned and attributed to Mr. Ryan pursuant to trusts for the benefit of family members. Also includes 404,000 shares of Common Stock owned by a charitable foundation for which Mr. Ryan acts as trustee and has sole voting and shared investment control. Also includes 366,900 shares of Common Stock representing a beneficial interest in shares of Common Stock of the Employee Stock Ownership Plan ("ESOP") Account of the Aon Savings Plan attributable to Mr. Ryan, and a beneficial interest in shares of Common Stock of the Aon Common Stock Fund of the Aon Savings Plan. Under the terms of the Aon Savings Plan, as a participant in such plan Mr. Ryan is entitled to direct the manner in which the trustees will vote the shares of Common Stock attributed to him; in addition, all shares of Common Stock for which voting instructions are not received are voted by the trustees in the same proportion as the shares of Common Stock for which voting instructions are received. Also includes 1,143,750 shares of

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Common Stock which Mr.Ryan has the right to acquire pursuant to presently exercisable stock options and options which will become exercisable within 60 days of March 26, 2003.

(2)

Based upon information contained in a Schedule 13G filed with the SEC on January 10, 2003 pursuant to Rule 13d-1(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Southeastern Asset Management, Inc. ("Southeastern") is a registered investment adviser and has: (a) sole voting power as to 15,426,200 shares of Common Stock; (b) shared voting power as to 12,057,000 shares of Common Stock; (c) no voting power as to 2,806,000 shares of Common Stock; (d) sole dispositive power as to 18,195,200 shares of Common Stock; (e) shared dispositive power as to 12,057,000 shares of Common Stock; and (f) no dispositive power as to 37,000 shares of Common Stock. All of the shares of Common Stock covered by the Schedule 13G are owned legally by Southeastern's investment advisory clients and none are owned directly or indirectly by Southeastern. As permitted by Rule 13d-4 of the Exchange Act, Southeastern disclaims beneficial ownership of the shares of Common Stock covered by the Schedule 13G.

(3)

Based upon information contained in an amendment filed on February 13, 2003 pursuant to Rule 13d-1(b) of the Exchange Act to a Schedule 13G originally filed on February 11, 1999. Capital Research and Management Company ("Capital Research") is a registered investment adviser and has no voting power, but sole dispositive power, as to 24,307,300 shares of Common Stock. Although Capital Research is deemed to be the beneficial owner of these shares of Common Stock as a result of acting as investment adviser to various investment companies registered under the Investment Company Act of 1940, Capital Research expressly disclaims, pursuant to Rule 13d-4 of the Exchange Act, that it is the beneficial owner of such shares.

(4)

Based upon information contained in a Schedule 13G filed on February 12, 2003 pursuant to Rule13d-1(b) of the Exchange Act. State Street Bank and Trust Company ("State Street") is a bank that acts in various fiduciary capacities with respect to various benefit plans of Aon, including the Aon Savings Plan and the ESOP. State Street has: (a) sole voting power as to 10,084,940 shares of Common Stock; (b) shared voting power as to 13,483,692 shares of Common Stock; (c) sole dispositive power as to 10,841,332 shares of Common Stock; and (d) shared dispositive power as to 13,483,191 shares of Common Stock. State Street expressly disclaims beneficial ownership of all shares of Common Stock reported in the Schedule 13G pursuant to Rule 13d-4 of the Exchange Act.

(5)

Based upon information contained in a Schedule 13G filed on February 14, 2003 pursuant to Rule 13d-1(b) of the Exchange Act. Each of John A. Levin & Co, Inc. ("Levin & Co."), a registered investment adviser, and BKF Capital Group, Inc. ("BKF"), the indirect parent company of Levin & Co., has (a) sole voting power as to 218,821 shares of Common Stock; (b) shared voting power as to 15,817,517 shares of Common Stock; (c) sole dispositive power as to 218,821 shares of Common Stock; and (d) shared dispositive power as to 19,325,942 shares of Common Stock.

(6)

Based on information contained in a Schedule 13G filed on February 21, 2003 pursuant to Rule 13d-1(b) of the Exchange Act. Davis Selected Advisers, L.P. is a registered investment adviser and has sole voting and sole dispositive power as to 17,039,848 shares of

Common Stock.

Agenda Item No. 1 Election of Directors

Thirteen Directors are to be elected at the Annual Meeting. The term of each Director expires at the next succeeding Annual Meeting of Stockholders and each Director shall hold office until the election and qualification of his or her respective successor or until his or her earlier death, removal or resignation. The Board of Directors consists of a number of Directors as is fixed from time to time by resolution adopted by the Board of Directors as provided in our bylaws. The Board of Directors currently is authorized to have up to twenty-one members.

With the exception of Mr. Kalff and Mr. Losh, all nominees are currently Directors of Aon. All nominees for Director have consented to be named, and have agreed to serve if elected.

The thirteen Directors will be elected by the vote of the majority of votes present in person or represented by proxy at the Annual Meeting. Accordingly, since votes withheld will count as present at the Annual Meeting (and will therefore also count toward the establishment of a quorum), a vote withheld for a nominee will adversely affect that nominee's ability to secure the necessary majority of votes present at the Annual Meeting.

Unless a proxy directs to the contrary, it is intended that the proxies will be voted for the election of the thirteen nominees for Director named on the following pages, to hold office until the next succeeding Annual Meeting of Stockholders or until their respective successors are duly elected and qualified. We have no reason to believe that any of the nominees will not be available to serve as a Director. However, if any of them should become unavailable to serve for any reason, the proxies will be voted for such substitute nominees as may be designated by the Board of Directors.

Set forth on the following pages is biographical information concerning each nominee for election as a Director, the nominee's principal occupation, the period during which the nominee has served as a Director of Aon, including service as a Director or employee of Combined Insurance Company of America ("Combined Insurance"), a subsidiary of Aon, or Ryan Insurance Group, Inc. ("Ryan Group"), which merged with Aon in 1982. Ages shown for all Directors are as of December 31, 2002.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF ALL NOMINEES.

Patrick G. Ryan
Director since 1965

Mr. Ryan has been Chairman of the Board of Aon since 1990 and Chief Executive Officer since 1982. He was elected President and Chief Executive Officer of Aon at the time of the merger of Aon and Ryan Group in 1982, and served as President of Aon until April 1999. Prior to the merger, Mr. Ryan served as Chairman of the Board and Chief Executive Officer of Ryan Group. He is a Director of Tribune Company and serves as Chairman of the Board of Trustees of Northwestern University and as a Trustee of Rush-Presbyterian-St. Luke's Medical Center. He serves as Chairman of the Executive Committee of our Board of Directors and is a Director of the Aon Foundation.

Age: 65

Edgar D. Jannotta
Director since 1995

On March 6, 2001, Mr. Jannotta was named Chairman of William Blair & Company, L.L.C., an international investment banking firm, and Chairman of its Executive Committee. On January 2, 1996, William Blair & Company, L.L.C. converted from a partnership at which time Mr. Jannotta was named Senior Director. Mr. Jannotta joined William Blair & Company in May 1959 as an Associate, became a Partner in January 1965, Assistant Managing Partner in June 1973, Managing Partner in September 1977 and Senior Partner in January 1995. He is Chairman of the Board of Trustees of the University of Chicago and Trustee of the Lyric Opera of Chicago. Mr. Jannotta is a Director of Bandag, Incorporated; Molex Incorporated; and Exelon Corporation. He serves as a member of the Executive Committee and Governance/Nominating Committee of our Board of Directors.

Age: 71

P. J. Kalff

Nominee

Mr. Kalff serves on the Supervisory Board of ABN AMRO Holding N.V., an international banking concern, and is the former Chairman of the Managing Board of ABN AMRO Holding N.V./ABN AMRO Bank N.V. Mr. Kalff is a member of the International Advisory Committee of the Federal Reserve Bank of New York. Mr. Kalff also serves on the Supervisory Boards of Concertgebouw N.V., Hagemeyer N.V., Koninklijke Volker Wessels Stevin N.V., N.V. Luchthaven Schiphol and Stork N.V.

Age: 65

Lester B. Knight

Director since 1999

Mr.Knight is a Founding Partner of RoundTable Healthcare Partners and the former Vice Chairman and Director of Cardinal Health, Inc., a diversified healthcare service company. Mr. Knight was Chairman of the Board and Chief Executive Officer of Allegiance Corporation from 1996 until February 1999, and had been with Baxter International, Inc.

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from 1981 until 1996 where he served as Corporate Vice President from 1990, Executive Vice President from 1992, and as a Director from 1995. He was Chairman and a Director of The Baxter Allegiance Foundation. He is a Director of Evanston Northwestern Healthcare and Junior Achievement of Chicago. He is a Trustee of Northwestern University. Mr.Knight serves as the Chairman of the Aon Foundation and as a member of the Executive Committee and Organization and Compensation Committee of our Board of Directors.

Age: 44

J. Michael Losh

Nominee

From 1994 until 2000, Mr. Losh served as Chief Financial Officer and Executive Vice President of General Motors Corporation, the world's largest vehicle manufacturer. Mr. Losh spent 36 years in various capacities with General Motors, where he served as Chairman of GMAC, its financial services group, Group Vice President of North American Sales Service and Marketing, and Vice President and General Manager of both its Oldsmobile Division and Pontiac Division. Mr. Losh currently serves on the Board of Directors of AMB Property Corporation, Cardinal Health, Inc., H.B. Fuller Corporation and Metaldyne Corporation. He previously served as a Director of The Quaker Oats Company (prior to its acquisition by PepsiCo., Inc.), Electronic Data Systems Corporation and Hughes Electronics Corporation.

Age: 56

R. Eden Martin

Director since 2002

Mr. Martin has been a Partner of the law firm Sidley Austin Brown & Wood (formerly known as Sidley & Austin) since 1975, and served as Chairman of its Management Committee from 1989-1999. His law practice has centered on the representation of regulated industries and companies. Prior to becoming a Partner, he was an Associate at Sidley & Austin from 1967-1973, and served as inside General Counsel of Arthur Andersen & Co. from 1973-1975. Mr. Martin has served as President of The Commercial Club of Chicago and President of its Civic Committee since 1999. Among other civic and professional involvements, Mr. Martin is a Fellow of the American Bar Foundation, a member of the Board of Directors of the Chicago Board Options Exchange, a Life Trustee of the Chicago Symphony Orchestra and a member of the Board of Trustees of Northwestern University, as well as Chair of its Audit Committee. Mr. Martin serves as a member of the Executive Committee of our Board of Directors and as a Director of the Aon Foundation.

Age: 62

Andrew J. McKenna

Director since 1970

Mr. McKenna served as a Director of Ryan Group from 1970 until 1982 when he was elected to our Board of Directors. He is Chairman and Chief Executive Officer of Schwarz, a printer, converter, producer and distributor of packaging and promotional materials, and a Director of Click Commerce, Inc., McDonald's Corporation and Skyline Corporation. He is Chairman Emeritus of the Board of Trustees of the University of Notre Dame and Chairman of the Commercial Club of Chicago. Mr. McKenna is also a Director of Children's Memorial Hospital and the Lyric Opera of Chicago, and a Trustee and Chairman Emeritus of the Museum of Science and Industry. He serves as the Chairman of the Governance/Nominating Committee and as a member of the Organization and Compensation Committee of our Board of Directors.

Age: 73

Robert S. Morrison
Director since 2000

Mr. Morrison retired as Vice Chairman of PepsiCo., Inc. in February 2003. From 1997 until the 2001 merger with PepsiCo., he led The Quaker Oats Company as Chairman, President and Chief Executive Officer. PepsiCo. and Quaker Oats are companies engaged in the processing of packaged foods and beverages. Previously, he served as Chairman and Chief Executive Officer of Kraft Foods, Inc., a division of Philip Morris Companies Inc., during the years 1994-1997; and he served as President of General Foods U.S.A., a division of Philip Morris Companies Inc., during 1991-1994. He also serves as a Director of 3M and Tribune Company. He serves as a member of the Audit Committee and Organization and Compensation Committee of our Board of Directors.

Age: 60

Richard C. Notebaert
Director since 1998

Mr. Notebaert was elected Chairman and Chief Executive Officer of Qwest Communications International Inc., a leading provider of broadband Internet-based data, voice and image communications, in June 2002. He previously served as President and Chief Executive Officer of Tellabs, Inc., from August 2000 to June 2002 and served as a Director of Tellabs from April 2000 to June 2002. He served as Chairman of the Board and Chief Executive Officer of Ameritech Corporation, a full-service communications company, from April 1994 until December 1999. Mr. Notebaert first joined Ameritech Communications in 1983 and served in significant positions within the Ameritech organization before his election as Vice Chairman of Ameritech in January 1993, President and Chief Operating Officer in June 1993 and President and Chief Executive Officer in January 1994. Mr. Notebaert is a Director of Cardinal Health, Inc., a Trustee of the University of Notre Dame and a member of The Business Council. He serves as the Chairman of the Organization and Compensation Committee and a member of the Audit Committee of our Board of Directors.

Age: 55

Michael D. O'Halleran
Director since 1999

Mr. O'Halleran has been President and Chief Operating Officer of Aon since April 16,1999. Since 1995 he has served as President and Chief Operating Officer of Aon Group, Inc., our global insurance brokerage and consulting arm. He has also served in other significant senior management positions within the Aon group of companies since 1987 and has more than 30 years of experience in the insurance and reinsurance industries. He is a Director of Cardinal Health, Inc. He is also Co-Chairman of World Business Chicago and is a Trustee of Dublin City University in Dublin, Ireland.

Age: 52

John W. Rogers, Jr.
Director since 1993

Mr. Rogers is Chairman and Chief Executive Officer of Ariel Capital Management, Inc., an institutional money management firm specializing in equities, having founded the firm in January 1983. In addition, Ariel Capital serves as the investment advisor, administrator and distributor of Ariel Mutual Funds. Mr. Rogers is a Trustee of Ariel Mutual Funds. Mr. Rogers is also a Director of GATX Corporation, Burrell Communications Group, Bank One Corporation, Exelon Corporation and the John S. and James L. Knight Foundation. He is Chairman of the Chicago Urban League; Trustee of Rush-Presbyterian-St. Luke's Medical Center; Life Trustee of the Chicago Symphony Orchestra; Trustee of the University of Chicago; and a former member of the Board of Trustees of Princeton University. He serves as the Chairman of the Audit Committee of our Board of Directors.

Age: 44

George A. Schaefer

Director since 1991

In April 2000 Mr. Schaefer retired as a Director of Caterpillar Inc., the construction machinery and equipment manufacturing company. He served as Chairman and Chief Executive Officer of Caterpillar from 1985 until his retirement from active duty in July 1990 and served in other senior management positions during the course of his career with Caterpillar which began in 1951. He is a Director of Helmerich & Payne, Inc. He serves as a member of the Audit Committee and Organization and Compensation Committee of our Board of Directors.

Age: 74

Dr. Carolyn Y. Woo

Director since 1998

Dr. Woo assumed the deanship of the Mendoza College of Business at the University of Notre Dame in July 1997. From 1995 to 1997 she served as Associate Executive Vice President of Academic Affairs at Purdue University, and from 1993 to 1995 she served as Director of the Professional Master's Programs in the Krannert School of Management at Purdue University. She joined Purdue University as an Assistant Professor in 1981 and was promoted to Full Professor in 1991. Dr. Woo currently serves on the Board of Directors of Nisource Industries, Inc., Circuit City Stores, Inc. and St. Joseph Capital Bank, and is a former Director of Arvin Industries, Inc. and Bindley-Western Industries, Inc. She serves as a member of the Audit Committee and Governance/Nominating Committee of our Board of Directors.

Age: 48

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the number of shares of Common Stock beneficially owned as of March 26, 2003 by each Director and nominee, by the Chief Executive Officer, Patrick G. Ryan, and by each of our four other most highly compensated executive officers, whom we refer to collectively in this proxy statement as the "named executive officers," and by all Directors, nominees and the named executive officers as a group. As used in this proxy statement, "beneficially owned" means a person has, or may have within 60 days, the sole or shared power to vote or direct the voting of a security and/or the sole or shared investment power with respect to a security (i.e., the power to dispose or direct the disposition of a security). Therefore, the table does not include the "phantom stock" shares held by or attributable to any individual under our benefit plans.

Name	Shares Beneficially Owned(1)	Percent of Class(2)
Patrick G. Ryan**(3)(4)(5)(6)	27,402,939	8.78
June E. Drewry**(6)	29,668	*
Edgar D. Jannotta(7)	56,025	*
P.J. Kalff(7)		*
Lester B. Knight(7)(8)	30,000	*
Perry J. Lewis	11,750	*
J. Michael Losh(7)	3,000	*
R. Eden Martin(7)	1,000	*
Andrew J. McKenna(7)	31,775	*
Harvey N. Medvin**(4)(5)(6)(9)	1,179,962	*
Robert S. Morrison(7)	1,000	*
Richard C. Notebaert(7)	11,500	*
Michael D. O'Halleran**(4)(5)(6)	528,175	*
John W. Rogers, Jr.(7)(10)	6,643	*
Patrick G. Ryan, Jr.(3)(11)	2,902,601	*
George A. Schaefer(7)	8,775	*

Name	Shares Beneficially Owned(1)	Percent of Class(2)
Raymond I. Skilling**(4)(5)(6)	867,162	*
Carolyn Y. Woo(7)	1,012	*
All Directors, nominees and named executive officers as a group (18 persons)	33,072,987	10.59

(1) The Directors, nominees and named executive officers, and all Directors, nominees and the named executive officers combined, have sole voting power and sole investment power over the shares of Common Stock listed, except as indicated in note (4) and in the table below:

	Shared Voting Power	Shared Investment Power
Patrick G. Ryan	11,038,695	11,442,695
Patrick G. Ryan, Jr.	1,455,356	1,455,356

(2) An asterisk indicates that the percentage of shares of Common Stock beneficially owned by the named individual does not exceed one percent (1%) of our outstanding shares of Common Stock. Named executive officers are indicated in the table by a double asterisk.

(3) The decrease in Mr. Ryan's beneficial ownership since our last proxy statement is not the result of the sale of any shares of Common Stock by Mr. Ryan or any member of the Ryan family. Rather, the decrease in Mr. Ryan's beneficial ownership reflects certain charitable contributions and certain transactions within the Ryan family, which are described in this footnote. On March 24, 2003, Shirley W. Ryan resigned as trustee of a trust for the benefit of Corbett M.W. Ryan, and Patrick G. Ryan, Jr. and Robert J.W. Ryan replaced her as trustees. This trust holds 1,455,356 shares of Common Stock. Corbett M.W. Ryan and Robert J.W. Ryan are the brothers of Patrick G. Ryan, Jr. An Irrevocable Stockholders' Voting Agreement and Proxy by and among Mr. Ryan, Mrs. Ryan, their sons and related trusts whereby

Mr. Ryan had a proxy to vote the shares of Patrick G. Ryan, Jr., Robert J.W. Ryan and Corbett M.W. Ryan terminated on March 24, 2003 pursuant to an agreement of the parties in order to effectuate certain estate planning goals of the Ryan family.

(4) The following shares of Common Stock are beneficially owned by members of the immediate family of the following directors and named executive officers: 11,038,695 by Mrs. Ryan; 55,062 by Mrs. Medvin; 114,597 by Mrs. O'Halleran; and 374,827 by Mrs. Skilling (Mrs. Skilling and Mrs. Ryan are sisters). As to the shares of Common Stock so held, Mr. Medvin, Mr. O'Halleran and Mr. Skilling disclaim beneficial ownership.

(5) Includes a beneficial interest in shares of Common Stock of the ESOP Account of the Aon Savings Plan attributable to the named executive officers, and includes beneficial interest in shares of Common Stock of the Aon Common Stock Fund of the Aon Savings Plan attributable to the named executive officers, as follows: Patrick G. Ryan, 366,900; Harvey N. Medvin, 166,583; Michael D. O'Halleran, 34,709; and Raymond I. Skilling, 16,208. The shares of Common Stock of the ESOP Account and the Aon Common Stock Fund of the Aon Savings Plan are voted by the trustees as directed by their respective participants; all shares of Common Stock for which voting instructions are not received are voted by the trustees in the same proportion as shares of Common Stock for which voting instructions are received.

(6) Includes the following number of shares of Common Stock which the respective Directors, nominees and named executive officers have or will have the right to acquire pursuant to presently exercisable employee stock options, or stock options which will become exercisable or stock awards which will become vested within 60 days following March 26, 2003: Patrick G. Ryan, 1,143,750;

Harvey N. Medvin, 172,325; Michael O'Halleran, 189,400; Raymond I. Skilling, 158,240; and June E. Drewry, 27,200.

(7) Does not include the number of shares of Common Stock equal to $50,000 which each outside Director will be awarded on May 16, 2003 pursuant to the Aon Outside Director Stock Award Plan. See "Compensation of the Board of Directors."

(8) Includes 15,000 shares of Common Stock held by a trust for the benefit of Mr. Knight's wife.

(9) Excludes 13,300 shares of Common Stock owned by a charitable foundation for which Mrs. Medvin acts as a trustee and has shared voting and investment control. Mr. Medvin disclaims any beneficial ownership in such shares of Common Stock.

(10) Ariel Capital Management, Inc., of which Mr. Rogers is Chairman and Chief Executive Officer, currently does not beneficially own any shares of Common Stock, nor has it beneficially owned any shares of Common Stock during Mr. Rogers's tenure on our Board.

(11) Includes a beneficial interest in 1,455,356 shares of Common Stock held in a trust for the benefit of Corbett M.W. Ryan.

Section16(a) Beneficial Ownership Reporting Compliance. Section16(a) of the Exchange Act requires that each of our Directors and executive officers, and any other person who owns more than ten percent of our Common Stock, file with the SEC initial reports of ownership and reports of changes in ownership of our Common Stock. Such Directors, executive officers and stockholders are required by regulation to furnish us with copies of such reports. Based solely upon our review of these reports, as well as written representations to the effect that no such other reports were required to be filed, Aon believes that all such filing requirements were met during 2002.

Compensation of the Board of Directors

Cash Compensation and Stock Awards. Directors who are employees of Aon receive no additional compensation for service as a Director. All non-employee Directors are referred to in this proxy statement as "outside Directors." Each outside Director receives a $30,000 yearly retainer for services to the Board of Directors. No additional fees are payable for Board or committee attendance or for service chairing

a committee. In addition, under the Aon Corporation Outside Director Stock Award and Retirement Plan (as amended and restated effective January 1, 2003 as a subplan of the Aon Stock Incentive Plan) (the "Award Plan"), each outside Director is granted a number of shares of Common Stock equal to $50,000 each year following their election to the Board of Directors at the Annual Meeting of Stockholders. Any outside Director elected to the Board other than at the annual stockholder's meeting receives a pro rata number of shares of Common Stock based upon the number of full months of service.

In 1994, Aon established an outside Director bequest plan (the "Bequest Plan"). The purpose of the Bequest Plan is to acknowledge the service of outside Directors, to recognize the mutual interest of Aon and our outside Directors in supporting worthy charitable institutions and to assist us in attracting and retaining outside Directors of the highest caliber. Aon is funding the Bequest Plan generally through the maintenance of life insurance policies on our outside Directors. Individual outside Directors derive no financial benefit from the Bequest Plan since any and all insurance proceeds and tax deductible charitable donations accrue solely to us. Charitable donations by Aon will be directed to charitable institutions designated by the outside Directors. Up to $100,000 will be contributed annually to tax qualified institutions designated by a participating outside Director for ten years following the death of that Director. An outside Director is not eligible to participate in the Bequest Plan until he or she has completed one full year of service on the Board. The Board retains the right to terminate the Bequest Plan and to decline to make any requested bequest if, in the Board's judgment, doing so is in the best interests of Aon and our stockholders.

Deferred Compensation. Pursuant to the Aon Corporation Outside Director Deferred Compensation Plan (as a subplan of the Aon Stock Incentive Plan) (the "Deferred Plan"), and pursuant to the Award Plan, outside Directors may defer receipt of cash compensation and shares of Common Stock until, generally, retirement from the Board.

Under the Deferred Plan, outside Directors elect that portion of the annual retainer (referred to as "Fees") which will be credited to either a cash account, the earnings of which are based on six-month Treasury bills, or a stock account. Both accounts are maintained for bookkeeping purposes only and no amounts are actually invested or set aside for the outside Directors' benefit. The outside Directors' stock accounts are credited with the number of shares that could have been purchased with the Fees at the average of the high and low price of the shares of Common Stock on the date the Fees are earned. As dividends are declared and paid on shares of Common Stock, each outside Director's stock account, for bookkeeping purposes, is credited with the amount of shares of Common Stock that could have been purchased had such dividends been reinvested in shares of Common Stock. Distributions generally commence upon termination of Director status or retirement of the outside Director from the Board. Distributions may be made in cash or in shares of Common Stock, at the election of the Director.

Under the Award Plan, outside Directors may also elect to defer receipt of the annual award of shares of Common Stock. For Directors that elect to defer, we will maintain accounts for bookkeeping purposes that are credited with the number of shares of Common Stock that could have been purchased with the annual award if shares were priced at the average price of shares of Common Stock during the first three months of the year the annual award is made. As dividends are declared and paid on shares of Common Stock, each outside Director's account, for bookkeeping purposes, is credited with the amount of shares of Common Stock that could have been purchased had such dividends been reinvested in shares of Common Stock.

In addition, under the Award Plan, outside Directors are also entitled to certain deferred benefits when they retire from the Board. The Award Plan provides for an amount to be credited to an account on behalf of each outside Director, as follows:

$10,000 for each annual period of Board service prior to 1994, but not more than $100,000 in the aggregate; and

$20,000 per annum for each annual period of service commencing with April 15, 1994.

Upon retirement from the Board, or upon death or disability, the vested value accumulated in the account as to a particular outside Director (the "Accrued Vested Retirement

Amount") will be distributed in ten installments consisting of shares of Common Stock.

The following table shows, as of March 26, 2003, the total number of shares of Common Stock equivalents credited to the phantom stock accounts of each outside Director (including Messrs. Kalff and Losh, who are nominees for election, and Messrs. Lewis and Ryan, who are currently outside Directors and retiring on May 16, 2003) under the Deferred Plan and under the Award Plan (the "Phantom Shares"), and the number of shares of Common Stock equivalents representing the Accrued Vested Retirement Amount (the "Retirement Shares").

Director	**Phantom Shares**	**Retirement Shares**
Edgar D. Jannotta	20,817	4,402
P.J. Kalff	-0-	-0-
Lester B. Knight	10,730	1,958
Perry J. Lewis	18,292	7,355
J. Michael Losh	-0-	-0-
R. Eden Martin	2,861	-0-
Andrew J. McKenna	59,750	9,106
Robert S. Morrison	6,636	1,158
Richard C. Notebaert	12,883	2,423
John W. Rogers, Jr.	21,132	5,682
Patrick G. Ryan, Jr.	-0-	-0-
George A. Schaefer	17,533	6,805
Carolyn Y. Woo	6,530	2,423
Total	177,164	41,312

We have fully reported deferrals by outside Directors of cash compensation into phantom stock accounts in the Deferred Plan and in the Award Plan on a cumulative basis for each year since 1993 in a form similar to that set out in the above table. Although this disclosure is not required by the SEC under the proxy rules, in the interest of keeping all stockholders informed of deferrals of compensation by outside Directors into phantom stock accounts under our outside Director compensation plans, we intend to continue this disclosure in future years.

The Board of Directors   Corporate Governance

In response to the Sarbanes-Oxley Act of 2002 and the proposed changes to the corporate governance listing standards of the New York Stock Exchange ("NYSE"), Aon is in the process of implementing various changes to its corporate governance practices. In many instances, Aon already had in place practices and procedures that comply with these new requirements. In other cases, we are making the appropriate changes to our practices and procedures to ensure compliance. Since many of the changes required by the Sarbanes-Oxley Act are being phased in over time and the proposed NYSE rules are not yet effective, our response to these changes will be ongoing.

The following discussion highlights some of the corporate governance initiatives taken by our Board in response to the Sarbanes-Oxley Act and the proposed NYSE rules:

Corporate Governance Principles. The proposed NYSE rules will require listed companies to adopt corporate governance principles. We have adopted corporate governance principles, which can be found on our web site at http://www.aon.com/about/aon_corporation/bod_governance.jsp. Our corporate governance principles address, without limitation, the following matters:

Election of Directors. All of our Directors stand for election annually.

Retirement of Directors. We have established a mandatory retirement policy that provides that a Director may not stand for re-election after that Director's 75th birthday.

Director Orientation. Aon conducts an orientation program for all new non-management Directors. This orientation includes presentations by senior management to familiarize new directors with the following matters: Aon's strategic plans; Aon's significant financial, accounting and risk management issues; Aon's compliance programs; Aon's Code of Ethics, Business Conduct Guidelines and Board Governance Guidelines; and Aon's principal officers. All other Directors will also be invited to attend these orientation programs.

Independence of Directors. The proposed NYSE rules will require listed companies to have a board of directors consisting of at least a majority of independent directors. Our Board currently consists of, and has previously consisted of, a majority of independent Directors.

Board Committees. Both the Sarbanes-Oxley Act and the proposed NYSE rules will require us to have an audit committee comprised solely of independent directors. The proposed NYSE rules will also require us to have independent compensation and nominating/corporate governance committees. We formed a Governance Committee and consolidated it with our Nominating Committee in the fall of 2002. Each of our Audit Committee, Organization and Compensation Committee and Governance/Nominating Committee is currently comprised of independent directors.

Additionally, in accordance with the proposed requirements of the Sarbanes-Oxley Act, the members of our Audit Committee must have no affiliation with us, other than their Board seat, and receive no compensation in any capacity other than for service as a Director/committee member. Each member of our Audit Committee currently meets this independence requirement.

The current charters of our Board committees can be found on our web site at http://www.aon.com/about/aon_corporation/board_charters. In addition, the amended and restated Audit Committee charter is attached to this proxy statement as Appendix A.

Audit Committee Financial Experts. Rules promulgated by the SEC under the Sarbanes-Oxley Act will require Aon to disclose annually, beginning in our proxy statement for the 2004 Annual Meeting of Stockholders, whether our Audit Committee contains one or more "audit committee financial experts," as defined by the SEC.

Code of Ethics. The Board has adopted a code of ethics regarding business conduct that applies to our Directors, officers and employees. This Code of Ethics can be found on our web site at http://www.aon.com/about/aon_corporation/code_of_ethics.jsp.

Non-Management Directors Meeting. The proposed NYSE rules will require that the non-management directors of a listed company meet periodically in executive sessions. Our corporate governance principles require that non-management Directors meet regularly in executive session without management participation. Andrew J. McKenna will chair the executive sessions. Aon's non-management Directors met on two occasions in 2002.

Board and Committee Evaluations. Our Board has initiated a Board and Committee evaluation process to facilitate an examination and discussion of whether our Board and Committees are functioning effectively. The Board conducted such an evaluation in 2002 and determined that our Board and Committees are functioning effectively.

The Board of Directors Committees and Meetings

The Board of Directors has appointed the following committees: Executive, Audit, Organization and Compensation, and Governance/Nominating. Membership on the committees since the last Annual Meeting of the Board in 2002 has been as follows:

Executive	Audit	Organization and Compensation	Governance/Nominating
Patrick G. Ryan(1)	John W. Rogers, Jr.(1)	Richard C. Notebaert(1)	Andrew J. McKenna(1)
Edgar D. Jannotta	Perry J. Lewis	Lester B. Knight	Edgar D. Jannotta
Lester B. Knight	Robert S. Morrison	Perry J. Lewis	Perry J. Lewis
R. Eden Martin	Richard C. Notebaert	Andrew J. McKenna	Patrick G. Ryan, Jr.(2)
Raymond I. Skilling	George A. Schaefer	Robert S. Morrison	Carolyn Y. Woo
	Carolyn Y. Woo	George A. Schaefer	

(1) Chairman.

(2) Patrick G. Ryan, Jr. served as a member of the Governance/Nominating Committee from April 19, 2002 until September 20, 2002.

When the Board of Directors is not in session, the Executive Committee is empowered to exercise the power and authority in the management of the business and affairs of Aon as would be exercised by the Board of Directors, subject

to certain exceptions. The Executive Committee did not meet in 2002, but it acted by unanimous written consent on four occasions.

The functions of the Audit Committee and its activities during 2002 are described below under the heading "Report of the Audit Committee." The Audit Committee operates pursuant to an amended and restated charter which has been approved by the Board of Directors and which is attached to this proxy statement as Appendix A. The Audit Committee met ten times during 2002.

The Organization and Compensation Committee annually reviews and determines the compensation of Aon's Chairman and Chief Executive Officer. The Organization and Compensation Committee also reviews, advises and consults with the Chairman and Chief Executive Officer on the compensation of the President and Chief Operating Officer and of other officers and key employees and as to Aon's policy on compensation. The Organization and Compensation Committee also administers the Aon Stock Incentive Plan (and its predecessor plans) and the Aon Deferred Compensation Plan, including granting stock options and stock awards and interpreting the plans, and has general oversight responsibility with respect to Aon's other employee benefit programs. In addition, the Organization and Compensation Committee also renders advice and counsel to the Chairman and Chief Executive Officer on the selection of senior officers of Aon and key executives of our major subsidiaries. The Organization and Compensation Committee met five times during 2002 and acted by unanimous written consent on two occasions.

The Governance/Nominating Committee recommends nominees to the Board to fill vacancies or as additions to the Board of Directors. Although the Committee does not specifically solicit suggestions from stockholders regarding possible candidates, the Committee will consider stockholders' recommendations. Suggestions, together with a description of the proposed nominee's qualifications, stock holdings in Aon, other relevant biographical information and an indication of the willingness of the proposed nominee to serve, should be sent to our Corporate Secretary. Suggestions may be submitted at any time of year, but should be received by December 12, 2003 in order to be considered in connection with our Annual Meeting of stockholders in the spring of 2004. The Governance/Nominating Committee met two times during 2002.

The Board of Directors met eight times during 2002 and acted by unanimous written consent on seven occasions. All incumbent Directors attended at least 75% of the meetings of the Board and all Committees of the Board on which the respective Directors served.

Report of the Audit Committee

The Board of Directors has determined that all members of the Audit Committee are independent of Aon. The Audit Committee operates pursuant to a charter that was last amended and restated by the Board on March 21, 2003, a copy of which is attached to this proxy statement as Appendix A.

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2002, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity and extent of disclosures in the financial statements.

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of Aon's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In addition, the Audit Committee has discussed with the independent auditors the auditors' independence from management and Aon including the matters in the written disclosures required by the Independence Standards Board. The Audit Committee has also considered non-audit services provided to Aon by the independent auditors and concluded that such services are compatible with maintaining the auditors' independence.

The Audit Committee discussed with our internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls and the overall quality of our financial reporting. The Audit Committee held ten meetings during fiscal year 2002.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of accounting or auditing, including in respect of auditor independence. Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management, the independent auditors and the internal auditors.

In reliance on the reviews and discussions referred to above, and subject to the limitations on the role and responsibilities of the Committee referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2002 for filing with the SEC. The Board has also approved, and has requested that stockholders ratify, the selection of Ernst & Young LLP as our independent auditor for the year 2003.

John W. Rogers, Jr., Chair
Perry J. Lewis
Robert S. Morrison
Richard C. Notebaert
George A. Schaefer
Carolyn Y. Woo

Executive Compensation

The following table discloses the compensation, for each of the last three years, received by Aon's Chief Executive Officer and Aon's four other most highly compensated executive officers who were serving as executive officers on December 31, 2002. We refer to these individuals in this proxy statement as the "named executive officers." The salary and bonus amounts disclosed in the table reflect amounts earned for the year shown. The other annual compensation and all other compensation amounts disclosed in the table reflect amounts paid for the year shown. The restricted stock awards and securities underlying options disclosed in the table reflect awards and options granted during the year shown.

Summary Compensation Table

	Annual Compensation				Long-Term Compensation		
Name and Principal Position	**Year**	**Salary($)**	**Bonus($)(1)**	**Other Annual Compensation($)(2)**	**Restricted Stock Award(s)($)(3)**	**Securities Underlying Options(#)**	**All Other Compensation($)(4)**

		Annual Compensation			Long-Term Compensation		
Patrick G. Ryan	2002	1,125,000	-0-	225,276		250,000	104,690
Chairman, Chief Executive	2001	1,125,000	-0-	206,814		300,000	104,240
Officer & Director	2000	1,125,000	1,462,500	180,304		300,000	98,551
Michael D. O'Halleran(5)	2002	1,000,000	-0-	32,658	796,163	120,000	55,055
President, Chief Operating	2001	1,000,000	-0-		762,892	120,000	58,355
Officer & Director	2000	1,000,000	1,300,000			190,000	60,955
Harvey N. Medvin	2002	649,212	332,750	10,619		50,000	106,489
Executive Vice President	2001	590,192	-0-			60,000	76,762
& Chief Financial Officer	2000	550,000	687,500			95,000	66,798
Raymond I. Skilling	2002	609,696	312,750	7,509		50,000	69,147
Executive Vice President,	2001	560,930	-0-			60,000	61,886
Chief Counsel & Director	2000	545,000	550,000			94,000	61,267
June E. Drewry	2002	489,231	250,000		103,110	50,000	60,893
Executive Vice President	2001	443,846	-0-			40,000	59,520
& Chief Information Officer	2000	373,077	144,000			20,000	40,265

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(1)

In prior proxy statements, the disclosure regarding bonus amounts for a particular year reflected payments made in a particular year for performance in the previous year. As a result of the timing of the 2003 Annual Meeting, the disclosure regarding bonus amounts in this proxy statement has been revised for each year shown to reflect bonus amounts earned for the year shown, regardless of the time of payment.

(2)

This amount represents: (a) for Mr. Ryan, the value of personal use of a company-owned automobile in the amount of $34,513 and aircraft in the amount of $190,763; (b) for Mr. O'Halleran, the value of personal use of a company-owned aircraft in the amount of $8,948, an automobile allowance of $20,000 and professional services fees of $3,710; (c) for Mr. Medvin, an automobile allowance of $10,619; and (d) for Mr. Skilling, an automobile allowance of $7,509.

(3)

As of December, 31 2002, the named executive officers held the following number of unvested award shares pursuant to the Aon Stock Incentive Plan (the "Aon Stock Award Plan"), the vesting schedule for which and the market value (the average high and low price on the relevant date) of which, on the dates of grant and as of year-end 2002 are respectively set forth below:

	No. Shares Unvested	December 31, 2002 Value($)	Last Vesting Date
Patrick G. Ryan	0	n/a	n/a
Michael D. O'Halleran	173,700	$ 3,256,875	January 2, 2012
Harvey N. Medvin	43,875	$ 822,656	March 19, 2009
Raymond I. Skilling	40,500	$ 759,375	March 19, 2009
June E. Drewry	15,000	$ 281,250	June 14, 2009

Under the terms of the Aon Stock Incentive Plan, shares of Common Stock granted as awards are subject to the following standard vesting schedule: Twenty percent (20%) on each of the third and tenth anniversaries of continuous employment from the date of grant, and ten percent (10%) on the fourth through ninth anniversaries of continuous employment from the date of grant. The Compensation Committee can take action to cause awards to become exercisable on an accelerated basis. No voting rights attach, and no dividends are paid, on shares of unvested stock awards.

(4)

Amounts disclosed in this column include:

(a)
Contributions by Aon of $9,750 in 2002 under the Aon Savings Plan, a defined contribution plan, on behalf of each of the named executive officers.

(b)
Contributions by Aon of $16,500 in 2002 under the Aon Supplemental Savings Plan on behalf of each of Mr. Ryan, Mr. O'Halleran, Mr. Medvin and Mr. Skilling; and $15,935 on behalf of Ms. Drewry.

(c)
Contributions by Aon in 2002 under the Aon Executive Life Insurance Plan, a split-dollar arrangement, on behalf of Mr. Ryan, $78,440; Mr. O'Halleran, $28,805; Mr. Medvin, $80,239; Mr. Skilling $42,897; and Ms. Drewry $35,208.

(5)
Aon has entered into an Employment Agreement with Michael D. O'Halleran, our President and Chief Operating Officer, dated January 1, 2001, which will expire on December 31, 2007 unless terminated earlier. The agreement provides for a base salary of $1,000,000 per year; subject to adjustment but not below $750,000; an annual incentive bonus of up to 180% of his base salary under the Bonus Plan for Senior Executives; 22,500 stock award shares per year; and stock options at the discretion of the Organization and Compensation Committee of the Board of Directors with the advice of the Chairman and Chief Executive Officer. As required by the agreement, Aon has purchased life insurance for Mr. O'Halleran that provides coverage sufficient for payment to Mr. O'Halleran's executor, administrator or beneficiary of a lump sum cash amount equal to his salary, at the rate in effect at the time of his death, to

which he would have been entitled from the date of his death through the original term of the agreement. If Mr. O'Halleran's employment is terminated due to his disability or incapacity, he will receive his salary through the original term of the agreement, subject to reduction for benefits paid to him under any disability insurance policy maintained by us. If Aon terminates Mr. O'Halleran's employment due to his failure to perform the duties under the agreement to the satisfaction of the majority of the members of the Organization and Compensation Committee of the Board of Directors, Mr. O'Halleran will be entitled to receive his base salary and annual stock award for two years after the termination. If Aon terminates his employment for any other reason (other than for cause), Mr. O'Halleran will be entitled to receive his base salary through the original term of the agreement and a fully vested stock award for the number of shares that he would otherwise have received during the balance of the term of the agreement. In addition, under those circumstances, his previous stock awards will vest as permitted by the applicable plan and his stock options will become exercisable in full. The Board is also obligated to consider whether it should also make a grant of stock options that it determines to be equitable in light of other stock option grants made to Mr. O'Halleran. Non-competition and non-solicitation covenants apply for two years after termination of employment without regard to the reason for the termination of employment.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values(1)

The following table provides information on stock option exercises in 2002 by each of the named executive officers:

			# Shares Subject to Options Fiscal Year End		Value of Unexercised In-the-Money Options at Fiscal Year End($)(2)	
Name	**# Shares Acquired on Exercise**	**Value Realized($)(1)**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Patrick G. Ryan	112,500	2,079,124	816,000	1,234,000	n/a	n/a
Michael D. O'Halleran	-0-		76,200	398,800	n/a	n/a
Harvey N. Medvin	-0-		106,350	199,900	n/a	n/a
Raymond I. Skilling	-0-		67,770	188,730	n/a	n/a
June E. Drewry	-0-		6,600	103,400	n/a	n/a

(1)

Based upon the average high and low price of the shares of Common Stock as of the date exercised.

(2)
Based upon the average high and low price of the shares of Common Stock as of December 31, 2002.

Option Grants in 2002 Fiscal Year

Information regarding options to purchase shares of Common Stock granted to each of the named executive officers during 2002 is set forth below. The options are subject to the terms of the Aon Stock Incentive Plan.

Name	Number of securities underlying options granted(1)	Percent of total options granted to employees in fiscal year	Exercise or Base price ($/Share)	Expiration Date	Grant Date Present Value ($)(2)
Patrick G. Ryan	250,000	4.2565	36.875	April 22, 2012	1,671,004
Michael D. O'Halleran	120,000	2.0431	36.875	April 22, 2012	802,082
Harvey N. Medvin	50,000	.8513	36.875	April 22, 2012	344,201
Raymond I. Skilling	50,000	.8513	36.875	April 22, 2012	344,201
June E. Drewry	50,000	.8513	36.875	April 22, 2012	344,201

(1)
Options granted in 2002 become exercisable with respect to thirty-three percent (33%) of the shares on each of the second and fourth anniversaries of continuous employment of the grant date and thirty-four percent (34%) of the shares on the third anniversary of continuous employment of the grant date. The Compensation Committee can take action to cause options to become exercisable on an accelerated basis.

(2)
Based upon the Black-Scholes Option Pricing Model assuming a volatility rate of 21.10%, a risk-free interest rate of 4.259%, a dividend yield of 2.250% and that 0.96 years on average elapse between vesting and exercise.

Pension Plan Table

The following table shows the estimated annual pension benefits payable to a covered participant at normal retirement age (65 years) under Aon's qualified defined benefit pension plan (the "Aon Pension Plan"), as well as under the non-qualified supplemental pension plan (the "Excess Benefit Plan"). The Excess Benefit Plan provides benefits that would otherwise be denied participants by reason of certain Internal Revenue Code limitations on qualified plan benefits, based on remuneration that is covered under the plans and years of service with Aon and our subsidiaries:

Remuneration	10 years	15 years	20 years	25 years	30 years	35 years	40 years
$ 425,000	$ 62,423	$ 92,023	$ 110,030	$ 128,038	$ 146,045	$ 164,053	$ 174,352
600,000	85,772	126,549	151,560	176,570	201,581	226,592	240,766
750,000	106,541	157,244	188,465	219,686	250,907	282,127	299,722
1,000,000	142,800	210,822	252,866	294,910	336,955	378,999	402,548
1,250,000	179,060	264,399	317,267	370,135	423,003	475,871	505,373
1,500,000	215,319	317,976	381,668	445,360	509,052	572,743	608,198
1,750,000	251,579	371,554	446,069	520,584	595,100	669,615	711,023
2,000,000	287,838	425,131	510,470	595,809	681,148	766,487	813,848
2,250,000	324,097	478,708	574,871	671,034	767,197	863,359	916,673
2,500,000	360,357	532,285	639,272	746,258	853,245	960,231	1,019,498
2,750,000	396,616	585,863	703,673	821,483	939,293	1,057,104	1,122,323

A participant's remuneration subject to the Aon Pension Plan and the Excess Benefit Plan is the average of his or her base salary for each year prior to 1993, and the aggregate of base salary and certain eligible bonus payments for the 1993 year and each year thereafter, for the five consecutive calendar plan years during the last ten years of the participant's career for which the average is the highest or, in the case of a participant who has been employed for less than five full years, the period of his or her employment with Aon and our subsidiaries. Subject to the limitations set forth in the following sentence, pensionable earnings in 2002 used to calculate the base salary and the estimated years of service for each named executive officer are: Mr. Ryan $1,125,000 and 23 years; Mr. O'Halleran $1,000,000 and 15 years; Mr. Medvin $649,212 and 23 years; Mr. Skilling $609,696 and 26 years; and Ms. Drewry $489,231 and 4 years. The annual pension amounts included in the table above are based upon the following assumptions: (1) that retiring participants have attained age 65 and are fully vested; (2) that retiring participants have chosen to have benefits payable as straight life annuities; and (3) that maximum compensation used in calculating pension benefits is $500,000 for plan years on and after January 1, 2002.

Organization and Compensation Committee
Report on Executive Compensation

Philosophy

Aon's executive compensation program is structured to attract, retain and motivate top quality and experienced individuals in the highly competitive environments of the brokerage and consulting industries. The program provides competitive compensation opportunities while supporting a pay-for-performance culture that emphasizes at-risk or equity based compensation. Grants of stock-based compensation ensure that individual efforts result in the reward of employees linked to the interest of stockholders.

The executive compensation program is administered by the Organization and Compensation Committee of the Board (the "Compensation Committee") consisting entirely of outside Directors. In this capacity, the Compensation Committee determines the compensation for Aon's Chief Executive Officer, Patrick G. Ryan, and the compensation of the other named executive officers in consultation with Mr. Ryan. In addition, the Compensation Committee advises and consults with Mr. Ryan regarding the compensation of other officers and key employees.

Components

There are three distinct components to the executive compensation program:

- Base Salary
- Short-Term Incentive Compensation
- Long-Term Incentive Compensation

Base Salary. Base salaries for the named executive officers are established at levels considered appropriate in light of the executives' responsibilities and performance versus the competitive market both within the insurance industry and externally.

Short-Term Incentive Compensation. The Senior Officer Incentive Compensation Plan (the "Incentive Plan") is designed to permit amounts to be paid thereunder during a year to qualify as performance based compensation as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, thereby enhancing our ability to deduct the full amount paid to a named executive officer even though the individual's total compensation may exceed $1,000,000.

Under the terms of the Incentive Plan as in effect during 2002, each named executive officer was eligible to receive a maximum bonus of 180% of the prior year's Base Salary. However, in no event could a bonus exceed $3,000,000. Payment of a bonus is further conditioned on our achievement of annually established performance thresholds, which are materially linked to the interests of stockholders. It is important to note that the Incentive Plan provides the Compensation Committee the discretion to grant bonuses which are less than the amounts provided for on an aggregate or individual basis, based upon objective and subjective performance criteria tailored to each individual.

For bonus payments payable during calendar year 2002, the Compensation Committee, in exercising its discretion, adjusted the level of bonuses to reflect Aon's and the individuals' performance during 2001. The Compensation Committee awarded the bonuses set forth in the Summary Compensation Table to certain named executive officers who met certain performance goals in 2002. These bonuses will be paid in early 2003.

Long-Term Incentive Compensation. The Aon Stock Incentive Plan, adopted in 2001, rewards executives for long-term strategic management and subsequent enhancement of stockholder value by providing the executive with an opportunity to acquire an appropriate ownership interest in Aon.

The Plan authorizes grants of options and awards. Options and award grants have been an effective tool in the attraction and retention of key individuals throughout Aon. Options are subject to a standard four year vesting schedule and awards are generally subject to a ten year vesting schedule, which by design provides an incentive for grant recipients to continue their service with us.

During 2002, awards were granted under the Aon Stock Incentive Plan to Mr. O'Halleran, while options were granted to Mr. Ryan and to the four named executive officers. For more detailed information regarding the options granted

to the named executive officers refer to the table entitled Executive Compensation Options Grants in 2002 Fiscal Year. For more detailed information regarding options exercised by the named executive officers during 2002, please refer to the table entitled Executive Compensation Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values.

In general, options are granted on criteria similar to, and for similar purposes as, those for the granting of awards. Grants of awards and options are made based on an assessment of an executive's past performance, an appraisal of the executive's talents and other strengths and most notably the long-term contribution the executive can make to our performance. In addition, consideration is given, among other things, to the number of awards and options previously made to an executive and the number of awards and options outstanding in the aggregate to all individuals.

CEO Compensation

The Compensation Committee regards the evaluation of the Chief Executive Officer, Mr. Ryan, as a critical Board of Directors' responsibility. As such, Mr. Ryan's compensation components are determined following an annual review of his and Aon's performance conducted collectively, without Mr. Ryan, by all of our outside Directors. During this review, the Compensation Committee and other outside Directors discuss in detail the extent to which Mr. Ryan had achieved his beginning of the year objectives and subjective performance goals.

Based upon our performance during 2002, the Compensation Committee, in consultation with the other outside Directors, determined that no Incentive Plan award would be made to Mr. Ryan.

In April 2002, Mr. Ryan was granted an option to purchase 250,000 shares of Common Stock, subject to the normal provisions of the Aon Stock Incentive Plan. The Compensation Committee believes that this grant is an integral component of Mr. Ryan's total compensation package and provides a direct link to the interests of stockholders. For more detailed information regarding Mr. Ryan's grant, please refer to the table entitled Executive Compensation Option Grants in 2002 Fiscal Year.

The Compensation Committee believes that a significant portion of Mr. Ryan's compensation should be based upon performance and it has established guidelines in that regard. For calendar year 2002, sixty-four percent (64%) of Mr. Ryan's total potential compensation was based upon either individual performance or Aon's performance. For more detailed information regarding Mr. Ryan's compensation components, please refer to the Summary Compensation Table.

Compensation Consultant and Competitive Data

In order to ensure that the compensation program is competitive and appropriate, the Compensation Committee annually reviews the levels of executive compensation from a number of general survey sources, with a particular focus on available data relating to the position of Chief Executive Officer. In addition, the Compensation Committee periodically retains a nationally recognized compensation consultant, which may or may not be affiliated with us, to provide an analysis of the compensation policies and practices of the peer group companies and a comparison thereof to ours.

SUBMITTED BY THE ORGANIZATION AND COMPENSATION COMMITTEE OF AON'S BOARD OF DIRECTORS

Richard C. Notebaert, Chairman	Andrew J. McKenna
Lester B. Knight	Robert S. Morrison
Perry J. Lewis	George A. Schaefer

Stock Performance Graph

The following performance graph shows the annual cumulative stockholder return for the five years ending December 31, 2002, on an assumed investment of $100 on December 31, 1997, in Aon, the Standard & Poor's (S&P) 500 Stock Index and the new and previous peer group indices (described below).

Comparison Of Five-Year Cumulative Total Stockholder Return
Aon Corporation, Standard & Poor's and Peer Group Indices

The peer group returns are weighted by market capitalization at the beginning of each year. The new peer group index reflects the performance of the following peer group companies which are, taken as a whole, in the same industry or which have similar lines of business as Aon: AFLAC Incorporated; Arthur J. Gallagher & Co.; Marsh & McLennan Companies, Inc.; Brown & Brown, Inc.; UnumProvident Corporation; Watson Wyatt & Company Holdings; and Willis Group Holdings Limited. The previous peer group is comprised of AFLAC Incorporated; Arthur J. Gallagher & Co.; Marsh & McLennan Companies, Inc.; Brown & Brown, Inc.; and UnumProvident Corporation. Results for E.W. Blanch Holdings Incorporated, which in prior years had been included in the previous peer group and performance graphs, are no longer available as a result of the acquisition of it by an unaffiliated company outside the peer group. The performance graph assumes that the value of the investment of shares of our Common Stock and the new and previous peer group indices was allocated pro rata among the peer group companies according to their respective market capitalizations, and that all dividends were reinvested.

The new peer group index has been modified since last year to include additional competitors of Aon.

Compensation Committee Interlocks and Insider Participation

Lester B. Knight, Perry J. Lewis, Andrew J. McKenna, Robert S. Morrison, Richard C. Notebaert and George A. Schaefer currently serve as the members of the Organization and Compensation Committee. Mr. Lewis began his service on the Organization and Compensation Committee on April 19, 2002. From January 1, 2002 until April 19, 2002, Donald S. Perkins, Edgar D. Jannotta and Fred L. Turner also served as members of the Organization and Compensation Committee.

Mr. McKenna, who serves as a Director of Aon, Chairman of the Governance/Nominating Committee and a member of the Organization and Compensation Committee of Aon, and Mr. Medvin, our Executive Vice President and Chief Financial Officer, serve on the board of directors of a private company, Schwarz. Mr. McKenna is also the Chairman and Chief Executive Officer of Schwarz.

During 2002, we retained William Blair & Company, L.L.C., an investment banking firm for which Mr. Jannotta is Chairman and Partner, to perform certain financial advisory and investment banking services for us. We anticipate that the firm will continue to be retained to perform services in 2003. The services performed during 2002 were provided to us on substantially the same terms as those prevailing at the time for comparable transactions with unrelated parties, and did not involve during 2002, nor are expected to involve in 2003, payments from or to us and our subsidiaries and affiliates for services in excess of five percent (5%) of Aon's or the other entity's consolidated gross revenues during 2002. Mr. Jannotta serves as a Director of Aon and is a member of the Executive Committee and the Governance/Nominating Committee.

Certain Relationships and Related Transactions

Aon has made contractual arrangements through a subsidiary to provide ready access to aircraft for executives of Aon and our subsidiaries for business purposes. These arrangements include two dry leases entered into with two aircraft leasing companies affiliated with Patrick G. Ryan and Patrick G. Ryan, Jr., Globe Leasing, Inc. and 17AN Leasing LLC. In addition, Aon provides hangar space and related operating support to Globe Leasing, Inc. and 17AN Leasing LLC in return for negotiated fees. In 2002, Aon and our subsidiaries paid Globe Leasing, Inc. and 17AN Leasing LLC $721,931 and $837,282, respectively, for usage of aircraft. Globe and17AN paid us $139,924 and $164,542, respectively, for hangar space and operating support. We believe that all of these arrangements are more favorable to us than would have been obtained by negotiating similar transactions with unrelated third parties. The payments represented in excess of five percent (5%) of each of Globe's and 17AN's consolidated gross revenues in 2002 and are expected to do so again in 2003. Patrick G. Ryan owns one hundred percent (100%) of Globe and serves as a director, Chairman of the Board and treasurer; he also indirectly holds fifty percent (50%) of 17AN and serves as a director, Chairman of the Board and Chief Executive Officer. Patrick G. Ryan, Jr. serves as a director and president of each of Globe and17AN.

During the year 2002 and during the year 2003 to date, we and one or more of our subsidiaries retained Sidley Austin Brown & Wood, a law firm of which R. Eden Martin is a Partner, to perform certain legal services, and retained William Blair & Company, L.L.C., an investment banking firm for which Edgar D. Jannotta is Chairman and a Partner, to perform certain financial advisory and investment banking services. We anticipate that the firms will continue to be retained to perform services in 2003. During 2002, corporations and other entities with which Directors are or were associated effected insurance brokerage or other transactions with us and certain of our subsidiaries and affiliates in the ordinary course of business. All of these transactions were on substantially the same terms as those prevailing at the time for comparable transactions with unrelated parties. None of these transactions involved during 2002, or is expected to involve in 2003, payments from or to us and our subsidiaries and affiliates for property and services in excess of five percent (5%) of our or the other entity's consolidated gross revenues during 2002.

On December 14, 2001, certain of our underwriting subsidiaries invested $227.2 million to obtain an ownership interest in Endurance Specialty Insurance Ltd. ("Endurance"), a newly formed Bermuda-based insurer

co-sponsored by us, which had an initial share capital of $1.2 billion and which offers property and casualty insurance and reinsurance on a world-wide basis. Endurance completed an initial public offering on February 27, 2003. As of February 28, 2003, the share capital of Endurance was $1.3 billion. The following persons continue to hold investments in Endurance which were initially made on December 14, 2001 by them, on their behalf, by their family members or by companies owned by them: Patrick G. Ryan $17 million; Edgar D. Jannotta $1 million; Lester B. Knight $250,000; Andrew J. McKenna $500,000; Richard C. Notebaert $1 million; and Patrick G. Ryan, Jr. $1 million.

Agenda Item No. 2 Ratification of Appointment of Independent Auditors

Our Board of Directors, following the recommendation of the Audit Committee, has appointed Ernst & Young LLP as Aon's independent auditors for the year 2003. Ernst & Young LLP was first retained as Aon's independent auditors in February 1986. Although this appointment is not required to be submitted to a vote of the stockholders, the Board of Directors believes it appropriate as a matter of policy to request that the stockholders ratify the appointment of the independent auditors for the year 2003. In the event a majority of the votes cast at the meeting are not voted in favor of the following resolution, the adverse vote will be considered as a direction to our Board of Directors to select another auditor for the year 2004. Because of the difficulty and expense of making any substitution of auditors for 2003 following the 2003 Annual Meeting, it is contemplated that the appointment for the year 2003 will be permitted to stand unless the Board finds other good reason for making a change.

Audit Fees and All Other Fees. Ernst & Young LLP fees for the 2002 annual audit were $8.2 million, which includes $4.6 million for required statutory audits and attestation reports in various domestic and foreign jurisdictions.

All other Ernst & Young LLP fees for services rendered during 2002 aggregated $9.5 million, including $4.7 million for services which management believes are audit related and $4.8 million for other non-audit services.

Audit related services included fees for internal audit teaming, principally information technology related ($1.9 million); advisory services on accounting matters, business acquisitions and dispositions and benefit plan audits ($1.4 million); regulatory filings and advisory services related to the proposed divesture of the underwriting operations ($1.1 million); and comfort letters, consents, registration statements and review of other documents filed with the SEC ($0.3 million).

Other non-audit services included domestic and foreign income tax preparation, planning and advisory work ($3.5 million); and other projects ($1.3 million) performed worldwide to assist various parts of Aon, of which no single project exceeded $250,000.

Financial Information Systems Design and Implementation Fees. No financial information system design and implementation services were provided by Ernst & Young LLP during 2002.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE FOLLOWING RESOLUTION TO BE PRESENTED AT THE ANNUAL MEETING:

> RESOLVED, that the appointment of Ernst & Young LLP by the Board of Directors as Aon's independent auditors for the fiscal year ending December 31, 2003 is hereby ratified, confirmed and approved.

We anticipate that a representative of Ernst & Young LLP will be present at the Annual Meeting. The representative will be given the opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to any questions which may be submitted at the Annual Meeting.

Stockholder Proposals for 2004 Annual Meeting

Stockholders who, in accordance with the SEC's Rule14a-8, wish to present proposals for inclusion in the proxy materials to be distributed by us in connection with our 2004 Annual Meeting must submit their proposals to the Office of the Corporate Secretary of Aon at 200 East Randolph Street, Chicago, IL 60601, on or before December 12, 2003.

As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion in our proxy statement.

In accordance with our by-laws, in order to properly bring business before the 2004 Annual Meeting, a stockholder's notice of the matter the stockholder wishes to present must be delivered to the Office of the Corporate Secretary of Aon at 200 East Randolph Street, Chicago, IL 60601, not less than 75 nor more than 100 days prior to the first anniversary of the date of this year's Annual Meeting. As a result, any notice given by or on behalf of a stockholder pursuant to these provisions of our by-laws (and not pursuant to the SEC's Rule 14a-8) must be received no earlier than February 6, 2004 and no later than March 2, 2004.

Annual Report on Form 10-K

We will furnish without charge to each person whose proxy is being solicited, upon such person's request, a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, including the financial statements and schedules thereto, but excluding exhibits. Requests for copies of such report should be directed to the Office of the Corporate Secretary of Aon at 200 East Randolph Street, Chicago, IL 60601. Our Annual Report on Form 10-K will also be available free of charge through our web site (http://www.aon.com).

Incorporation by Reference

Appendix B to this proxy statement contains our 2002 Annual Financial and General Information Report, including our consolidated financial statements and management's discussion and analysis of financial condition and results of operations, as well as certain other financial and other information required by the rules and regulations of the SEC. To the extent that this proxy statement is incorporated by reference into any other filing by Aon with the SEC under the Securities Act of 1933, as amended, or the Exchange Act, the information contained in Appendix B, and the sections of this proxy statement entitled "Report of the Audit Committee" (to the extent permitted by the rules of the SEC), the Organization and Compensation Committee Report on Executive Compensation and the Stock Performance Graph, as well as Appendix A to this proxy statement, will not be deemed incorporated, unless specifically provided otherwise in such filing.

Other Matters

The Board of Directors is not aware of any business to be acted upon at the Annual Meeting other than that which is described in this proxy statement. If any other business comes before the Annual Meeting, the proxy holders (as indicated on the accompanying proxy card or cards) will vote the proxies according to their best judgment with respect to such matters.

By Order of the Board of Directors,

Kevann M. Cooke
Vice President and Corporate Secretary
Chicago, Illinois
April 11, 2003

APPENDIX A

Amended and Restated Audit Committee Charter

March 2003

Organization: This charter governs the operations of the Audit Committee. At least annually, the Committee shall review and reassess the charter and obtain approval thereof by the Board of Directors.

The Committee shall be appointed by the Board of Directors and shall be comprised of at least three directors, each of whom meets the independence requirements of the New York Stock Exchange and the following additional requirements:

- Committee members may not receive any compensation from the Company other than directors' fees;
- a director who holds 20% or more of the Company's common stock (or who is a general partner, controlling shareholder or officer of any such holder) cannot chair, or be a voting member of, the Committee; and
- Committee members shall be prohibited from receiving any consulting, advisory or compensation fees from the Company.

In addition, all Committee members shall be financially literate, and at least one Committee member shall qualify as an "audit committee financial expert," as such term is defined by the Securities and Exchange Commission.

Statement of Policy: The purpose of the Committee is to (a) assist the Board of Directors in its oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements and ethics programs established by management and the Board, (iii) the independent auditor's qualifications and independence and (iv) the performance of the Company's internal audit function and independent auditor and (b) prepare the report of the Committee that the Securities and Exchange Commission rules require to be included in the Company's annual proxy statement. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditor, the internal auditors and management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel or other experts for this purpose.

Responsibilities and Processes: An important responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board. Management is responsible for the preparation, presentation and integrity of the Company's financial statements, and the independent auditor is responsible for auditing those financial statements. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall "tone" for quality financial reporting, sound business practices and ethical behavior.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

The Committee shall retain and terminate the Company's independent auditor (subject, if applicable, to shareholder ratification). The Committee shall have sole authority to approve all audit engagement fees and terms, as well as all significant non-audit engagements with the independent auditor. The Committee shall have a clear understanding with management and the independent auditor that the independent auditor is ultimately accountable to the Board and the Committee, as representatives of the Company's shareholders.

The Committee shall, at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company.

After reviewing the foregoing report and the independent auditor throughout the year, the Committee shall evaluate the independent auditor's qualifications, including a review and evaluation of the lead partner of the firm assigned to the Company's audit.

The Committee shall consider whether there should be regular rotation of the lead partner or the audit firm itself. The Committee shall present its conclusions with respect to the independent auditor to the full Board.

The Committee shall review and discuss with management and the independent auditor the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." This review should include a discussion of the judgments of management and the independent auditor about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. As part of this review and discussion, the Committee shall consider the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditor under auditing standards generally accepted in the United States.

The Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

The Committee shall, as appropriate, obtain advice and assistance from outside legal, accounting or other advisors without necessarily seeking Board approval.

The Committee shall discuss guidelines and policies with respect to risk assessment and risk management. The Committee shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Committee shall meet separately, periodically, with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent auditor.

The Committee shall review with the independent auditor any audit problems or difficulties and management's response. The review shall include a discussion of the responsibilities, budget and staffing of the Company's internal audit function.

Advance approval by the Committee, or Committee Chair acting on behalf of the Committee, shall be required prior to the appointment, reassignment or dismissal of the senior internal audit executive.

The Committee shall set clear hiring policies for employees or former employees of the independent auditor. Advance approval by the Committee, or Committee chair acting on behalf of the Committee, shall be required prior to the hiring of any partner or senior manager from the independent auditor who has worked on the Company's account during the past three years.

The Committee shall report regularly to the Board of Directors.

The Committee shall conduct an annual performance evaluation of the Committee.

The Committee shall review: (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy and effectiveness of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on financial statements; (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Company; and (d) earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies.

Committee members shall accept directors' fees as their sole compensation from the Company. However, Committee members may receive additional directors' fees to compensate them for the significant time and effort they expend to fulfill their duties as Committee members.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

APPENDIX B

2002 Annual Financial and General Information Report

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

This Management's Discussion and Analysis is divided into seven sections. In the first section, "Key Recent Events," we describe five items that significantly affected our results of operations and our financial condition during the periods covered by the financial statements included in this report. In the second section, "Critical Accounting Policies and Estimates," we discuss certain accounting judgments that are important to understanding our financial statements. With the information from those first two sections providing important background, we then proceed with the sections providing year-to-year comparisons of our results on a consolidated basis and on a segment basis. These sections are designated by the captions "Review of Consolidated Results" and "Review by Segments," respectively. "Financial Condition and Liquidity," covers several items including disclosures related to the statement of financial position and information on special purpose entities. The "Risks and Outlook" section addresses the issues and factors that can influence future results. The final section, "Recent Developments," covers items that have occurred since February 12, 2003.

More specifically, this Management's Discussion and Analysis is organized using the following outline:

Key Recent Events

- Business Transformation Plan
- World Trade Center Tragedy
- Previously Planned Divestiture of Insurance
  Underwriting Businesses and Discontinuance of Certain Operations
- SEC Comment Letter (Division of Corporation Finance)
- Capital Enhancement Actions

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Key Recent Events

Business Transformation Plan

In fourth quarter 2000, after final approval by its Board of Directors, Aon began a comprehensive business transformation plan designed to:

- enhance client service
- improve productivity through process redesign
- accelerate revenue growth.

Most plan costs relate to the Insurance Brokerage and Other Services segment, principally in the U.S. and the United Kingdom, where most of our offices and employees are located.

Status of business transformation plan implementation.

We have implemented the business transformation plan, which has delivered many, but not all of the expected benefits. In U.S. retail brokerage, the plan entailed extensive process redesign following the rollout of a new policy management and accounting system (completed in 2000), and substantial job redesign based on functional expertise and the creation of four new client service centers. There were delays, revenue disruptions and expense additions in this area.

The unexpected delays in implementing some aspects of the plan were due to:

- challenges in handling higher volumes of information transfers between field operations and the service centers
- the destruction of our largest and most advanced service center in the World Trade Center.

These delays negatively impacted new business production, as our attention was diverted from generating new accounts to completing client conversions and maintaining service to our New York region clients from our offices throughout the U.S.

In addition, expenses were higher than expected, due in part to:

additional temporary employee expense necessary to complete the account conversions to the service centers

increased compensation for certain brokerage employees

the hiring of employees with specialized skills.

In addition, in the aftermath of the World Trade Center tragedy, the dynamics of the insurance marketplace have changed, increasing time requirements and expense for handling certain job functions.

The table below summarizes our business transformation costs by calendar year and provides a breakdown of pretax expenses.

Business Transformation Costs	**2002**	**2001**	**2000**	**Plan Total**
	(millions except per share and employee data)			
Pretax expense (credit)	***$ (6)***	$ 218	$ 82	$ 294
After-tax expense (credit)	***(4)***	133	50	179
Dilutive earnings per share loss (credit)	***(0.01)***	0.49	0.19	0.67
Pretax Expense (Credit) by Type:				
Termination Benefits	***$ (6)***	*$ 109*	*$ 54*	*$ 157*
Approximate No. of employees(1)	***(200)***	*3,150*	*750*	*3,700*
Exit Costs, Impairments and Other Expenses		*109*	*28*	*137*
Abandoned real estate or equipment losses		10	2	12
Impairment of fixed assets		10	20	30
Obligations related to automobile dealer partnerships		44		44
Exit of certain joint venture operations		12		12
Litigation matters and discontinuance of A&H business in one state		14		14
Commission receivable write-off		5		5
Direct costs to complete transformation and cash settlements		11	4	15
Other costs		3	2	5
Total pretax expense (credit)	***$ (6)***	$ 218	$ 82	$ 294

(1) *The approximate number of employees shown is on a gross basis, based upon notice of termination. Given effect to approximately 900 new hires, the expected ultimate net reduction will be approximately 2,800 in the units affected by the business transformation plan.*

The $294 million plan total excludes:

transition costs primarily relating to parallel system processing and temporary employee expense. These transition costs, primarily in the U.S., amounted to $30 million in 2001 and $10 million in 2002 increased compensation for certain U.S. retail brokerage employees comprised of increased base salaries and one-time special incentive compensation

the hiring of employees with specialized skills.

In recording these expenses, we followed the accounting guidance from Emerging Issues Task Force (EITF) 94-3, Staff Accounting Bulletin (SAB) 100, Financial Accounting Standards Board (FASB) Statement No. 121 and FASB Statement No. 5. In each year that we recorded accruals for either termination benefits or other costs to exit an activity, we met all of the requirements contained in EITF 94-3 and SAB 100 before recording an accrual, although our Board approved the high-level plan in the fall of 2000.

We incurred these expenses over two years because different Aon units completed detailed plans and satisfied the employee notification requirements in different timeframes. The expenses for our U.S. retail brokerage operation were approximately 19% of the plan total costs. We do not anticipate any additional expenses from the business transformation plan.

Termination benefits. We incurred expenses totaling $54 million in 2000 and $109 million in 2001 for termination benefits, covering the costs to sever approximately 750 employees in 2000 and 3,150 employees in 2001. Approximately 200 of the notified employees were to have their jobs terminated under a U.S. retail brokerage exit plan; however, the tragic events of September 11th have reduced the total number of employees who will be terminated. As a result, we recorded a $6 million credit in general expenses in 2002. A portion of the overall employment reduction was expected to be accomplished through normal attrition and, therefore, no expense was attributable to those reductions. Therefore, the approximate number of employees to be terminated was 3,700. Giving effect to approximately 900 new hires, the expected ultimate net reduction of employees will be approximately 2,800 in the units affected by the business transformation plan.

Almost all of the affected employees had been removed from the payroll as of December 31, 2002. All of the 198 remaining notified, but not yet terminated, employees work outside the U.S.; the exit plans for these employees have later termination dates because employment laws in certain countries

require extended periods before we can terminate a notified employee. Our exit plans in these cases were targeted to specific employee groups, and in some cases, specific employees.

At or before the expense accrual date, we properly notified these employee groups and gave them adequate information about their severance benefits. The run-off of the associated liability will trail the time by which we complete these exit plans because our policy is to pay severance over the eligible period, rather than in a lump sum amount, whenever possible.

Costs to exit activities. Approximately $27 million in other costs to exit an activity have also been included in the total expense of $294 million. Of that amount, we incurred $6 million in 2000, which included $2 million in abandoned real estate or equipment leases and $4 million of direct costs necessary to complete portions of the business transformation plan and cash settlements necessary to exit contractual obligations. In 2001, we recorded $21 million of expenses, which included $10 million for abandoned leases and $11 million for direct costs necessary to complete portions of the business transformation plan and cash settlements necessary to exit contractual obligations.

Other costs. As part of our business transformation and other strategic initiatives, we incurred other expenses of $110 million. Of this total, $22 million was recorded in 2000. Impairment of fixed assets accounted for $20 million of the 2000 expense, including $16 million for information systems assets. The net book value of these assets was written off, as these assets no longer had value to Aon. The assets were considered impaired and without value because of one of the following reasons:

1. We removed the system from service.
2. We abandoned system development as a result of the transformation.
3. We outsourced the relevant function for some fixed assets, including certain technology infrastructure equipment.

There were $2 million of other costs also recognized in 2000.

We recorded $88 million as other expenses in 2001. More specifically, Aon has acted as a servicing agent for a limited partnership affiliated with our automobile dealership clients to provide auto financing to dealerships on a cooperative basis through various financing conduit facilities. We also have a general partnership interest in the limited partnership. Our primary client relationship with automobile dealers is to provide extended warranty products to their customers.

In first quarter 2001, we elected to cease servicing new business and run off our existing service obligation, given competition from financing provided by the financing arms of automobile manufacturers. The limited partnership records allowances for uncollectible loan balances.

In conjunction with our decision to discontinue new auto financing receivables, the limited partners are not obligated to contribute additional capital beyond what they have already provided for any shortfall in the reserves for their individual book of business. We are required to fund any shortfalls in accordance with our limited recourse to the funding facility, arranged by the servicing agent.

The servicing agent estimated an expense of $44 million as our liability for the shortfall when we decided to discontinue new auto loan financing under the facility. We recorded a charge to establish this obligation in accordance with FASB Statement No. 5 in 2001. For the year 2000, the last full year of normal operation, these servicing operations, which were part of our Insurance Brokerage and Other Services segment, generated revenue of $42 million and pretax income of $3 million.

During 2001, we exited four other joint venture operations as a part of our business transformation process. For the year 2000, the last full year of operation, these joint ventures, which were part of our Insurance Brokerage and Other Services segment, generated less than $1 million of revenue and nearly $3 million of pretax losses. The total cost to exit these four joint ventures was $12 million.

Additional expenses in 2001 included:

- $14 million for discontinuing supplemental accident and health insurance business operations in Mississippi. The charge included severance costs and expenses associated reassigning agents and estimated costs for resolving asserted and unasserted claims and suits.

- a $5 million expense relating to the write-down of certain agent receivables in conjunction with restructuring a worksite marketing agent commission pay structure and operations.

In 2001, we also incurred additional fixed asset impairments of $10 million (of which $9 million related to information systems assets) and $3 million of other costs.

The implementation and effects of the business transformation plan must be viewed in the context of the World Trade Center tragedy.

World Trade Center Tragedy

The attack on the World Trade Center significantly impacted our employees, our clients and industry, our business transformation plan and our financial results.

Employee Impact.

- This terrorist attack destroyed our largest and most advanced U.S. retail brokerage service center. This service center was an important element of the business transformation and had been built and staffed just months before; we had to rebuild this service center in Manhattan while rerouting client work to the remaining three service centers in the U.S.

- 1,100 of our employees worked in the World Trade Center, including employees from all of our major businesses

- 175 of our employees died in the World Trade Center attack on September 11, 2001

- 250 additional employees from around the world either worked in other lower Manhattan offices or were visiting the World Trade Center on September 11th, which demonstrates the significance of this office to our global operations
- Displaced World Trade Center employees had to be relocated to other New York City metropolitan offices
- We had to refer regular client servicing to other company offices for varying periods until employees had proper temporary work facilities.

Client and Industry Impact.

- The September 11th attacks thrust the insurance industry into the most tumultuous period in its recent history
- Client demand for risk management advice and services has grown dramatically since September 11th
- Premium rates have accelerated to their highest levels in decades
- Insurance capacity has been restricted and policy coverage has tightened
- Workloads for insurance brokers to complete similar tasks have significantly increased
- Competitive demand for risk management professionals has risen along with compensation requirements.

Business Transformation Plan Impact. The insurance brokerage industry worldwide has expanded significantly since September 11th with increased client demand for risk management services not anticipated when we first developed the business transformation. This unanticipated expansion delayed our ability to implement some parts of the plan. It also required that we incur additional spending, primarily in the U.S., to take advantage of this industry expansion, which partially explains the offset in savings.

Financial Results Impact. In 2001, Aon recorded pretax unusual charges of $158 million, net of insurance and reinsurance reimbursements, related to losses sustained as a result of the destruction of the World Trade Center and the death of 175 employees. The financial costs we incurred for this tragedy included $192 million of insurance benefits paid by Aon's Combined Insurance Company of America subsidiary (CICA) under life insurance policies issued for the benefit of deceased employees, a cost which is partially offset by anticipated reinsurance reimbursements of $147 million, resulting in a net charge of $45 million.

Reinsurers have disputed their liability for about $90 million of reinsurance reimbursements under a Business Travel Accident (BTA) policy issued by CICA to cover U.S.-based employees of subsidiaries of Aon; both parties have filed legal actions. We recorded a pretax $90 million allowance for a potentially uncollectible receivable related to this dispute in fourth quarter 2001.

In September 2002, the Court dismissed CICA's action with respect to the BTA policy for the lack of subject matter jurisdiction. Prior to year-end, CICA was granted an expedited appeal.

Other World Trade Center charges also included:

- $33 million of destroyed depreciable assets at net book value
- $40 million for salaries and benefits for deceased and injured employees and other costs
- a $10 million commitment to the Aon Memorial Education fund to support the educational needs of the children of Aon employees who were victims of the September 11th attacks.

Offsetting these expenses were estimated reimbursements of $60 million.

We reached a settlement with our property insurance carriers in 2002 pertaining to reimbursement for depreciable assets destroyed. This settlement resulted in a pretax credit of $29 million which is reported as an Unusual credit World Trade Center in the consolidated statements of income. Aon continues to present additional claims to insurers for losses related to extra expenses, leasehold interests and business interruption coverage, and we expect additional recoveries and gains when specific claims are settled.

Previously Planned Divestiture of Insurance Underwriting Businesses and Discontinuance of Certain Operations

As disclosed in April 2001, Aon's Board of Directors approved a preliminary plan to spin off its insurance underwriting businesses to Aon's common stockholders, creating two independent, publicly traded companies.

When we reported our second quarter 2002 results, we announced that we were no longer planning to spin off all of our underwriting operations, but were continuing to consider either selling or partially spinning them off. At that time, we believed we could promptly sell all or part of the underwriting operations at an acceptable price within a reasonable time given unsolicited buying interest in the past.

We decided not to pursue this revised plan in October 2002 for these reasons:

1. While we received indications of interest in our underwriting businesses, none reflected an acceptable price due to the unfavorable mergers and acquisitions environment resulting from volatile capital markets. Although proceeds from selling such businesses would have allowed us to pay down short-term debt, the sale would have resulted in unacceptable earnings dilution.

2. We determined that spinning off part of our underwriting operations was impractical due to capital requirements and possible rating agency reactions.

During 2002, Aon incurred $50 million of pretax expenses related to the planned divestiture of our insurance underwriting businesses, which included costs related to the expanded corporate and underwriting staff added in anticipation of the divestiture. These costs, of which $33 million are reflected in our Insurance Underwriting segment results and $17 million are reflected in our Corporate and Other segment, are recorded primarily in general expenses in the consolidated statements of income, and represent staff buildup and severance costs, corporate overhead and advisory fees and other costs tied to the specialty property and casualty underwriting initiatives.

In fourth quarter 2002, Aon announced its plans to sell Sheffield Insurance Corporation, a small property-casualty company.

In February 2003, we announced that we would be discontinuing our accident and health insurance underwriting operations in Mexico, Argentina and Brazil, as well as our large company group life business in the U.S. Total premiums earned in 2002, related to these lines of businesses, were approximately $100 million. We will pursue a "back to basics" strategy in the accident and health insurance business, where the focus will be on core products and regions with the best returns on investments.

SEC Comment Letter (Division of Corporation Finance)

In July 2002, we received a comment letter from the SEC's Division of Corporation Finance regarding our 2001 Form 10-K and first quarter 2002 Form 10-Q. The SEC sent this letter as part of its publicly announced plan to review periodic reports of large public corporations. Aggregate stockholders' equity was not impacted as a result of our resolution of issues with the SEC.

The SEC letter asked questions pertaining to three main areas:

1. ***A $90 million disputed reinsurance recoverable*** initially recorded in the third quarter 2001 relating to benefits paid to beneficiaries of Aon's World Trade Center employees through our CICA subsidiary that underwrote the insurance coverage. Originally, we had recorded an allowance for potential uncollectibility of the reinsurance recoverable in the first quarter 2002 based on a dispute with reinsurers and certain court actions in an unrelated case. The SEC commented on the timing of the establishment of the allowance.

To resolve this comment, we agreed to establish the allowance in the fourth quarter 2001 and to reverse the amount originally recorded in first quarter 2002.

Consequently, we restated our consolidated financial statements, including relevant schedules and exhibits, for the affected periods and filed them in an amended Form 10-K/A for the year ended December 31, 2001 and an amended Form 10-Q/A for the quarter ended March 31, 2002.

2. ***The investment portfolio of our subsidiaries.*** We have always had a policy of reviewing the investment portfolio of our subsidiaries for potential impairments. The SEC staff believed that with respect to equity and certain below investment grade fixed-maturity securities that had been trading below cost for an extended period of time, we should recognize other than temporary impairments through our income statement more quickly.

We agreed to modify our policy prospectively (see note 1 to the consolidated financial statements), and we recognized a cumulative adjustment for other than temporary impairment loss of $56 million pretax in second quarter 2002. Approximately $51 million of that cumulative adjustment pertained to years before 2002 and $5 million applied to first quarter 2002. The SEC staff reviewed this matter and did not object to our conclusions regarding the accounting treatment for the other than temporary impairment adjustments recorded by us in second quarter 2002 that had no effect on our stockholders' equity, total assets or total liabilities.

3. ***The addition or exclusion of certain disclosures and items.*** The SEC staff requested that Aon add certain disclosures and not report certain items. To respond to this request, we amended our consolidated financial statements and management's discussion and analysis of financial condition and results of operations in our 2001 Form 10-K/A and first quarter 2002 Form 10-Q/A.

Capital Enhancement Actions

During the fourth quarter 2002, Aon raised net proceeds of approximately $519 million through the issuance of 3.5% convertible debt securities and 7.375% debt securities, and approximately $607 million by issuing 36.8 million shares of new common stock. The 3.5% debt securities are convertible into Aon common stock at an initial price of approximately $21.475 per common share under certain circumstances (see note 8 to the consolidated financial statements). Funds received by these offerings were used to pay down commercial paper, other short-term debt, long-term debt and to repurchase a portion of our trust preferred capital securities. See Capital Resources, below, for further information.

Critical Accounting Policies and Estimates

Aon's consolidated financial statements have been prepared according to accounting principles generally accepted in the United States (GAAP). To prepare these financial statements, we made estimates, assumptions and judgments that affect what we report as our assets and liabilities and what we disclose as contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented.

In accordance with our policies, we:

- continually evaluate our estimates, assumptions and judgments, including those related to revenue recognition, investments, intangible assets, income taxes, financing operations, policy liabilities (including future policy benefit reserves, unearned premium reserves and policy and contract claim reserves), restructuring costs, retirement benefits and contingencies and litigation

- base our estimates, assumptions and judgments on our historical experience and on factors we believe reasonable under the circumstances; the results allow us to make judgments about our carrying values of assets and liabilities that are not readily apparent from other sources. The actual results we report may differ from these estimates if our assumptions or conditions change.

We believe the following critical accounting policies, among others, affect the more significant estimates, assumptions and judgments we used to prepare these consolidated financial statements.

Pensions

We account for our defined benefit pension plans in accordance with FASB Statement No. 87, "Employers' Accounting for Pensions" which requires that amounts recognized in the financial statements be determined on an actuarial basis. A substantial portion of Aon's pension amounts relate to its defined benefit plans in the United States, the United Kingdom and the Netherlands.

There are several assumptions which impact the actuarial calculation of pension plan obligations and, in turn, net periodic pension expense in accordance with FASB Statement No. 87. These assumptions require various degrees of judgment. The most significant assumptions are (1) the expected return on plan assets and (2) the discount rate. Changes in these assumptions can have a material impact on our current and future consolidated results of operations and financial position.

We estimate the expected return on plan assets at the annual measurement date for each plan using historical analyses of the returns of specific asset classes weighted by the asset allocation of the plan in question. This estimate involves significant judgment with respect to interpretation of these historical analyses as a predictor of future results. In accordance with FASB Statement No. 87, the difference between actual and expected earnings for the year is deferred and amortized as a component of pension expense over several years depending on the magnitude of the amount along with other deferred gains and losses (see below). A deterioration in worldwide global equity markets in recent years has caused us to revise

our expected return on plan assets downward in 2002 and 2001 and compared to prior periods.

As of the annual measurement date for each plan, we determine the discount rate to be used to discount plan obligations. The discount rate reflects the current rate at which the pension obligations could be effectively settled. In estimating this rate, we look to rates of return on long-term, high quality, fixed-income investments that receive one of the two highest ratings given by a recognized ratings agency. Decreases in the discount rate over the past few years have been driven by a decrease in long-term interest rates and have had two major impacts on our consolidated financial statements:

1. They contributed, along with decreases in the expected return on plan assets and other assumptions, to increases to our Projected Benefit Obligation (PBO).

   Increases in the PBO are not immediately recorded as expenses in the current period. FASB Statement No. 87 requires that changes in the PBO (as well as the net effect of other changes in actuarial assumptions and experience), to be deferred and amortized as a component of pension expense over several years depending on the magnitude of the total deferred gain or loss (see above). For our significant defined benefit pension plans in the United States, the United Kingdom and the Netherlands, the total deferred loss at December 31, 2002 that has not yet been recognized through income in the financial statements was approximately $1.6 billion.

2. They contributed, along with decreases in the expected return on plan assets and other assumptions, to increases to our Accumulated Benefit Obligation (ABO), which represents the measurement of pension obligations relating to services performed by active and terminated, as well as retired employees through the current measurement date.

   If the ABO exceeds the fair value of plan assets at the measurement date (as measured separately for each plan), GAAP requires that we effectively reverse any prepaid assets previously recognized related to that particular plan and record a pension liability equal to the difference between the ABO and the fair value of plan assets, otherwise referred to as the "minimum pension liability." The adjustment necessary to reverse any prepaid assets previously recognized and establish the minimum pension liability is recorded directly to accumulated other comprehensive income (loss) net of applicable deferred income taxes, rather than to income.

For Aon's significant defined benefit pension plans, a combination of declines in the fair value of plan assets and an increase in the ABO has necessitated over time an aggregate pretax charge to accumulated other comprehensive loss related to minimum pensions of $1.2 billion, or $720 million after-tax, as of December 31, 2002.

Contingencies

We define as a contingency any material condition that involves a degree of uncertainty that will ultimately be resolved. Under GAAP, we are required to establish reserves for contingencies when a loss is probable and we can reasonably estimate its financial impact.

For instance, we are required to assess the likelihood of material adverse judgments or outcomes as well as potential ranges or probability of losses. A determination of the amount of reserves required, if any, for contingencies are made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter, or changes in approach, such as a change in settlement strategy in dealing with these matters.

Policy Liabilities

Through our insurance underwriting operations, we collect premiums from policyholders and we establish liabilities (reserves) to pay benefits to policyholders. The liability for policy benefits, claims and unearned premiums is one of the largest liabilities included in our statements of financial position. This liability is primarily comprised of estimated future payments to policyholders, policy and contract claims, and unearned and advance premiums, and contract fees.

To establish policy liabilities, we rely upon estimates for reported and anticipated claims, our historical experience, other actuarial data and, with respect to accident, health and life liabilities, assumptions on investment yields. Interest rate assumptions are based on factors such as market conditions and expected investment returns. Although mortality and interest rate assumptions are locked-in when we issue new insurance business, we may need to provide for expected losses on a product by reducing previously capitalized acquisition costs established for that product, and/or establishing premium deficiency reserves if there are significant changes in our experience or assumptions.

While we believe that we have estimated these liabilities effectively, the results we finally report in Aon's consolidated financial statements could be affected by trends which do not match historical experience or which differ from our underlying assumptions. Furthermore, when our actual experience differs from our previous estimate, the difference will be reflected in the results we report for the period when we changed our estimate. We always consider trends in actual experience as a significant factor in helping us determine claim reserve levels.

Review of Consolidated Results

General

When we refer to organic revenue growth in the discussion of operating results, we exclude the impact of acquisitions, dispositions, transfers, investment income, foreign exchange and other unusual items. Written premiums are the basis for organic revenue growth within the Insurance Underwriting segment, but our reported revenues reflect earned premiums.

When we refer to income before income tax, we exclude minority interest related to the 8.205% mandatorily redeemable preferred capital securities (capital securities) (see note 11 to the consolidated financial statements) and the cumulative effect of a change in accounting principle (see note 1 to the consolidated financial statements).

Financial Overview of 2002

Aon achieved good organic revenue growth in 2002, but earnings were below original targets due to several factors. Aon was:

- finalizing the delayed implementation of the business transformation plan in its U.S. retail brokerage operations
- recovering from the World Trade Center disaster
- dealing with the shock to the insurance industry from September 11th, which created significant new demands on employees, as well as new business opportunities
- incurring costs to spin off our insurance underwriting operations, which we ultimately decided not to do given market conditions and other factors.

Although these issues negatively impacted earnings because of the increased expenses, revenues grew more than 10% in each operating segment, showing good demand for our products and services. In addition, we completed our business transformation plan and reported the following:

The Consulting segment began a sizeable new outsourcing engagement, which will provide favorable returns over the life of the multi-year agreement. Up-front investment costs to support the new business are having a negative effect on near-term margins

The Insurance Underwriting segment earnings were negatively influenced by unusual events

The Corporate and Other segment reported a significantly smaller pretax loss than in the previous year.

During the year, we strengthened our capital structure, raising $607 million in new common stock and $519 million of new debt, including proceeds of $296 million for convertible debt, to extend existing debt maturities, pay down near-term debt, repurchase preferred capital securities and for other general corporate purposes. Partially offsetting the increase in stockholders' equity were increased minimum pension obligations, due mostly to unfavorable financial markets, which reduced stockholders' equity by $552 million at year-end.

Summary Results for 2000 through 2002

The consolidated results of operations follow:

	Years ended December 31		
	2002	**2001**	**2000**
		(millions)	
Revenue:			
Brokerage commissions and fees	***$ 6,202***	$ 5,436	$ 4,946
Premiums and other	***2,368***	2,027	1,921
Investment income	***252***	213	508
Total consolidated revenue	***8,822***	7,676	7,375
Expenses:			
General expenses	***6,505***	5,813	5,190
Benefits to policyholders	***1,375***	1,111	1,037
Interest expense	***124***	127	140
Amortization of intangible assets	***54***	158	154
Unusual charges (credits) World Trade Center	***(29)***	158	
Total expenses	***8,029***	7,367	6,521
Income before income tax and minority interest	***$ 793***	$ 309	$ 854

Consolidated Results for 2002 Compared to 2001

Revenue

In 2002:

revenue increased 15% over 2001 to $8.8 billion. We saw improvements in brokerage commissions and fees, premiums earned and investment income. Revenue increased 14% when we exclude the effects of foreign exchange rates. We do not directly hedge revenues against foreign currency translation because it is not cost effective, but we do attempt to mitigate the effect of foreign currency fluctuations on pretax income.

consolidated revenue for the operating segments grew 12% on an organic basis over 2001.

Consolidated revenue by geographic area follows:

	Years ended December 31					
	2002	**% of Total**	**2001**	**% of Total**	**2000**	**% of Total**
	(millions)					
Revenue by geographic area:						
United States	***$ 5,034***	***57%***	$ 4,463	58%	$ 4,350	59%
United Kingdom	***1,621***	***18***	1,390	18	1,363	19
Continent of Europe	***1,117***	***13***	938	12	833	11
Rest of World	***1,050***	***12***	885	12	829	11
Total revenue	***$ 8,822***	***100%***	$ 7,676	100%	$ 7,375	100%

U.S. consolidated revenue, which represents 57% of total revenue, increased 13% in 2002 compared to 2001, as a result of strong organic growth. More specifically:

Commercial property and casualty premium rate increases for most lines of coverage continued. As a broker, we benefit from this through increased commissions. In addition, client demand for risk retention programs and services contributed to this increase, especially reinsurance and wholesale brokerage

U.K. and Continent of Europe revenue combined increased 18% to $2.7 billion and Rest of World revenue increased 19%, reflecting strong new business, the impact of increasing premium rates that tend to increase commissions and foreign exchange.

Brokerage commissions and fees increased 14% to $6.2 billion primarily from organic growth including increased premium rates, increased new business and outsourcing contracts. This was somewhat offset by revenue disruptions in the early part of the year with our managing general underwriter unit. Acquisitions contributed $90 million of incremental revenue in 2002.

Premiums and other, primarily related to insurance underwriting operations, improved to $2.4 billion, a 17% increase over 2001. The increase:

primarily reflects growth in new business initiatives, traditional accident and health lines, and new specialty property and casualty lines

was somewhat offset by the impact of the prior loss of some accounts in the warranty business.

Investment income, which includes related expenses and income or loss on disposals and impairments, increased by 18% over 2001, despite a drop in interest rates. The increase was driven by:

improved returns on limited partnerships and other private equity investments accounted for on the equity method in 2002 a one-time tax related settlement of $48 million.

Offsetting these improvements were impairment write-downs for certain directly owned investments, including those classified as other than temporary, which were $73 million higher than last year.

Investment income from our Insurance Brokerage and Other Services and Consulting segments, primarily relating to fiduciary funds, decreased $46 million compared to 2001 primarily due to declining interest rates.

Expenses

Total expenses increased $662 million or 9% over 2001. Total expenses rose 15%, excluding the following items:

a $29 million credit in 2002 due to a settlement with our insurance carriers regarding reimbursement for depreciable assets destroyed in the World Trade Center

$158 million in unusual charges in 2001 related to the World Trade Center (see note 1 to the consolidated financial statements) and $218 million of expenses in 2001 related to the business transformation plan.

General expenses increased 12% over 2001. Excluding the costs related to the business transformation plan, general expenses rose 16%, reflecting:

growth of the businesses

higher costs in the U.S. retail brokerage business

increased risk management and litigation reserve items

higher overall pension plan costs

issues related to National Program Services, Inc. (NPS), as described below

costs related to the planned spin-off

discontinued underwriting businesses.

Benefits to policyholders rose $264 million or 24% due to new business volume increases, an increased payout ratio of benefits to policyholders versus net premiums earned and a shift in business mix to products with higher benefit payout ratios.

Interest expense was down slightly due to lower short-term interest rates.

Amortization of intangible assets declined $104 million from 2001 as goodwill was not amortized in 2002 in accordance with FASB Statement No. 142 (see note 1 to the consolidated financial statements).

Income Before Income Tax and Minority Interest

Income before income tax and minority interest increased significantly from $309 million in 2001 to $793 million in 2002. This increase is due primarily to the net change in expenses related to the World Trade Center ($187 million), the business transformation plan ($224 million) and the improvement in Corporate and Other revenue ($150 million). Approximately 79% of Aon's consolidated income before income tax and minority interest was from international operations.

Income Taxes

The effective tax rate was 39.5% in 2001 and 37% in 2002. The decline from 2001 was due to the non-deductibility of certain goodwill, which, beginning in 2002, is no longer amortized for book purposes.

The overall effective tax rates are higher than the U.S. federal statutory rate primarily because of state income tax provisions.

Net Income

Current year's net income increased to $466 million ($1.64 per dilutive share) from $147 million ($0.53 per dilutive share) in 2001. Basic net income per share was $1.65 and $0.54 for 2002 and 2001, respectively. Dividends paid for the redeemable preferred stock have been deducted from net income to compute income per share.

Consolidated Results for Fourth Quarter 2002 Compared to Fourth Quarter 2001

Total revenues in the quarter rose 16% to $2.4 billion. On a comparable currency basis, revenue climbed 13%. The higher revenue growth reflects:

- 9% operating segment organic growth primarily as a result of strong demand for Aon's services and products
- a $73 million improvement in consolidated investment income.

In detail, the higher revenue growth reflects:

- Very good results from reinsurance, international and wholesale brokerage
- Continued improvement from U.S. retail brokerage over 2001 and increased managing general underwriters production over the first half of 2002, when an insurance carrier had to be switched for some major programs
- Consulting segment revenue growth, driven mostly by new outsourcing business initiated in third quarter 2002, and good growth in the Continent of Europe and Pacific regions
- Accident and health insurance premium growth and premium growth for certain specialty insurance programs
- Significantly improved investment income from last year, when unfavorable equity markets negatively impacted results.

Income before income taxes and minority interest increased by $225 million. Excluding the impact of the World Trade Center credit in 2002 and charge in 2001, income before income taxes and minority interest rose 64%.

Strong revenue growth and the absence of goodwill amortization in 2002 was partially offset by:

- the addition of new lower margin outsourcing business in our Consulting segment
- losses and other costs attributable to Aon's decision to discontinue certain accident and health insurance underwriting in Latin America and large company group life businesses in the Insurance Underwriting segment

costs associated with previous spin-off plans, and related items, that will not be pursued.

Consolidated Results for 2001 Compared to 2000

Revenue

Total revenues were $7.7billion, an increase of 4%. Excluding the effects of foreign exchange rates, revenues increased 6% over the comparable period. Improvements in brokerage commissions and fees, as well as premiums earned, were partially

offset by a decline in investment income resulting from decreased valuations of limited partnerships, lower interest rates and higher losses on disposals of investments. In addition, there was a falloff in parts of U.S. retail brokerage revenue primarily due to slower new account generation and below normal client retention.

Consolidated organic revenue growth was 8% in 2001. For the year, acquisitions net of dispositions improved operating revenues by $207 million.

U.S. revenues, which represent 58% of total revenue, increased 3% in 2001 compared to 2000 as organic growth and acquisition activity was partially offset by declines in parts of the retail brokerage business as well as a significant drop in investment income.

U.K. and Continent of Europe revenues combined increased 6% to $2.3 billion and Rest of World revenue of $885 million increased 7% reflecting acquisitions, new business and the impact of increasing premium rates that tend to increase commissions.

Brokerage commissions and fees increased 10% to $5.4 billion, primarily from organic growth in non-U.S. retail brokerage and worldwide reinsurance brokerage, business combination activity, increased new business and the impact of increased property and casualty premium rates. This growth was offset somewhat by unfavorable results in parts of U.S. retail brokerage due to delays in implementing the business transformation plan.

Premiums and other increased 6% in 2001 to $2.0 billion. This increase primarily reflects:

- continued organic growth
- strong growth in lower margin new business initiatives
- the impact of the acquisition of First Extended, Inc.

This increase was somewhat offset by the loss of some accounts in the warranty business, in addition to a general slowdown in the economy.

Investment income, which includes related expenses and income or loss on disposals and impairments, decreased significantly when compared to 2000, primarily reflecting:

- reduced valuations on equity investments in limited partnerships
- lower short-term interest rates. In particular, declining interest rates affected investment income from the Insurance Brokerage and Other Services and Consulting segments, primarily relating to fiduciary funds; this income decreased $31 million compared to 2000.

the other than temporary impairment recorded for certain directly owned equity investments. Returns on private equity investments tend to fluctuate due to the inherent volatility of equity securities.

Expenses

General expenses increased 12% over 2000. Excluding costs related to business transformation in 2001 and 2000, general expenses increased $487 million or 10% over 2000 primarily reflecting:

- expenditures to grow the brokerage business
- the impact of acquisitions
- transition costs related to the business transformation plan.

Benefits to policyholders rose $74 million or 7% as a result of new underwriting initiatives and an unusual increase in warranty claims related to an isolated program that will not affect future periods.

Interest expense decreased 9% or $13 million from prior year, partly attributable to decreases in short-term interest rates and lower average debt balances.

Unusual charges World Trade Center represent:

- $135 million of insurance benefits paid
- a $10 million commitment to the Aon Memorial Education Fund to support the education needs of the children of Aon employees who were victims of the September 11th attacks
- $13 million of other costs that may not be recoverable from insurance.

Income Before Income Tax and Minority Interest

Income before income tax and minority interest declined significantly from $854 million in 2000 to $309 million in 2001, due to:

- expenses in 2001 related to the events of September 11th
- slower revenue growth in parts of the U.S. retail brokerage business due to delays in the implementation of the business transformation plan
- an increase in year-over-year business transformation expenses of $136 million
- a decline in consolidated investment income of $295 million.

All of our consolidated income before income tax is from non-U.S. operations.

Income Taxes

The effective tax rate was 39.5% for 2001 and 39% for 2000. The overall effective tax rates are higher than the U.S. federal statutory rate primarily because of state income tax provisions and the non-deductibility of certain goodwill amortization.

Net Income

Net income for 2001 was $147 million or $0.53 per dilutive share compared to $474 million or $1.79 per dilutive share in 2000. Basic net income per share was $0.54 and $1.81 for 2001 and 2000, respectively. In 2000, Aon adopted the Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 101, which resulted in a one-time cumulative non-cash charge of $7 million after-tax ($0.03 per share). We have deducted dividends on the redeemable preferred stock from net income to compute income per share.

Review by Segment

General

Aon classifies its businesses into three operating segments: Insurance Brokerage and Other Services, Consulting and Insurance Underwriting (see note 16 to the consolidated financial statements). Aon's operating segments are identified as those that:

- report separate financial information
- are evaluated regularly when we are deciding how to allocate resources and assess performance.

Total revenue for each of the operating segments is presented both by major product and service and by geographic area in note 16 to the consolidated financial statements. Revenues are attributed to geographic areas based on the location of the resources producing the revenues.

Because our culture fosters interdependence among the operating units, allocating expenses by product and geography is difficult. While we track and evaluate revenue for each segment, expenses are allocated to products and services within each of the operating segments. In addition to revenue, we also measure each segment's financial performance using its income before income tax.

Operating segment revenue includes investment income, as well as the impact of related derivatives, generated by operating invested assets of that segment. Investment characteristics mirror liability characteristics of the respective operating segments:

- Our Insurance Brokerage and Other Services and Consulting businesses invest fiduciary funds and operating funds in shorter-term obligations
- In Insurance Underwriting, policyholder claims and other types of non-interest sensitive insurance liabilities are primarily supported by intermediate to long-term fixed-maturity instruments. Investments underlying interest-sensitive capital accumulation insurance liabilities are fixed- or floating-rate fixed-maturity obligations. For this business segment, operating invested assets are equivalent to average net policy liabilities
- Our insurance subsidiaries also have invested assets that exceed average net policy liabilities, in order to maintain solid claims paying ratings. These investments are mostly equity related and income from these investments are reflected in Corporate and Other segment revenues.

The following tables and commentary provide selected financial information on the operating segments.

	Years ended December 31		
	2002	2001	2000
		(millions)	

	Years ended December 31		
Operating segment revenue:			
Insurance Brokerage and Other Services	***$ 5,263***	$ 4,659	$ 4,367
Consulting	***1,054***	938	770
Insurance Underwriting	***2,526***	2,250	2,167
Total operating segments	***$ 8,843***	$ 7,847	$ 7,304
Income before income tax:			
Insurance Brokerage and Other Services	***$ 763***	$ 524	$ 690
Consulting	***120***	126	106
Insurance Underwriting	***152***	150	300
Total income before income tax operating segments	***$ 1,035***	$ 800	$ 1,096

Insurance Brokerage and Other Services

Aon is a leader in many sectors of the insurance industry: globally, it is the second largest insurance broker, the largest reinsurance broker and the leading manager of captive insurance companies worldwide. In the U.S., Aon is the second largest multi-line claims services provider, and the largest wholesale broker and underwriting manager. These rankings are based on most recent surveys compiled and reports printed by *Business Insurance.*

Insurance Brokerage and Other Services generated approximately 60% of Aon's total operating segment revenues in 2002. Revenues are generated primarily through:

fees paid by clients

commissions and fees paid by insurance and reinsurance companies

certain other carrier compensation

interest income on funds held primarily in a fiduciary capacity.

Our revenues vary from quarter to quarter throughout the year as a result of:

how our clients' policy renewals are timed

the net effect of new and lost business

volume-based commissions and overrides

the timing of services provided to our clients

the income we earn on investments, which is heavily influenced by short-term interest rates.

Although expenses generally tend to be more uniform throughout the year, in 2001 expenses were increased by the business transformation plan and the terrorist attacks of September 11th.

This segment:

- addresses the highly specialized product development, consulting and risk management needs of professional groups, service businesses, governments, healthcare providers, commercial organizations and non-profit groups, among others
- provides affinity products for professional liability, life, disability income and personal lines for individuals, associations and businesses. Certain operating subsidiaries provide marketing and brokerage services to both the primary insurance and reinsurance sectors
- offers claims management and loss cost management services to insurance companies and firms with self-insurance programs
- provides wholesale brokerage, managing underwriting and premium finance services to independent agents and brokers.

The Insurance Brokerage and Other Services segment revenues vary because a large part of our compensation is tied to the premiums paid by those we insure, and both premium rate levels in the property and casualty insurance markets and available insurance capacity also fluctuate.

Revenue

Total 2002 Insurance Brokerage and Other Services revenue was $5.3 billion, up 13% on a reported basis. Excluding the effect of foreign exchange rates, revenue rose 12% over last year. Most of this growth was organic, including the impact of hardening premium rates. U.S. and international retail, reinsurance and wholesale brokerage all posted solid revenue growth. Insurance Brokerage and Other Services operating revenue, on an organic basis, grew approximately 12% in a very competitive environment. Investment income decreased $43 million in 2002 as short-term interest rates declined.

Continuing the trend from last year, increases in insurance premium rates benefited revenues in 2002. After September 11th, insurance markets whose premium rates were rising already rose further as a result of restrictions on the availability of some coverages and the pressure on the financial strength of some insurance companies. The property and casualty insurance market is very competitive. As premium rates rise, clients often retain more risk. This dynamic has, and may continue to, limit revenue growth, for pure brokerage services, but it provides opportunities to offer more captive insurance and claims management services, as well as safety and loss control services.

This chart shows Insurance Brokerage and Other Services revenue by geographic area and pretax income:

	Years ended December 31		
	2002	**2001**	**2000**
		(millions)	
Revenue by geographic area:			
United States	***$ 2,604***	$ 2,425	$ 2,277
United Kingdom	***1,087***	918	889
Continent of Europe	***857***	733	654
Rest of World	***715***	583	547
Total revenue	***$ 5,263***	$ 4,659	$ 4,367
Income before income tax	***$ 763***	$ 524	$ 690

In 2002, U.S. revenue of $2.6 billion rose 7% primarily from organic growth, including premium rate increases, and the impact of acquisitions. This growth was partially offset, however, by lower investment income due to lower interest rates, along with a $24 million fee earned in 2001 in connection with the formation of Endurance Specialty Insurance, Ltd. Underperformance in the managing underwriting group and U.S. retail brokerage in 2002 tempered growth in the U.S.

U.K. and Continent of Europe revenues of $1.9 billion increased 18% from 2001 primarily as a result of organic growth driven by higher insurance premium rates and new business.

Rest of World revenue increased $132 million or 23%, primarily reflecting organic growth resulting from new business, improved renewal rates, and the positive impact of premium rate increases on commissions.

Income Before Income Tax

Pretax income increased $239 million from 2001 to $763 million. In 2002, pretax margins in this segment were 14.5%, up from 11.2% in 2001.

These increases were due:

- principally to lower net business transformation costs between 2002 and 2001 of $193 million and lower transition costs in 2002 versus 2001 of $20 million

- secondarily, to a $29 million reimbursement we received in 2002 from our property insurers for depreciable assets destroyed on September 11th, which represents the difference between insurance reimbursements and the net book value of our destroyed assets. We have replaced most of these assets, and the depreciation on these assets will affect future income. In 2001, the destruction of the World Trade Center resulted in expenses of $23 million.

Pretax income, excluding these items, fell 1% from 2001 to $728 million. Pretax margins, excluding these items, were 13.8% for 2002 versus 15.8% last year. The margin decline was principally driven by higher costs in certain parts of the U.S. retail business and lower revenue in our managing underwriting group.

Also contributing to the adjusted pretax margin decline were increased compensation costs including higher pension costs and some one-time special incentive compensation, reduced investment income and lower claims handling fees. These items more than offset strong organic growth and business transformation savings.

Consulting

Aon Consulting is one of the world's largest integrated human capital consulting organizations. This segment:

- provides a full range of human capital management services, from employee benefits to compensation consulting

- generates 12% of Aon's total operating segment revenues. The acquisition of ASI in 2001 significantly expanded our abilities, especially our outsourcing services.

Consulting services are delivered to corporate clients through five major practices:

1. Employee benefits constructs and implements benefit packages, and conducts proprietary research on employee commitment and loyalty.

2. Compensation focuses on designing salary, bonus, commission, stock option and other pay structures, with special expertise in the financial institution and technology fields.

3.

Management consulting assists clients in process improvement and design, leadership, organization and human capital development.

4. Outsourcing offers employment processing, performance improvement, benefits administration and other employment services.

5. Communications advises clients on how to communicate on initiatives that support their corporate vision.

Revenues in the Consulting segment are affected by changes in clients' industries, including government regulation, as well as new products and services, the state of the economic cycle, broad trends in employee demographics and the management of large organizations.

Revenue

In 2002, revenues of $1.1 billion increased 12% over 2001. Excluding the impact of foreign exchange rates, the growth rate was 11%. Globally, the improvement in revenue was influenced by 9% organic growth as well as acquisitions. Organic revenue owed a significant portion of its growth to a sizeable human resources outsourcing agreement which we initiated in third quarter 2002. Good growth also occurred in the Continent of Europe and the Pacific region, as well as the management consulting group.

Despite this year's growth, economic conditions continue to be difficult for this segment: the sluggish global economy, a slowdown in client hiring and slower discretionary spending by clients, has put pressure on organic revenue growth. Investment income in the Consulting segment was down $3 million from 2001 due to lower interest rates.

This chart shows Consulting revenue by geographic area and pretax income:

	Years ended December 31		
	2002	**2001**	**2000**
		(millions)	
Revenue by geographic area:			
United States	***$ 703***	$ 628	$ 486
United Kingdom	***160***	157	151
Continent of Europe	***105***	77	67
Rest of World	***86***	76	66
Total revenue	***$ 1,054***	$ 938	$ 770
Income before income tax	***$ 120***	$ 126	$ 106

From 2001:

U.S. revenue of $703 million grew 12%, primarily reflecting the new outsourcing agreement in 2002 and the 2001 acquisition of ASI, combined with growth in the employee benefits practice and management consulting

Continent of Europe and Rest of World revenues rose $38 million on organic growth.

Income Before Income Tax

Pretax income was $120 million, a 5% decline from last year. In 2002, pretax margins in this segment were 11.4%, down from 13.4% in 2001. Excluding expenses related to business transformation in 2001, pretax income fell 10% in 2002, and in 2001, pretax margin was 14.2%.

Pretax margins were reduced by a large new human resources outsourcing contract. Although this contract is expected to provide favorable returns over the life of the multi-year agreement, it pressured margins in 2002 for the following reasons:

- outsourcing business has lower margins than other consulting businesses
- up-front costs were incurred to secure the new contract
- revenues for sub-contractors under the contract flow through our income statement even though we merely pass them on without receiving any income from them
- margins are lower at the beginning of the contract since we inherited the client's cost structure and we plan to create efficiencies to improve margins through the life of the contract.

Insurance Underwriting

The Insurance Underwriting segment:

- provides supplemental accident, health and life insurance coverage mostly through direct distribution networks, primarily 7,500 career insurance agents, working for our subsidiaries
- offers extended warranty and casualty insurance products that are sold through retailers, automotive dealers, insurance agents and brokers and real estate brokers
- offers select commercial property and casualty business on a limited basis through managing general underwriters, primarily Aon-owned companies
- has operations in the United States, Canada, Latin America, Europe and Asia/Pacific
- generates approximately 28% of Aon's total operating segment revenues.

In the accident, health and life operations, we provide an array of accident, sickness, short-term disability and other supplemental insurance products. Most of these products are primarily fixed-indemnity obligations, and are not subject to escalating medical cost inflation.

We have developed relationships with select brokers and consultants to reach specific niche markets. In addition to the traditional business sold by our career agents, we have expanded product distribution to include direct response programs, affinity groups and worksite marketing, creating access to new markets and potential new policyholders. In fourth quarter 2002, we announced our plans to sell Sheffield Insurance Corporation, a small property-casualty company. In early 2003, we announced plans to discontinue our accident and health insurance underwriting operations in Mexico, Argentina and Brazil, as well as our large company group life business in the U.S.

Our subsidiaries in North America, Latin America, Asia/Pacific and Europe provide warranties on automobiles and a variety of consumer goods, including electronics and appliances. In addition, we provide non-structural home warranties and other warranty products, such as credit card enhancements and affinity warranty programs. Revenues earned from non-risk bearing activities and the administration of certain extended warranty services on automobiles, electronic goods, personal computers and appliances are reflected in the Insurance Brokerage and Other Services segment based on how the business is reviewed by management.

Revenue

In 2002, revenues of $2.5 billion increased 12% over 2001. Excluding the effect of foreign exchange rates, revenues rose by 11%. Improvement over last year was driven by:

strong organic growth of 14%

new specialty property and casualty insurance business and newer accident and health insurance programs.

Partially offsetting core business growth was lower investment income of $65 million as well as the loss of several accounts in the extended warranty business.

This chart details Insurance Underwriting revenue by geographic area and pretax income:

	Years ended December 31		
	2002	2001	2000
		(millions)	
Revenue by geographic area:			
United States	***$ 1,784***	$ 1,615	$ 1,545
United Kingdom	***363***	302	308
Continent of Europe	***151***	125	111
Rest of World	***228***	208	203
Total revenue	***$ 2,526***	$ 2,250	$ 2,167
Income before income tax	***$ 152***	$ 150	$ 300

In 2002, U.S. revenue increased $169 million to $1.8 billion. The increase was primarily driven by new product initiatives and increased revenues for accident and health products, which more than offset declines in investment income, which includes guaranteed investment contract revenue. (Expenses related to guaranteed investment contracts are reflected in benefits to policyholders.)

U.K. and Continent of Europe revenue increased 20% to $514 million. Rest of World revenue was up 10% to $228 million.

The discontinued and sold businesses generated approximately $100 million of earned premium in 2002.

Income Before Income Tax

Pretax income of $152 million increased 1% from 2001. Pretax margins fell from 6.7% in 2001 to 6.0% in 2002.

Excluding spin-off plan expenses in 2002 ($33 million pretax) and the World Trade Center ($135 million pretax) and business transformation costs ($24 million pretax) in 2001, pretax income of $185 million in 2002 fell significantly from $309 million in 2001. Pretax margins declined from 13.7% in 2001 to 7.3% in 2002. The remainder of the spin-off costs are included in the Corporate and Other segment.

Reasons for the decline in pretax income and margin include:

an increased payout ratio of benefits to policyholders

losses involving NPS. NPS was an independent managing general agent hired to handle quoting, binding, premium collection, claims adjusting and other servicing related to general liability insurance policies issued by one of Aon's subsidiaries. We stopped NPS from initiating any new Aon business in mid-2002 after we obtained a temporary restraining order. We and others sued NPS for fraud, among other things. Based on our review of policies issued, we provided an additional $21 million to increase loss reserves and for other expenses, as well as $15 million for an allowance against the receivable owed to us by NPS

losses at certain unprofitable underwriting units, including accident and health insurance underwriting in Mexico, Argentina and Brazil and large company group life business in the U.S.

a decline in investment income

a provision for non-claims litigation.

Corporate and Other

Corporate and Other segment revenue consists primarily of investment income (including income or loss on disposals, including impairment losses), which is not otherwise reflected in the operating segments. This segment includes invested assets and related investment income not directly required to support the insurance brokerage and consulting businesses, together with the assets in excess of net policyholder liabilities of the insurance underwriting subsidiaries and related income.

Private equities are principally carried at cost except where Aon has significant influence, in which case they are carried under the equity method. These investments usually do not pay dividends.

Limited partnerships are accounted for on the equity method and changes in the value of the underlying limited partnership investments flow through Corporate and Other segment revenue. Because the limited partnership investments include exchange-traded securities, Corporate and Other segment revenue fluctuates with the market values of underlying publicly traded equity investments. Limited partnership investments have historically provided higher returns over a longer time than broad market common stock. However, in the short run, the returns are inherently more variable.

On December 31, 2001, we securitized $450 million of our limited partnership investments plus associated limited partnership commitments, which represented the majority of our limited partnership interests. In connection with the securitization, we received a combination of cash ($171 million) and securities ($279 million). This transaction has lessened the variability of revenue reported in the Corporate and Other segment. The limited partnership investments were included in our consolidated statement of financial position prior to the securitization and the cash and securities received from the securitization are also included in Aon's consolidated statement of financial position.

Although our portfolios are highly diversified, they still remain exposed to market, equity and credit risk.

Our fixed-maturity portfolio had a $37 million gross unrealized loss at December 31, 2002, including $6 million related to deferred amortizable derivative losses, and is subject to interest rate, market and credit risks. With a carrying value of $2.1 billion at December 31, 2002, our total fixed-maturity portfolio is 94% investment grade based on market value. Fixed-maturity securities with an unrealized loss are 87% investment grade and have a weighted average rating of "A" based on amortized cost.

The equity portfolio is comprised of:

non-redeemable preferred stocks. This portfolio had a $2 million gross unrealized loss at December 31, 2002, and is subject to interest rate, market, credit and illiquidity risks.

publicly traded common stocks. The common stock portfolio had no gross unrealized loss at December 31, 2002 and is subject to market risk.

other common and preferred stocks not publicly traded.

These investments had a $13 million gross unrealized loss at December 31, 2002, and are subject to illiquidity, concentration and operation performance risks.

The following table analyzes our investment positions with unrealized losses segmented by quality and period of continuous unrealized loss (excluding deferred amortizable derivative losses of $6 million) as of December 31, 2002.

Analysis of Investment Positions with Unrealized Losses
Segmented by Quality and Period of Continuous Unrealized Loss*

Investment Grade	Non-Investment Grade