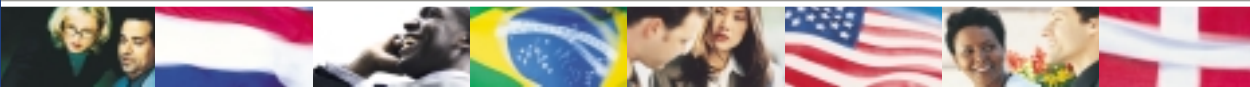
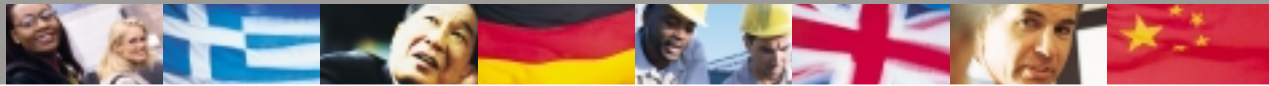


# A World of Ideas



INNOVATION TEAM STRENGTH GLOBAL CONNECTIONS INTEGRITY CLIENT FOCUS



2003 Annual Report >>

**AON**

**Ideas** drive our business. By shaping them into solutions, we add value as a company. Our employees are the catalyst – sharing experiences, sparking new ideas and connecting through our knowledge management network that spans the globe. As a major force within our industry, we continue to test new boundaries – pushing for innovative ways to solve emerging problems.



INNOVATION TEAM STRENGTH GLOBAL CONNECTIONS INTEGRITY CLIENT FOCUS BEST PRACTICES INNOVATION



Patrick G. Ryan *Chairman & CEO* >>

TEAM STRENGTH GLOBAL CONNECTIONS INTEGRITY CLIENT FOCUS WORLDWIDE DISTRIBUTION >>

# To Our Stockholders

We took important steps to improve financial performance in 2003, and I am encouraged by our progress. We reduced debt, improved insurance underwriting margins, entered promising new markets and recruited new executive talent. Investment income rose sharply, and we divested non-core businesses. As we continue to enhance the productivity of our global resources, I expect profit margins to grow and earnings per share to increase.

Aon has a broad client and policyholder base developed over many years. It is the foundation of our valuable franchise. Each day, our employees create and deliver risk management, workforce productivity and insurance solutions. They exchange ideas through a vast knowledge management network, giving clients timely, world-class innovation at the local level. These strengths, coupled with favorable long-term trends, will be the catalysts for Aon's profitable growth.

While economic and premium rate cycles are inevitable, we have built resources around our vision of long-term client needs:

- Risk management is more crucial to corporate business planning and operations.

- Insurance broker markets are expanding as countries open their borders and advice becomes more valuable.
- Globalization has been driving companies to pursue worldwide growth strategies that require parallel risk management and consulting resources.
- Workforce productivity is defining the winners in the marketplace.
- Health and financial security concerns are paramount to consumers worldwide.

We intend to capitalize on these fundamental long-term trends.

## >> Risk and Insurance Brokerage Services

We achieved healthy revenue growth in our risk and insurance brokerage segment in 2003. Our U.S. reinsurance brokerage business had a particularly good year as more insurance companies sought our services. We also had strong results in our international retail brokerage and our affinity business, partly driven by our client segmentation strategy, which markets specialty resources to particular industry and market groups.



*“We take great pride in having been named the first foreign insurance broker to earn a license in China. As China’s economy expands, so does our growth potential.”*

Revenues also benefited from increasing premium rates in certain lines of insurance during 2003. So far in 2004, premium rates are still increasing in some sectors – such as directors’ and officers’ liability, professional liability and medical malpractice – but more moderately. For other lines of insurance, such as property, premium rates are declining on average.

Insurance carriers though are being pressured to support premium rate levels on several fronts. Interest rates are at historically low levels. Rating agencies are requiring more capital. Industry claim reserve deficiencies are estimated in the tens of billions of dollars. Property, people and systems are more concentrated – creating larger and more complicated insurance portfolios that insurers must carefully manage through reinsurance. These factors, together with the long-term growth trends noted above, should support favorable growth for the foreseeable future. In fact, we see growth opportunities in most of our businesses given the expanding complexities of risk management.

Aon’s primary challenge in the risk and insurance brokerage segment has been profit margin expansion. To improve our profitability, we are taking steps in the following areas:

- Portions of our lower-margin claims services business were sold in early 2004, and we are evaluating strategic options for the remaining units.
- We modified U.S. employee benefit programs, and compensation plans worldwide are being aligned more closely with bottom-line profitability.
- Strategic sourcing opportunities are being pursued more forcefully with vendors, suppliers and landlords, and we will gradually consolidate office space in cities where we have duplicate facilities.
- Staff-level support functions are being standardized and more thoroughly streamlined.
- We are refining our client segmentation strategy to more effectively market our services to targeted client sectors. Global practice groups specialize by industry, product and functional expertise. Strategic account managers focus on the largest accounts.



- Technology and process management spending is being leveraged across more business units.
- Account profitability analysis is being used more extensively.
- A country management model is being implemented in the United States across insurance brokerage and consulting practices, similar to successful models we use abroad. It will foster greater teamwork across business units, and marketing and distribution will be done more profitably.
- Aon Specialty Product Network (ASPN), which markets wholesale brokerage and other Aon services to more than 28,000 independent agents and brokers, will further penetrate this important client segment.

Many of these actions are designed to improve not only our brokerage segment margins but also consulting and insurance underwriting profitability.

### *International Opportunities*

We take great pride in having been named the first foreign insurance broker to earn a license in China. In February of this year, I had the pleasure of traveling to Shanghai to meet with our joint venture partner, China National Cereals, Oils & Foodstuffs Import & Export Corp. (COFCO), as well as current and prospective clients. As China's economy expands, so does our

growth potential. We received a similar honor by being named the first foreign broker in India through a joint venture with Global Insurance Services. Our license permits us to offer services to indigenous companies, as well as multinational companies conducting business in India. In July 2003, Aon also formed a joint venture, Aon Rus LLC, with Russian-based LLC Corporation Risk. Through our offices in Moscow and St. Petersburg, we offer a full range of insurance and reinsurance brokerage services.

We have structured our business platform to take advantage of long-term growth trends, such as the opportunities in China, India and Russia. Our deep industry and product resources, coupled with our proprietary global distribution network, will continue to be a major growth engine. As we become steadily more productive, I am confident that revenue growth will drive margin improvement.

### >> **Human Capital Consulting**

As with our risk management business, we are among the leaders in the human capital consulting industry where we deliver a comprehensive set of workforce productivity solutions. Services range from employee

benefits and human resource outsourcing, to compensation, management and communication consulting.

In 2003, our margins were compressed by an increase in lower margin outsourcing business. However, we expect margins to improve as we realize further cost efficiencies from the large AT&T outsourcing contract that began in mid-2002.

Economic growth within the U.S. in the latter half of 2003 was the strongest in more than a decade. While job growth has lagged this increase, Alan Greenspan, head of the U.S. Federal Reserve Bank, expects domestic companies to begin hiring more aggressively. Aon would be a beneficiary of increased hiring, both in our consulting and insurance brokerage businesses.

Clients are facing tough challenges as healthcare expenses continue to escalate. Lower interest and discount rates are exacerbating these problems as they drive up pension obligations, expenses and underfunding. While these costs need to be contained, clients also need to attract, retain and motivate the most productive workers. Our healthcare and pension benefit experts consult with clients to balance the conflicting demands of containing costs and maintaining talent.

Workforce productivity will remain a distinguishing factor for successful companies, and we expect client demand for our expertise and resources to grow over time.

#### >> **Insurance Underwriting**

Our “back-to-basics” strategy in the accident and health insurance underwriting business has produced positive results. Margins in this group have improved as we exit less profitable and less predictable lines, a process we expect to complete next year. While this will constrain premium growth in the near-term, we are targeting continued margin improvement.

We will focus on our competitive strengths – a well-trained sales force of 7,600 exclusive career agents, a strong Combined Insurance Company brand name, solid claims paying ratings, and innovative insurance products. We recruited a new finance head for this business in 2003 to reinforce our commitment to profit discipline.

To enhance the management team, we also appointed a new chief underwriter/actuary in our warranty and select property & casualty insurance underwriting business. Growth opportunities for our automobile and consumer product warranties are influenced by economic trends and buyers who are more receptive to purchasing warranties.

We increased select commercial P&C premiums in 2003, largely from managing underwriting operations within the brokerage segment. We anticipate lower growth in 2004 as we resume our traditional practice of placing the majority of these premiums with independent insurers.

Underwriting segment financial performance showed progress in key areas that were targeted at the beginning of the year, and we look for further improvement in 2004. We strengthened reserves for a run-off book of business, National Program Services, Inc., in 2003.

#### >> **Summary of 2003 Consolidated Financial Results and Highlights**

Total revenues grew 11% in 2003 to \$9.8 billion, driven principally by risk and insurance brokerage services revenues that rose more than \$700 million. Net income from continuing operations increased 36% to \$663 million, and earnings per share grew 22% to \$2.08.

Significant contributors to improved profitability were insurance underwriting, risk and insurance brokerage services and equity-related investment income,

principally from our holdings of Endurance Specialty (NYSE: ENH). We also benefited from foreign exchange through our extensive international operations that collectively had strengthening currencies relative to the U.S. dollar. In addition, we completed the settlement of our World Trade Center property insurance claim for \$200 million. We sold our automobile finance services unit eliminating this non-core business.

As anticipated, pension expense and the cash funding of our benefit plans increased in 2003 due principally to lower discount rate and asset return assumptions. While we expect pension costs to rise in 2004, the year-to-year increase will be much lower. Cash flows improved significantly, and we paid down debt in addition to pre-funding our pension plans. Our key leverage ratio (debt plus preferred stock to total capital) was 33% at year-end, a significant improvement from 40% the year before.

Our parent company credit ratings and the claims paying ratings of our insurance company subsidiaries remain solid. Total assets rose 7% to \$27 billion at year-end and stockholders' equity grew 15% to \$4.5 billion.



*“More than 120 employees ran in the New York City and Chicago marathons as part of Aon’s Running to Remember campaign. With every step, they raised contributions for the children of our associates lost in the World Trade Center.”*

>> **Milestones**

George A. Schaefer, an Aon director for 13 years, has reached the mandatory retirement age and will be leaving our board in May 2004. We are indebted to George for his valuable contributions, and we wish him all the best for the future.

We recruited two new executive vice presidents in 2003. David P. Bolger, our chief financial and administrative officer, oversees all corporate finance functions, as well as human resources, information technology, property management, strategic sourcing and corporate communications. Earlier in his career, Dave held senior level finance and management positions in large financial institutions.

D. Cameron Findlay joined us in August 2003 as general counsel and is responsible for compliance and legal affairs globally. He served as U.S. Deputy Secretary of Labor before starting his new position. Prior to working in the Labor Department, Cam was a partner with Sidley Austin Brown & Wood.

Dave and Cam have made important contributions, and we are fortunate to have them on our executive management team.

More than 120 employees ran in the New York City and Chicago marathons as part of Aon’s Running to Remember campaign. With every step, they raised contributions for the children of our associates lost in the World Trade Center. One of our colleagues, Greg Donovan, flew all the way from Australia, was the first team member to cross the finish line, and raised the largest single donation – \$71,000. This individual and team effort was a poignant milestone to mark the passing of our colleagues and the charitable spirit of our employees around the globe. They have donated countless hours every year to teach children, paint schools, support the elderly and help those in need. We are proud of their accomplishments and their devotion to their communities.



>> **Outlook**

We took important steps in 2003 to improve our financial performance and are building on that progress in 2004. Our employees are extremely talented, and they have fostered strong relationships with our clients and markets through their dedication. Their commitment is the key factor that makes Aon such a formidable competitor.

Broadening our client relationships is a major goal for 2004. Through an increasingly disciplined client segmentation strategy – supported by senior-level sponsors – we will efficiently market and deliver more services to existing clients.

Our second major goal is to increase operational efficiency. In the U.S., for example, we will use standardization to streamline staff-related services and consider the outsourcing of information technology infrastructure. In addition, since our overriding objective is improved profitability, we are implementing stricter guidelines and accountability that will foster better financial discipline.

I am confident that we will improve stockholder returns through these actions. Our employees are enthusiastic, management is committed, and we have the necessary resources to win in the marketplace.

Sincerely,



**Patrick G. Ryan**  
*Chairman and Chief Executive Officer*

# Aon

## Risk & Insurance Brokerage Services

Retail Brokerage ■ Reinsurance Brokerage ■ Wholesale Brokerage ■  
Managing Underwriting ■ Claims Services ■ Premium Finance ■  
Captive Management ■ Affinity Programs ■ Select Personal Lines

## Human Capital Consulting

Employee Benefits ■ Compensation ■ Management Consulting ■  
Outsourcing ■ Communication

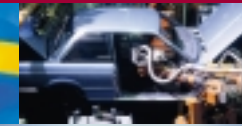
## Insurance Underwriting

Supplemental Accident, Health & Life ■ Extended Warranty & Credit ■  
Select Property & Casualty



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*More than one-third of the world's diamond production is insured through Aon.*



>>

*Five different actors have portrayed James Bond romancing more than 50 different actresses. But for all 21 films, 007 turned to one insurance broker: Aon*



## Risk & Insurance Brokerage Services

> A world of risk demands a world of ideas. Aon is the answer. Our brokerage and risk management professionals leverage our global resources and distribution network to deliver comprehensive solutions – anywhere in the world.

> We are engaged in nearly every facet of the property and casualty insurance industry – a distinct advantage for our clients.

> As the number one reinsurance broker in the world, we provide detailed evaluations of insurance policy portfolios and capital management recommendations to our insurance company clients. Our retail insurance brokers aid corporations in the identification, assessment and mitigation of risk, and the placement of insurance. We are also the leading manager of captive insurance companies – helping firms to control risk management costs. Finite risk, loss portfolio transfers, and derivative risk transfer are some of the solutions that we structure for clients.

> As a wholesale broker, we assist independent agents and other retail brokers with hard-to-place

accounts, using our relationships and knowledge of specialty insurance markets.

> By outsourcing underwriting and distribution functions to Aon Underwriting Managers, insurance companies have the opportunity to participate in niche insurance markets without incurring significant start-up costs. Our services include marketing, claims administration, premium rating, collections, and policy design, issuance and administration.

> To identify all of the services Aon has to offer, independent agents and brokers turn to Aon Specialty Products Network ([www.askaspn.com](http://www.askaspn.com)) for a quick connection to resources that help them grow and profit in the marketplace.

> Our collective knowledge is managed through specialized Global Practice Groups – aviation and aerospace, financial institutions, maritime industries, natural resources, professional services, property, trade credit, affinity and mergers & acquisitions. This intellectual capital is a differentiating advantage in the marketplace. By shaping ideas and creating solutions, we help clients turn their ideas into reality.



*Aon arranged insurance for the launch, landing and operation of NASA's Rover cameras. > > >*

*Image courtesy of NASA/JPL*



AVIATION INTELLECTUAL PROPERTY STRATEGIC ACCOUNT MANAGEMENT MERGERS & ACQUISITIONS CAPTIVES

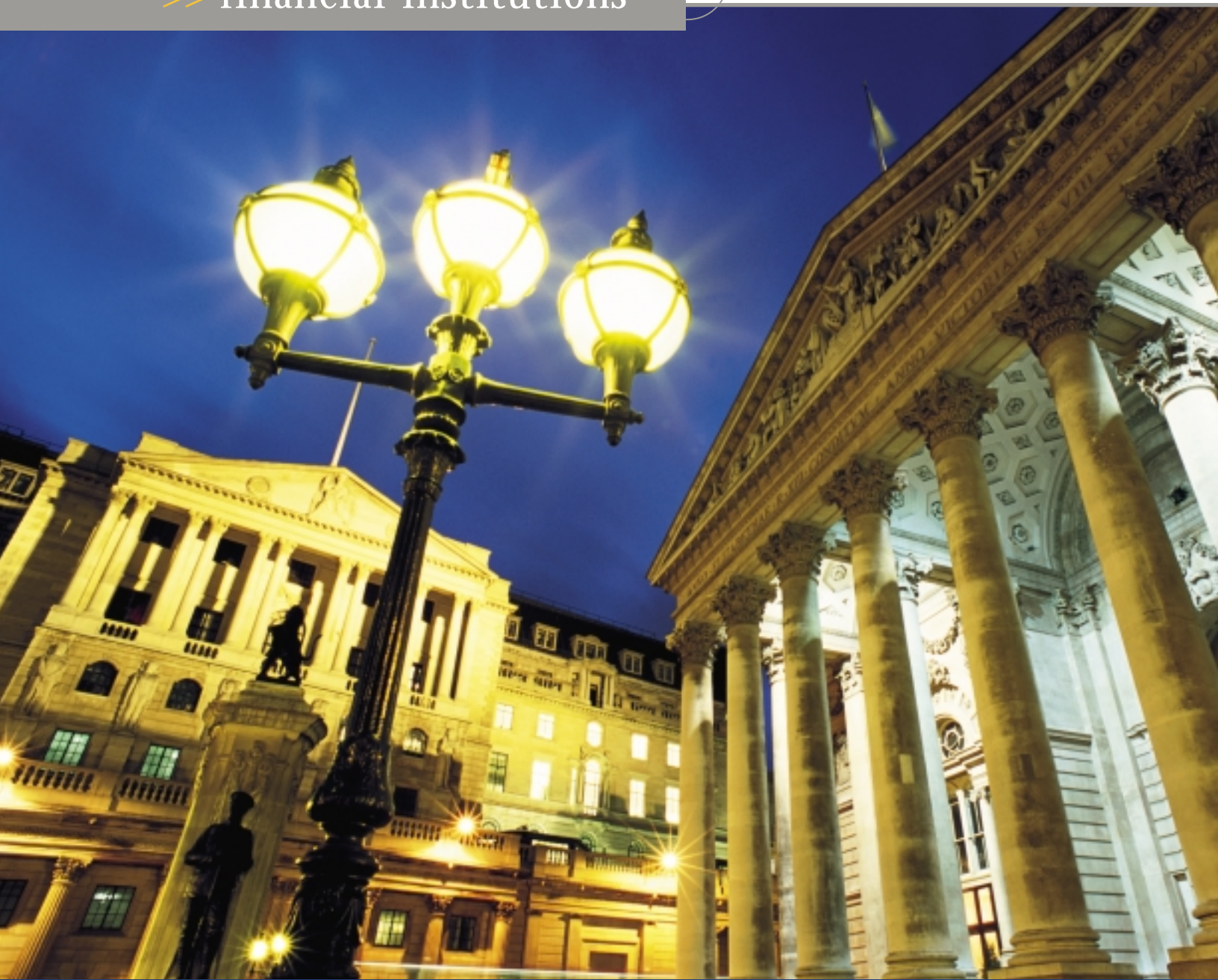
## >> land, sea and space

> From everyday transportation – trains, planes and ships – to the extraordinary – NASA's Rover Robots – Aon supports global and extraterrestrial mobility and commerce. Finding ways to safeguard a one-of-a-kind vehicle worlds away sparks ideas to reduce transportation risk here at home.

> Transporting people and goods exposes companies to many perils. Our aviation, aerospace, marine and ground transport specialists are world-class. Trade and political risk experts produce maps annually that chart geographic regions with heightened credit, political and environmental risks. We travel the globe to search out new ideas that provide smooth sailing for our clients.



>> financial institutions



AFFINITY PROGRAMS   TRADE CREDIT   AVIATION   CRISIS MANAGEMENT   NATURAL RESOURCES   EMPLOYEE-RELATED RISK

> Financial institutions fuel international commerce by supplying capital to risk takers. Insurance companies are the foundation of global trade – assuming operational risk and disbursing capital to policyholders when losses occur. Aon supports both of these players on the world's financial stage.

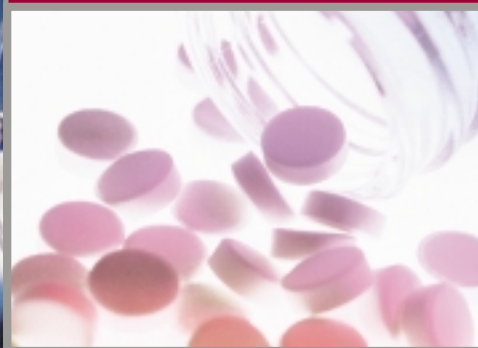
> We evaluate financial institutions in terms of their property, business interruption, directors' and officers' liability and crime risk. Other exposures range from mergers and acquisitions and transaction liability to trade credit and political disruption. Insurance companies seek our capital management skills – especially dynamic financial analysis – to structure reinsurance protection around their insurance policy portfolios.





> Public demand for affordable and quality healthcare, a shrinking industry workforce, an aging population and increased government regulation – all put tremendous pressure on the healthcare sector. Aon’s professionals guide hospitals, pharmaceutical companies, doctors, nurses and other healthcare participants through the maze of risk that they face each and every day – from malpractice liability to product recall.

## >> healthcare



STRATEGIC ACCOUNT MANAGEMENT    MERGERS & ACQUISITIONS    CAPTIVES    HEALTHCARE    ENTERTAINMENT RISK

## >> affinity programs

> Classic car owners, accountants, travelers and nurses – what do they have in common? All are members of affinity group insurance programs that Aon has formed to satisfy their particular needs. By tailoring insurance coverage to specific client segment risk, Aon delivers the best protection at the best price.



# >> construction



STRATEGIC ACCOUNT MANAGEMENT   EMPLOYEE-RELATED RISK   CONSTRUCTION   KIDNAP & RANSOM   ENERGY   SURETY

> From the moment the ground is broken on a construction project, risk shadows each step of the building process and multiplies in complexity as the project grows. AonWrap, our innovative risk management information system, helps builders save millions of dollars in project costs. Our award-winning Aon BondLink system processes surety bond requests in as little as five minutes.

> Evolving and often subtle risks are inherent in the natural resources sector. To succeed, one must understand the implications of diverse risks: global warming, political and regulatory change, and loss of intellectual property. Financial factors are also crucial: fluctuating market values, commodity prices, and interest and exchange rates. Aon brokers insurance coverage for power capacity that exceeds the combined needs of China and Russia. In 2003, Aon placed more than \$1.5 billion of insurance premiums tied to the natural resources sector.



## >> natural resources



AFFINITY PROGRAMS INTELLECTUAL PROPERTY NATURAL RESOURCES TRADE CREDIT CAPTIVES HEALTHCARE



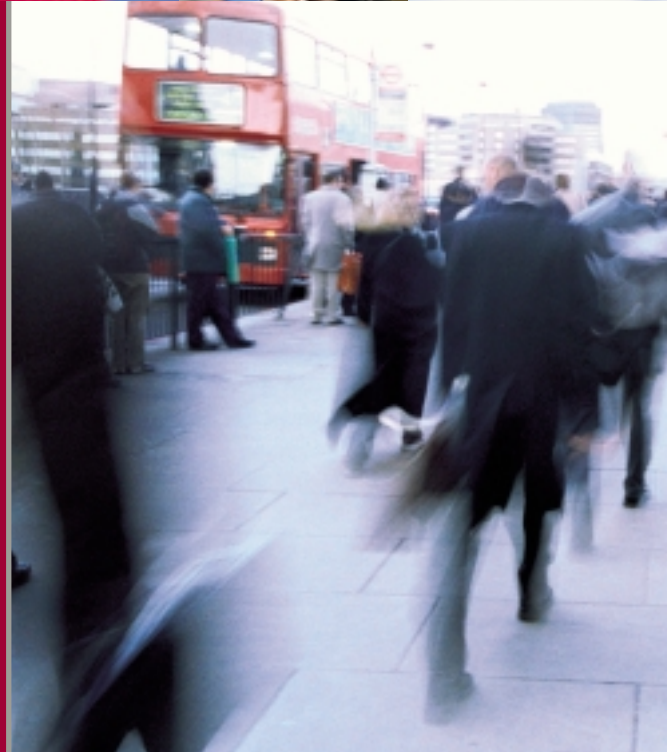
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*Aon – helping companies to synchronize people strategies with business strategies. We team up with clients – applying new ideas to new challenges.*



>>

*We are dedicated to understanding the forces behind employee commitment, a key driver of workforce productivity and retention.*



TEAMWORK   COMPENSATION STRATEGY   EFFECTIVE COMMUNICATION   TALENT MANAGEMENT   WORKFORCE PRODUCTIVITY

# Human Capital Consulting

> Employee benefits have become a major expenditure for most organizations. Rising healthcare and retirement plan costs have forced companies to seek ways to manage current and long-term financial commitments. Whether the solution is plan redesign, carrier negotiation, program consolidation or communication, Aon is ready to help.

> Today, many organizations outsource HR functions to improve quality and reduce costs. Aon's HR outsourcing team uses state-of-the-art systems for benefit plan administration, staffing selection and evaluation, leadership assessment and development, and workforce training.

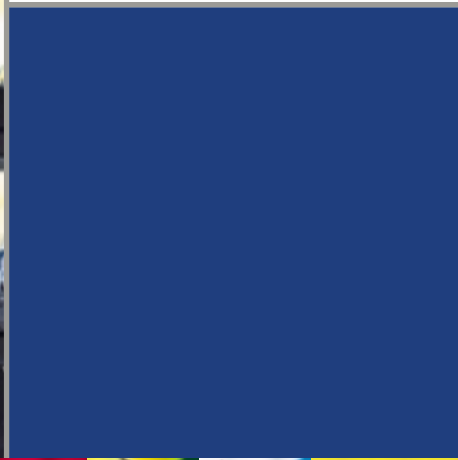
> Our compensation consultants develop pay programs designed to accelerate productivity by rewarding individuals when targets are achieved. And, our communication professionals craft messages that articulate the value of employees' total compensation packages and their alignment with corporate goals.

> Workforce productivity is a powerful force that can propel corporate performance. But what are the catalysts? Leadership. Training. Compensation. Benefit plan protection. Process improvement. Communication. More often than not, it is a careful balance. Aon evaluates all of these factors to identify and implement new HR strategies that ignite workforce productivity.

> Aon's management consulting team drives improvements in both individual and corporate performance through Six Sigma consulting and training, as well as leadership and organizational development programs.

> Other services include assessment surveys, coalition purchasing, voluntary benefit offerings, executive benefits, international benefits, investment consulting and workforce strategies. Whether the challenge is boosting productivity, improving performance, managing expenses or a combination thereof, Aon Consulting partners with clients to address their human capital needs.





>> large market



LEADING-EDGE TECHNOLOGY   EMPLOYEE-RELATED RISK   WORKFORCE COMMITMENT   INTELLECTUAL PROPERTY



> The human capital needs of a large, multinational organization are as complex and expansive as the organization itself. Employee benefits planning for these clients requires in-depth knowledge of private and public benefit program trends around the world. Cultural differences influence communication, performance assessment and training. Compensation strategies must incorporate firm-wide financial goals as well as local pay practices. Complex HR processes require state-of-the-art technology.

> Aon Consulting is committed to supporting global companies as they build strong, cohesive teams that transcend borders and span cultures. From HR outsourcing, health and retirement benefits and leadership development to six sigma process improvement and compensation consulting, our expertise matches the breadth and complexity of even the largest organizations.



> Our middle market clients have often grown faster than their HR departments. Geographic, market and workforce expansion creates new HR complexities. Aon helps our clients to stay a step ahead by addressing core health and welfare and retirement benefits as well as more sophisticated issues such as executive benefits, compensation consulting and HR outsourcing. We develop deep business relationships with our clients by building on the trust we have earned each step of the way.

## >> middle market



TEAMWORK   COMPENSATION STRATEGY   TRUSTED ADVISOR   TALENT MANAGEMENT   WORKFORCE PRODUCTIVITY   LOCAL

## >> small commercial

> Small businesses are often at a disadvantage in the race to attract and retain the best talent. Aon's Small Business @Work study found that medical insurance and retirement benefits are among the three most important benefits to small business employees. Implementing a comprehensive, affordable benefit package gives small companies a major advantage in their quest for a committed workforce.



SERVICE EFFECTIVE COMMUNICATION LEADERSHIP DEVELOPMENT GLOBAL DISTRIBUTION EMPLOYEE MOTIVATION



# 40

<<

*For 40 years, Aon Warranty Group has helped our clients take better care of their customers.*



>>

*Trust is the cornerstone of any lasting relationship. Policyholders have been putting their trust in Combined Insurance for 85 years.*



ASSET PROTECTION   INTEGRITY   LONG-TERM CARE   BRAND RECOGNITION   WORKSITE SOLUTIONS   PERSONAL SERVICE

# Insurance Underwriting

> Peace of mind – it's what we focus on every day at Combined Insurance Company and Aon Warranty Group. Policyholders rely on us for financial protection if sickness or disability strikes. When a product needs to be repaired or replaced, retailers depend on us to satisfy their customers.

> Combined Insurance Company of America ([www.combined.com](http://www.combined.com)) has been bringing supplemental accident, disability, health and life insurance to individuals and families since 1919. We serve five million policyholders through a sales force of 7,600 career agents spanning the United States, Canada, and seven countries in Europe and Asia/Pacific.

> Aon Warranty Group delivers warranty products, training, consulting and benchmark administration services as a complete solution. We serve the world's premier manufacturers, distributors and retailers of most consumer goods: vehicles, electronics, appliances, computers and homes. Aon Warranty Group

is licensed to provide products in all 15 European Union countries and has operations on five continents – North America, South America, Europe, Asia and Australia.

> For consumer electronics and appliance retailers, we offer value-added, after-sale products, training and profit management services. Retailers, wholesalers and manufacturers can rely on us to assume the underwriting risk.

> Home protection plans cover mechanical breakdown of major household items: furnace, air conditioning, water heater and kitchen appliances.

> Extended warranty coverage is also available for a wide range of recreational products including motorcycles, snowmobiles, all-terrain vehicles, personal watercraft and golf carts. Complementary benefits such as roadside assistance, towing and trip interruption insurance enhance this program. Overall, more than 200 million Aon warranties are in force for consumers.

## >> accident & health insurance

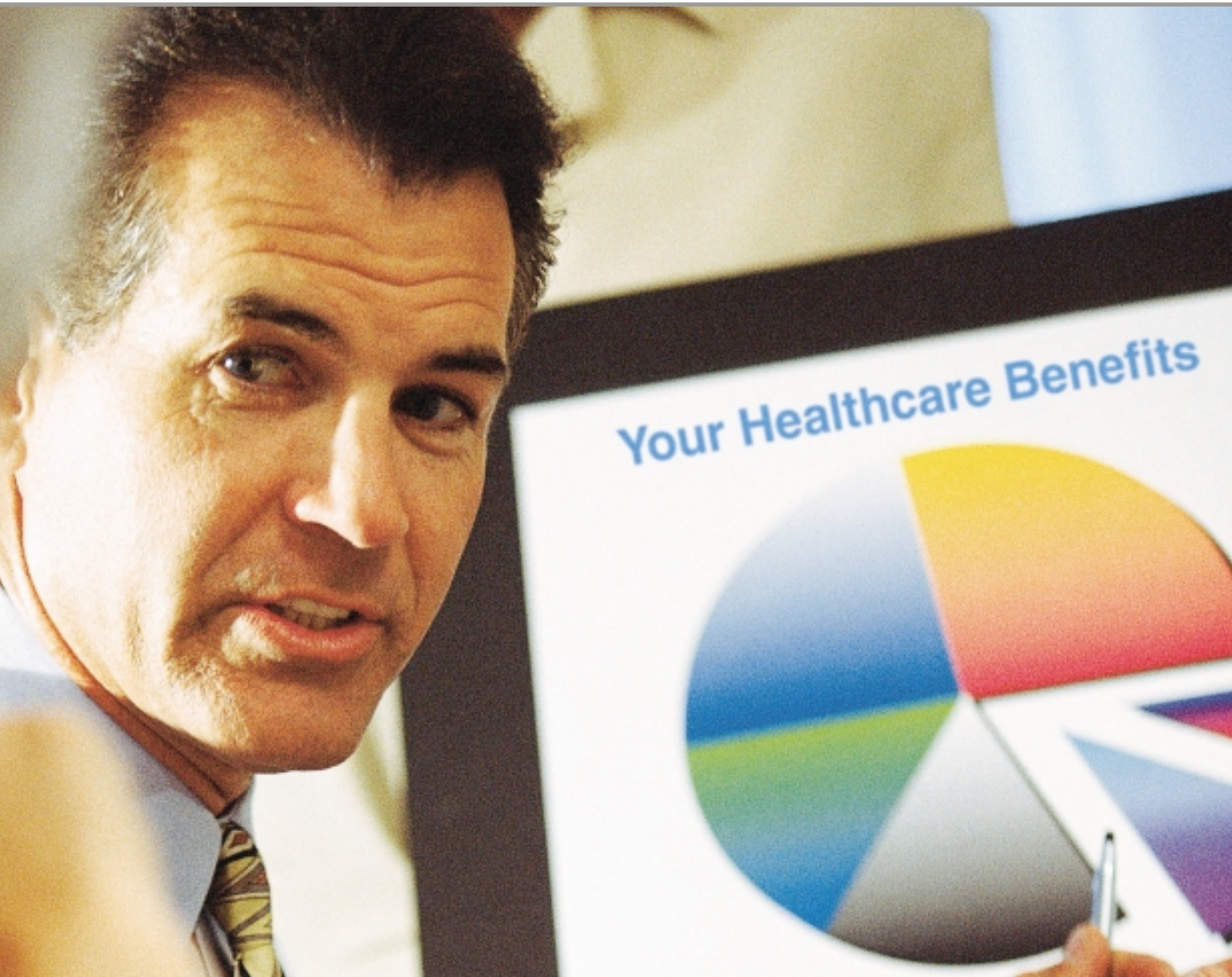
> Personal service is vitally important to our success in providing supplemental accident, health and life insurance protection to policyholders. Consumers trust that Combined Insurance, a well-known brand for 85 years, will be there when needed most.

> Combined's talented agents meet you at home or at work to review your individual insurance needs. Through Worksite Solutions, we educate employees on the details of their company-provided benefits package. Then, we offer supplemental insurance protection tailored to specific needs.

> We serve the growing senior market by providing healthcare plans for Medicare beneficiaries. Medicare supplement insurance pays expenses not covered by Medicare such as deductibles and co-payments.



BRAND RECOGNITION LONG-TERM CARE WORKSITE SOLUTIONS PERSONAL SERVICE INCOME PROTECTION



CUSTOMER CARE ASSET PROTECTION INTEGRITY LONG-TERM CARE BROAD DISTRIBUTION WORKSITE SOLUTIONS >>

>> extended warranty & credit protection



PERSONAL SERVICE INCOME PROTECTION BROAD DISTRIBUTION FINANCIAL STRENGTH CUSTOMER CARE ASSET

> Aon Warranty Group supports numerous markets with service contracts and consumer warranties. Aon's Resource Automotive is North America's premier provider of financial service products, consulting and training for automobile dealerships. In the U.S., we are the leading auto credit insurer and maintenance repair provider. Our customers include more than half of America's mega-dealers and more than 5,500 independent dealers. Our warranty and credit programs supply the tools needed to protect their customers' assets.

> Aon Innovative Solutions delivers customer relationship management programs to credit card, retail and manufacturing organizations. From extended service plans to direct mail, financial and insurance administration, and inbound/outbound telemarketing, we provide comprehensive solutions.



PROTECTION PERSONAL SERVICE INTEGRITY LONG-TERM CARE BRAND RECOGNITION WORKSITE SOLUTIONS

## Reports by Independent Auditors and Management

### Report of Ernst & Young LLP, Independent Auditors

Board of Directors and Stockholders

Aon Corporation

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated statements of financial position of Aon Corporation at December 31, 2003 and 2002 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003 (not presented separately herein). In our report dated February 10, 2004, we expressed an unqualified opinion on those consolidated financial statements that included an explanatory paragraph regarding the Company's changes in accounting for its involvement with certain variable interest entities in 2003 and its accounting for goodwill in 2002. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Chicago, Illinois  
February 10, 2004

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

### Report By Management

The management of Aon Corporation has prepared the accompanying condensed consolidated statements of financial position as of December 31, 2003 and 2002, and the related condensed consolidated statements of income for each of the three years in the period ended December 31, 2003, and the schedule of Financial Highlights for each of the four years in the period ended December 31, 2003, and is responsible for their integrity and objectivity. Management maintains a system of internal accounting controls, which is designed to provide reasonable assurance that, among other things, transactions are properly executed and financial records and reports are reliable. The complete Report By Management appears in the Company's 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The signature of Patrick G. Ryan is written in a cursive, handwritten style in black ink.

**Patrick G. Ryan**  
*Chairman and Chief Executive Officer*  
February 10, 2004

The signature of David P. Bolger is written in a cursive, handwritten style in black ink.

**David P. Bolger**  
*Executive Vice President and Chief Financial Officer*  
February 10, 2004

## Consolidated Statements of Income

(millions except per share data)

	Years ended December 31	2003	2002	2001
<b>Revenue</b>				
Brokerage commissions and fees		\$ 6,884	\$ 6,187	\$ 5,411
Premiums and other		2,609	2,368	2,027
Investment income (note 7)		317	252	213
Total revenue		<b>9,810</b>	8,807	7,651
<b>Expenses</b>				
General expenses (notes 4, 5 and 15)		7,123	6,459	5,729
Benefits to policyholders		1,427	1,375	1,111
Interest expense		101	124	127
Amortization of intangible assets		63	54	158
Unusual charges (credits) – World Trade Center (note 1)		(14)	(29)	158
Total expenses		<b>8,700</b>	7,983	7,283
<b>Income From Continuing Operations Before Income Tax and Minority Interest</b>		<b>1,110</b>	824	368
Provision for income tax (note 9)		411	304	145
<b>Income From Continuing Operations Before Minority Interest</b>		<b>699</b>	520	223
Minority interest, net of tax – Company-obligated mandatorily redeemable preferred capital securities (note 11)		(36)	(34)	(40)
<b>Income From Continuing Operations</b>		<b>663</b>	486	183
<b>Loss From Discontinued Operations, Net of Tax (note 1)</b>		<b>(35)</b>	(20)	(36)
<b>Net Income</b>		<b>\$ 628</b>	\$ 466	\$ 147
<b>Net Income Available for Common Stockholders</b>		<b>\$ 625</b>	\$ 463	\$ 144
<b>Basic Net Income Per Share</b>				
Income from continuing operations		\$ 2.08	\$ 1.72	\$ 0.67
Discontinued operations		(0.11)	(0.07)	(0.13)
Net income		<b>\$ 1.97</b>	\$ 1.65	\$ 0.54
<b>Dilutive Net Income Per Share</b>				
Income from continuing operations		\$ 2.08	\$ 1.71	\$ 0.66
Discontinued operations		(0.11)	(0.07)	(0.13)
Net income		<b>\$ 1.97</b>	\$ 1.64	\$ 0.53
<b>Cash Dividends Per Share Paid on Common Stock</b>		<b>\$ 0.60</b>	\$ 0.825	\$ 0.895
<b>Dilutive Average Common and Common Equivalent Shares Outstanding</b>		<b>317.8</b>	282.6	272.4

See the complete set of consolidated financial statements and accompanying notes to consolidated financial statements in Aon Corporation's 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

## Consolidated Statements of Financial Position

<i>(millions)</i>	<i>As of December 31</i>	<b>2003</b>	2002
<b>Assets</b>			
<b>Investments</b>			
Fixed maturities at fair value		<b>\$ 2,751</b>	\$ 2,089
Equity securities at fair value		<b>42</b>	62
Short-term investments		<b>3,815</b>	3,835
Other investments		<b>716</b>	600
Total investments		<b>7,324</b>	6,586
<hr/>			
<b>Cash</b>		<b>540</b>	484
<b>Receivables</b>			
Insurance brokerage and consulting services		<b>8,607</b>	8,430
Other receivables		<b>1,504</b>	1,129
Total receivables (net of allowance for doubtful accounts: 2003-\$187; 2002-\$177)		<b>10,111</b>	9,559
<hr/>			
<b>Current Income Taxes</b>		<b>84</b>	124
<b>Deferred Income Taxes</b>		<b>524</b>	689
<b>Deferred Policy Acquisition Costs</b>		<b>1,021</b>	882
<b>Goodwill</b>			
(net of accumulated amortization: 2003-\$805; 2002-\$723)		<b>4,509</b>	4,099
<b>Other Intangible Assets</b>			
(net of accumulated amortization: 2003-\$300; 2002-\$238)		<b>176</b>	225
<b>Property and Equipment, Net</b>		<b>827</b>	865
<b>Other Assets</b>		<b>1,911</b>	1,821
<b>Total Assets</b>		<b>\$ 27,027</b>	\$ 25,334

See the complete set of consolidated financial statements and accompanying notes to consolidated financial statements in Aon Corporation's 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

(millions)

As of December 31

2003

2002

**Liabilities and Stockholders' Equity**

**Insurance Premiums Payable**

**\$ 10,368**      \$ 9,904

**Policy Liabilities**

Future policy benefits	<b>1,396</b>	1,310
Policy and contract claims	<b>1,609</b>	1,251
Unearned and advance premiums and contract fees	<b>2,869</b>	2,610
Other policyholder funds	<b>58</b>	139
Total policy liabilities	<b>5,932</b>	5,310

**General Liabilities**

General expenses	<b>1,498</b>	1,518
Short-term borrowings	<b>53</b>	117
Notes payable	<b>2,095</b>	1,671
Other liabilities	<b>2,533</b>	2,167
<b>Total Liabilities</b>	<b>22,479</b>	20,687

**Commitments and Contingent Liabilities**

**Redeemable Preferred Stock**

**50**      50

**Company-Obligated Mandatorily Redeemable Preferred Capital Securities of  
Subsidiary Trust Holding Solely the Company's Junior Subordinated Debentures**

**-**      702

**Stockholders' Equity**

Common stock – \$1 par value		
Authorized: 750 shares; issued	<b>336</b>	333
Paid-in additional capital	<b>2,283</b>	2,228
Accumulated other comprehensive loss	<b>(861)</b>	(954)
Retained earnings	<b>3,679</b>	3,251
Treasury stock at cost (shares: 2003–22.4; 2002–22.7)	<b>(784)</b>	(794)
Deferred compensation	<b>(155)</b>	(169)
<b>Total Stockholders' Equity</b>	<b>4,498</b>	3,895

**Total Liabilities and Stockholders' Equity**

**\$ 27,027**      \$ 25,334

## Financial Highlights

(millions except common stock and per share data)

	2003	2002	2001	2000
<b>Income Statement Data (1)</b>				
Total revenue	\$ 9,810	\$ 8,807	\$ 7,651	\$ 7,334
Income from continuing operations	\$ 663	\$ 486	\$ 183	\$ 479
Discontinued operations	(35)	(20)	(36)	2
Income before accounting change	628	466	147	481
Cumulative effect of change in accounting principle (2)	—	—	—	(7)
Net income	\$ 628	\$ 466	\$ 147	\$ 474
<b>Dilutive Per Share Data (1)</b>				
Income from continuing operations	\$ 2.08	\$ 1.71	\$ 0.66	\$ 1.81
Discontinued operations	(0.11)	(0.07)	(0.13)	0.01
Income before accounting change	1.97	1.64	0.53	1.82
Cumulative effect of change in accounting principle (2)	—	—	—	(0.03)
Net income	\$ 1.97	\$ 1.64	\$ 0.53	\$ 1.79
<b>Balance Sheet Data</b>				
<b>Assets</b>				
Investments	\$ 7,324	\$ 6,586	\$ 6,146	\$ 6,019
Brokerage and consulting receivables	8,607	8,430	7,033	6,952
Intangible assets	4,685	4,324	4,084	3,916
Other	6,411	5,994	5,067	5,364
Total assets	\$ 27,027	\$ 25,334	\$ 22,330	\$ 22,251
<b>Liabilities and Stockholders' Equity</b>				
Insurance premiums payable	\$ 10,368	\$ 9,904	\$ 8,233	\$ 8,212
Policy liabilities	5,932	5,310	4,990	4,977
Notes payable	2,095	1,671	1,694	1,798
General liabilities	4,084	3,802	3,098	3,026
Total liabilities	22,479	20,687	18,015	18,013
Redeemable preferred stock	50	50	50	50
Capital securities	—	702	800	800
Stockholders' equity	4,498	3,895	3,465	3,388
Total liabilities and stockholders' equity	\$ 27,027	\$ 25,334	\$ 22,330	\$ 22,251
<b>Common Stock Data</b>				
Dividends paid per share	\$ 0.60	\$ 0.825	\$ 0.895	\$ 0.87
Stockholders' equity per share	14.32	12.56	12.82	13.02
Shares outstanding (in millions)	314.0	310.2	270.2	260.3
<b>Segment Data</b>				
Risk and Insurance Brokerage Services				
Revenue	\$ 5,677	\$ 4,973	\$ 4,363	\$ 4,080
Income before income tax	829	791	565	661
Consulting				
Revenue	1,193	1,054	938	770
Income before income tax	108	120	126	106
Insurance Underwriting				
Revenue	2,883	2,801	2,521	2,413
Income before income tax	196	155	168	325
Corporate and Other				
Revenue	125	(21)	(171)	71
Loss before income tax	(23)	(242)	(491)	(242)

The financial information presented in this report should be reviewed in conjunction with Aon Corporation's 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

(1) In first quarter 2002, Aon adopted FASB Statement No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002. Beginning in 2002, amortization of goodwill is no longer included in net income. (See note 2 to the consolidated financial statements included in the 2003 Form 10-K).

(2) Adoption of SEC Staff Accounting Bulletin 101, effective January 1, 2000, net of tax.

### Risk and Insurance Brokerage Services

Around the world in hundreds of offices, Aon's insurance professionals provide retail, reinsurance and wholesale brokerage services. Their expertise also covers captive insurance company management, safety and loss control engineering, underwriting management, direct marketing to affinity groups, premium finance, and claims and loss cost services.

Aon's extensive client franchise includes:

- Multinational corporations, middle market companies and small commercial clients served by our retail brokers
- Insurance and reinsurance companies served by our reinsurance brokers, underwriting managers and claims professionals
- Independent agents and brokers seeking access to specialty products and programs in markets served by our wholesale brokers and underwriting managers

Our professionals deliver integrated solutions that link advice, fulfillment and outsourcing as client needs dictate.

Michael D. O'Halleran

Paul R. Davies

Dennis L. Mahoney

Dirk P.M. Verbeek

Clement B. Booth

Noel L. Dunn

Michael D. Rice

Michael G. Bungert

Bernard S.Y. Fung

Max Taylor

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### Consulting

Our human capital consulting business has five major practices that serve three client segments – large multinational corporations, middle market companies and small firms – with distinct products and services.

Aon's consulting professionals advise clients on:

- Employee benefits that attract and retain qualified employees
- Compensation strategies that motivate executives, salespeople and employees to achieve specific performance objectives
- Management consulting initiatives that improve processes, leadership, organization and human capital development
- Communication that supports their corporate visions and aligns employee behavior with organizational objectives
- Outsourcing solutions that streamline employment processing, performance improvement, benefits administration, individual enrollment and other employment-related services

Donald C. Ingram

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### Insurance Underwriting

Supplemental accident, health and life insurance products are provided to more than 5 million policyholders worldwide through a sales force of 7,600 exclusive career agents throughout the United States, Canada, Latin America, Europe and Asia/Pacific.

Aon is the world's largest independent provider of extended warranties for a wide range of products including vehicles, electronics, appliances, computers and telephone equipment as well as extended service plans and warranties for home buyers and sellers.

Richard M. Ravin

David L. Cole

## Board of Directors

**Patrick G. Ryan**  
Chairman and  
Chief Executive Officer

**Edgar D. Jannotta**  
Chairman  
William Blair & Company, L.L.C.

**Jan Kalff**  
Chairman of the Managing Board  
ABN AMRO Holding N.V. (retired)  
International Advisory Committee of  
the Federal Reserve Bank of New York

**Lester B. Knight**  
Founding Partner  
RoundTable Healthcare Partners

**J. Michael Losh**  
Chief Financial Officer and  
Executive Vice President (retired)  
General Motors Corporation

**R. Eden Martin**  
Partner  
Sidley Austin Brown & Wood LLP  
President  
Civic Committee  
The Commercial Club of Chicago

**Andrew J. McKenna**  
Chairman and  
Chief Executive Officer  
Schwarz

**Robert S. Morrison**  
Vice Chairman (retired)  
PepsiCo, Inc.  
Chairman, President and  
Chief Executive Officer (retired)  
The Quaker Oats Company

**Richard C. Notebaert**  
Chairman and  
Chief Executive Officer  
Qwest Communications  
International Inc.

**Michael D. O'Halleran**  
President and  
Chief Operating Officer

**John W. Rogers, Jr.**  
Chairman and  
Chief Executive Officer  
Ariel Capital Management, Inc.  
Trustee-Ariel Mutual Funds

**George A. Schaefer**  
Chairman of the Board (retired)  
Caterpillar Inc.

**Carolyn Y. Woo**  
Dean  
Mendoza College of Business  
University of Notre Dame

## Corporate Officers

**Patrick G. Ryan**  
Chairman and  
Chief Executive Officer

**Michael D. O'Halleran**  
President and  
Chief Operating Officer

**David P. Bolger**  
Executive Vice President,  
Chief Financial Officer and  
Chief Administrative Officer

**June E. Drewry**  
Executive Vice President  
and Chief Information Officer

**D. Cameron Findlay**  
Executive Vice President  
and General Counsel

**Raymond I. Skilling**  
Executive Vice President

**Michael A. Conway**  
Senior Vice President and  
Senior Investment Officer

**Jeremy G.O. Farmer**  
Senior Vice President and  
Head of Human Resources

**Richard E. Barry**  
Vice President and  
Deputy General Counsel

**Carl J. Bleecher**  
Vice President  
Internal Audit

**Kevann M. Cooke**  
Vice President and  
Corporate Secretary

**Vaughn Hooks**  
Vice President  
Taxes

**Sean P. O'Neill**  
Vice President  
Financial Relations

**Robert S. Rivkin**  
Vice President and Deputy  
General Counsel – Litigation  
and Government Affairs

**Diane M. Aigotti**  
Treasurer

### Aon Corporation

Aon Center  
200 East Randolph Street  
Chicago, IL 60601  
(312) 381-1000

## Corporate & Stockholder Information

### Stock Trading

Aon Corporation's common stock is listed on the New York Stock Exchange.  
Trading symbol: AOC

### Annual Stockholders' Meeting

The 2004 Annual Meeting of Stockholders will be held on May 21, 2004 at 10:00 a.m. (CDT) at:  
Aon Center  
The Indiana Room  
200 East Randolph Street  
Chicago, IL 60601

### Products and Services

For more information on Aon's products and services, please refer to our web site, [www.aon.com](http://www.aon.com)

Transfer Agent and Dividend Reinvestment Services Administrator  
EquiServe Trust Company, N.A.  
P.O. Box 43069  
Providence, RI 02940-3069

Within the U.S. and Canada:  
(800) 446-2617

Outside the U.S. and Canada:  
(781) 575-2723

TDD/TTY for hearing impaired:  
(800) 952-9245

Internet: [www.equiserve.com](http://www.equiserve.com)

### Stockholder Information

Copies of the Annual Report, Forms 10-K and 10-Q, and other Aon information may be obtained from our Internet web site, [www.aon.com](http://www.aon.com), or by calling Stockholder Communications:

Within the U.S. and Canada:  
(888) 858-9587

Outside the U.S. and Canada:  
(858) 244-2082

### Independent Auditors

Ernst & Young LLP

### Information Concerning Forward-Looking Statements

*This annual report to stockholders contains forward-looking statements, which by their nature involve certain risks and uncertainties. Please refer to Aon Corporation's 2003 Annual Report on Form 10-K for "Information Concerning Forward-Looking Statements" and a description of certain factors that could cause actual results to differ materially from either historical or anticipated results.*





Aon Corporation • 200 East Randolph Street • Chicago, Illinois 60601 • [www.aon.com](http://www.aon.com)