



U.S. Department of Justice

Criminal Division

Washington, D.C. 20530

December 20, 2011

Laurence A. Urgenson, Esq.
Craig S. Primis, Esq.
Kirkland & Ellis LLP
655 Fifteenth Street, N.W.
Washington, DC 20005

Re: Aon Corporation

Dear Mr. Urgenson:

On the understandings specified below, the United States Department of Justice, Criminal Division, Fraud Section (the "Department") will not criminally prosecute Aon Corporation and its subsidiaries (collectively, "Aon") for any crimes (except for criminal tax violations, as to which the Department does not make any agreement) related to Aon's knowing violation of the anti-bribery, books and records, and internal controls provisions of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Sections 78dd-1, 78m(b)(2)(A), 78m(b)(2)(B), and 78m(b)(5) arising from and related to the making of improper payments to government officials in Costa Rica in order to assist Aon in obtaining and retaining business, as described in Appendix A, which is incorporated by reference herein, or for the conduct related to improper payments and associated recordkeeping disclosed to the government that is referenced in subsection (b) of this paragraph. The Department enters into this Non-Prosecution Agreement based, in part, on the following factors: (a) Aon's extraordinary cooperation with the Department and the U.S. Securities and Exchange Commission ("SEC"); (b) Aon's timely and complete disclosure of the facts described in Appendix A as well as facts relating to Aon's improper payments in Bangladesh, Bulgaria, Egypt, Indonesia, Myanmar, Panama, the United Arab Emirates, and Vietnam that it discovered during its thorough investigation of its global operations; (c) the early and extensive remedial efforts undertaken by Aon, including the substantial improvements the company has made to its anti-corruption compliance procedures; (d) the prior financial penalty of £5.25 million paid to the United Kingdom's Financial Services Authority ("FSA") by Aon Limited, a U.K. subsidiary of Aon, in 2009, covering the conduct in, Bangladesh, Bulgaria, Indonesia, Myanmar, the United Arab Emirates, and Vietnam; and (e) the FSA's close and continuous supervisory oversight over Aon Limited.

It is understood that Aon admits, and accepts and acknowledges responsibility for, the conduct set forth in Appendix A, and agrees not to make any public statement contradicting Appendix A.

This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to Aon and not to any other entities except as set forth in this Agreement or to any individuals. Aon expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entities unless and until such acquirer or successor formally adopts and executes this Agreement.

This Agreement shall have a term of two years from the date of this Agreement, except as specifically provided in the following paragraph. It is understood that for the two-year term of this Agreement, Aon shall: (a) commit no U.S. crimes whatsoever; (b) truthfully and completely disclose non-privileged information with respect to the activities of Aon, its officers and employees, and others concerning all matters about which the Department inquires of it, which information can be used for any purpose, except as otherwise limited in this Agreement; and (c) bring to the Department's attention all criminal conduct by, or criminal investigations of, Aon or any of its senior managerial employees that comes to the attention of Aon or its senior management, as well as any administrative proceeding or civil action brought by any U.S. or foreign governmental authority that alleges fraud or corruption by or against Aon.

Until the date upon which all investigations and prosecutions arising out of the conduct described in this Agreement are concluded, whether or not they are concluded within the two-year term of this Agreement, Aon shall, with respect to these matters: (a) cooperate fully with the Department, the Federal Bureau of Investigation, the SEC, and any other law enforcement agency designated by the Department; (b) assist the Department by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (c) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding; and (d) provide the Department, upon request, all non-privileged information, documents, records, or other tangible evidence about which the Department or any designated law enforcement agency inquires.

It is understood that, if the Department in its sole discretion determines that Aon has committed any crime after signing this Agreement, that Aon has given false, incomplete, or misleading testimony or information at any time, or that Aon otherwise has violated any provision of this Agreement, Aon shall thereafter be subject to prosecution for any violation of federal law of which the Department has knowledge, including perjury and obstruction of justice. Any such prosecution related to the facts set forth in Appendix A that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against Aon, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the term of this agreement plus one year. Thus,

by signing this Agreement, Aon agrees that the statute of limitations with respect to any prosecution related to the facts set forth in Appendix A that is not time-barred on the date that this Agreement is signed, including all time tolled by the October 18, 2011, Tolling Agreement, shall be tolled for the term of this Agreement plus one year.

It is understood that, if the Department in its sole discretion determines that Aon has committed any crime after signing this Agreement, or that Aon has given false, incomplete, or misleading testimony or information, or that Aon has otherwise violated any provision of this Agreement: (a) all statements made by Aon to the Department or other designated law enforcement agents, including Appendix A hereto, and any testimony given by Aon before a grand jury or other tribunal, whether prior or subsequent to the signing of this Agreement, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against Aon, its employees, and/or its agents; and (b) Aon shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom are inadmissible or should be suppressed. By signing this Agreement, Aon waives all rights in the foregoing respects.

It is understood that Aon has agreed to pay a monetary penalty in the amount of \$1,764,000. This substantially reduced monetary penalty reflects the Department's determination to credit meaningfully Aon for its extraordinary cooperation with the Department, including its thorough investigation of its global operations and complete disclosure of facts to the Department, and its early and extensive remediation. In agreeing to this monetary penalty, the Department also took into account the penalty paid to the FSA relating to Aon Limited's systems and controls in countries other than Costa Rica. Aon agrees to pay this monetary penalty to the United States Treasury within ten days of executing this Agreement. The \$1,764,000 penalty is final and shall not be refunded. Aon acknowledges that no tax deduction may be sought in connection with this payment.

It is understood that Aon has and will continue to strengthen its compliance, bookkeeping, and internal controls standards and procedures, as set forth in Appendix B.

It is further understood that this Agreement does not bind any federal, state, local, or foreign prosecuting authority other than the Department. The Department will, however, bring the cooperation of Aon to the attention of other prosecuting and investigative offices, if requested by Aon. It is further understood that Aon and the Department may disclose this Agreement to the public.

With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises, and/or conditions between the Department and Aon. No additional promises, agreements, or conditions have been entered into

other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

Sincerely,


DENIS J. MCINERNEY
Chief, Fraud Section




Andrew Gentin
Trial Attorney, Fraud Section

AGREED AND CONSENTED TO:

Aon Corporation

By: 
Peter Lieb
General Counsel

APPROVED:

By: 
Laurence A. Urgenson
Craig S. Primis
Attorneys for Aon Corporation

APPENDIX A
STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the Agreement, dated December 20, 2011, between the United States Department of Justice, Criminal Division, Fraud Section (the "Department") and Aon Corporation and its subsidiaries (collectively, "Aon"). The Department and Aon agree that the following facts are true and correct:

I. Background

1. At all relevant times, Aon Corporation was a Delaware corporation headquartered in Chicago, Illinois. Aon Corporation was listed on the New York Stock Exchange and was an issuer as that term is used in the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, et seq. Aon was one of the largest insurance brokerage firms in the world. The company's primary business activities involved risk management services, insurance and reinsurance brokerage, and human capital solutions and outsourcing.

2. Aon Limited was a subsidiary of Aon Corporation based in and organized under the laws of the United Kingdom. Aon Limited employed brokers who handled accounts around the globe with risks needing placement in the London market. Aon Limited reported financially through a series of intermediary entities into its U.S.-based issuer parent, Aon Corporation. Aon Limited had its own board, its own Chief Executive Officer, and its own regulator, initially in the form of Lloyds of London and later the United Kingdom Financial Services Authority.

3. The business of reinsurance provides insurance for insurance companies. In particular, reinsurance involves the transfer of all or part of the risk of paying claims under a policy from the insurance company that issued the policy to a reinsurance company. A

reinsurance broker arranges this transfer of risk, which takes place under a contract of reinsurance. The insurance company is the reinsurance broker's client and the broker acts on behalf of the insurance company. The broker collects the premium due from the insurance company under the contract of reinsurance, and is typically paid for its services by retaining a portion of the premium for its own account. The portion of premium retained by the broker is known as "brokerage."

II. Costa Rican Training Funds

4. At all relevant times, Instituto Nacional De Seguros ("INS"), Costa Rica's state-owned insurance company, had a monopoly over the Costa Rican insurance industry. INS was created by Act No. 12 of October 30, 1924, with the aim of meeting the protection needs of Costa Rican society. All insurance agreements in Costa Rica, including the reinsurance contracts that Aon Limited assisted in obtaining to insure Costa Rican entities, were required to be issued through INS. The head of INS was appointed by the President of Costa Rica.

5. In 1995, insurance brokerage firm Alexander Howden, a U.K. company, established a "Training and Education Fund" or "Brokerage Fund" for the benefit of INS, which was one of its clients. In 1995 and 1996, Alexander Howden set aside a portion of its brokerage commission for the fund in order to sponsor training and education trips for INS officials. Aon acquired Alexander Howden in 1997 and Aon Limited took over management of the Brokerage Fund. The Brokerage Fund eventually became used for a wide variety of purported "training" purposes, as well as to pay for client renewal trips to European insurers.

6. During the term of Aon Limited's involvement with the fund beginning in 1997, Aon Limited contributed to the Brokerage Fund by allocating a portion of the brokerage

commission on the INS account to the Brokerage Fund each year. Through this contribution, and including the additional money deposited by Alexander Howden, approximately \$215,000 was deposited into the Brokerage Fund from 1995 until 2002.

7. From 1999 through 2002, at INS' request, Aon Limited managed a second training account that was funded by premiums paid by cedent (INS) to reinsurers, who set aside 3% of the gross ceded premiums on reinsurance treaties as required by their reinsurance contracts with INS. This fund was known as the "3% Fund" or the "Reinsurers' Fund." The 3% set-aside for the fund was noted on the face of the associated reinsurance policy slips as funding for training and education. Although the funding did not originate with Aon Limited, INS required that Aon Limited manage the fund, handle the paperwork, and provide reimbursement for the expenses incurred by INS officials. In practice, Aon Limited would withhold 3% of the premiums for the Reinsurers' Fund. In this manner, reinsurers contributed approximately \$660,000 into the 3% Fund from 1999 until 2002.

8. The supposed purpose of both the Brokerage Fund and the 3% Fund was to provide education and training for INS officials. When INS officials attended training or seminars, INS would provide Aon Limited with an invoice from a third-party service provider and Aon Limited would pay the third party accordingly, usually from the fund specified by INS. As further described below, however, Aon Limited used a significant portion of the funds to reimburse for non-training related activity or for uses that could not be determined from Aon's books and records.

9. In June 2001, a former Aon Limited executive in the Non-Marine Reinsurance business unit who had previously managed the funds (and was then serving as a consultant to

Aon Limited) wrote an email to other Aon Limited executives and brokers in the Non-Marine Reinsurance business unit explaining the genesis of the Brokerage Fund and making clear that Aon Limited had to provide travel and entertainment to INS officials in order for Aon Limited to retain its business with INS. He wrote that "INS started telling [another brokerage company] how [various reinsurers] were inviting their managers to seminars and were contributing positively to INS's technological improvement with all expenses paid by the reinsurers. The message was clear to both [the other brokerage company] and ourselves that unless we did the same we would see the gradual process of disintermediation and a continued erosion of our orders."

10. Aon Limited disbursed nearly all of the \$215,000 in the Brokerage Fund from 1997 until 2002, approximately \$650,000 of the money in the 3% Fund from 1999 until 2002, and made a small number of additional disbursements from these funds between 2003 and 2005 to pay for the third-party services used by INS officials. These services often included travel-related expenses, such as airfare and hotel accommodations, as well as conference fees, meals, and other related expenses for INS officials and their relatives. It was common for INS to hire a travel agency or tourism company to arrange for the particulars of the travel and educational conferences attended by its officials.

11. The majority of the money paid from the two funds was disbursed to a tourism company in Costa Rica. The director of INS' reinsurance department, who played an active role in setting up the training funds, served on the board of directors of the tourism company. The director of INS' reinsurance department himself took fourteen trips from 1996 to 2001 with expenses totaling approximately \$44,000 that Aon Limited paid from the two funds. The funds

also covered the official's wife's attendance on at least five of the trips. On several occasions, Aon Limited reimbursed the official directly for expenses that were invoiced for his various trips, sometimes with cash payments.

12. The director of INS took six trips from 1998-2001 with expenses totaling approximately \$20,000 that Aon Limited paid from the two funds. The director's spouse accompanied him on four of these trips. The director of INS, the director of reinsurance at INS, their wives, and another INS official and her husband traveled to Europe in 1998 and charged their expenses of approximately \$15,160 to the Brokerage Fund. While these trips had a small business-related component, a significant portion of the funds expended on the trips were used for the personal benefit of the officials and their wives.

13. A substantial number of the trips taken by INS officials were in connection with conferences and seminars in tourist destinations, including London, Paris, Monte Carlo, Zurich, Munich, Cologne, and Cairo. Many of the invoices and other records for these trips do not provide the business purpose of the expenditures, if any, or showed that the expenses were clearly not related to a legitimate business purpose. In addition, the subject matters of some of the better documented conferences and trainings, such as a literary conference and a Mexican information technology conference, had no logical connection to the insurance industry.

14. INS officials traveled to the United States for approximately twenty-five training events. Aon Limited paid approximately \$115,000 out of the funds in connection with these events in the United States.

15. In some instances, Aon Limited paid third parties at INS's direction where the business purpose of the travel or expenses could not be discerned from the documentation, or

where the purpose of the travel and expenses appeared to be improper, such as those pertaining to literary conferences, holiday expenses, and pure entertainment. Aon Limited paid large expenses for hotels, without any indication that the stays were business related. Aon Limited's employees did not question the requests for payment or reimbursement from the funds.

16. While virtually all payments made in connection with the funds originated in London, Aon Limited made at least forty payments via, or that terminated in, the United States.

17. From 1995 to 2002, Aon Limited and Alexander Howden earned profits of approximately \$1,840,200 in connection with reinsurance brokerage business with INS.

III. Books and Records/Internal Controls

18. As an issuer, Aon Corporation was and is required, among other things, to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets. The books and records of Aon Limited were consolidated into those of Aon Corporation. With respect to the Costa Rican training funds, although Aon Limited maintained accounting records for the payments that it made from both the Brokerage Fund and the 3% Fund, these records did not accurately and fairly reflect, in reasonable detail, the purpose for which the expenses were incurred. A significant portion of the records associated with payments made through tourist agencies gave the name of the tourist agency with only generic descriptions such as "various airfares and hotel." Additionally, to the extent that the accounting records did provide the location or purported educational seminar associated with travel expenses, in many instances they did not disclose or itemize the disproportionate amount of leisure and non-business related activities that were also included in the costs.

19. As a result, during the relevant time period, Aon failed to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflected the transactions and disposition of its assets and failed to devise and maintain an adequate system of internal accounting controls with respect to foreign sales activities sufficient to ensure compliance with the FCPA.

APPENDIX B

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), Title 15, United States Code, Section 78dd-l, et seq., and other applicable anti-corruption laws, Aon Corporation and its subsidiaries (collectively, “Aon”) agree to continue to conduct, in a manner consistent with all of their obligations under this Agreement, appropriate reviews of their existing internal controls, policies, and procedures.

Where necessary and appropriate, Aon agrees to adopt new or to modify existing internal controls, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that Aon makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements, to the extent they are not already part of Aon’s existing internal controls, policies, and procedures:

1. Aon will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA, including its anti-bribery, books and records, and internal controls provisions, and other applicable foreign law counterparts (collectively, the “anti-corruption laws,”), including strong, explicit, and visible support and commitment from senior management to the program.

2. Aon will develop and promulgate compliance standards and procedures designed to reduce the prospect of violations of the anti-corruption laws and Aon's compliance code and will take appropriate measures to encourage and support the observance of ethics and compliance standards and procedures against foreign bribery at all levels of the company. These standards and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of Aon in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"), and shall notify all employees that compliance with the standards and procedures is the duty of individuals at all levels of the company. Such standards and procedures shall include policies governing:

- a. Gifts;
- b. Hospitality, entertainment, and expenses;
- c. Customer travel;
- d. Political contributions;
- e. Charitable donations and sponsorships;
- f. Facilitation payments; and
- g. Solicitation and extortion.

3. Aon will develop these compliance standards and procedures, including internal controls, ethics, and compliance programs on the basis of a risk assessment addressing the

individual circumstances of the company, in particular the foreign bribery risks facing the company, including, but not limited to, its geographical organization, interaction with governments, and industrial sector of operation.

4. Aon shall review its compliance standards and procedures, including internal controls, ethics, and compliance programs, no less than annually, and updated as appropriate, taking into account relevant developments in the field and evolving international and industry standards, and update and adapt as necessary to ensure the continued effectiveness of the company's internal controls, ethics, and compliance programs.

5. Aon will assign responsibility to one or more senior corporate executives of Aon for the implementation and oversight of compliance with policies, standards, and procedures regarding the anti-corruption laws. Such corporate official(s) shall have direct reporting obligations to independent monitoring bodies, including internal audit, Aon's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

6. Aon will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts to ensure that they cannot be used for the purpose of foreign bribery or concealing such bribery.

7. Aon will implement mechanisms designed to ensure that the policies, standards, and procedures of Aon regarding the anti-corruption laws are effectively communicated to all directors, officers, employees, and, where appropriate, agents and business partners. These

mechanisms shall include: (a) periodic training for all directors, officers, and senior managers, and all other employees working in positions involving activities implicated by Aon's policies regarding anti-corruption and compliance with the FCPA, and, where necessary and appropriate, agents and business partners; and (b) annual certifications by all such directors, officers, and employees, and, where necessary and appropriate, agents, and business partners, certifying compliance with the training requirements.

8. Aon will establish an effective system for:

a. Providing guidance and advice to directors, officers, employees, and, where appropriate, agents and business partners, on complying with Aon's compliance policies, standards, and procedures, including when they need advice on an urgent basis on difficult situations in foreign jurisdictions;

b. Internal and, where possible, confidential reporting by, and protection of directors, officers, employees, and, where appropriate, agents and business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employee, and, where appropriate, agents and business partners, willing to report breaches of the law or professional standards or ethics concerning anti-corruption occurring within the company, suspected criminal conduct, and/or violations of the compliance policies, standards, and procedures regarding the anti-corruption laws for directors, officers, employees, and, where necessary and appropriate, agents and business partners; and

c. Responding to such requests and undertaking appropriate action in response to such reports.

9. Aon will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and Aon's compliance and ethics program by Aon's directors, officers, and employees. Aon shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, ethics, and compliance program and making modifications necessary to ensure the program is effective.

10. Aon will institute appropriate due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. Properly documented risk-based due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. Informing agents and business partners of Aon's commitment to abiding by laws on the prohibitions against foreign bribery, and of Aon's ethics and compliance standards and procedures or other measures for preventing and detecting such bribery; and

c. Seeking a reciprocal commitment from agents and business partners.

11. Where appropriate, Aon will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or

business partner as a result of any breach of anti-corruption laws, and regulations or representations and undertakings related to such matters.

12. Aon will conduct periodic review and testing of the compliance code, standards, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and Aon's compliance and ethics programs, taking into account relevant developments in the field and evolving international and industry standards.