

**IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
ILLINOIS**

EASTERN DIVISION

[single space]

	X	
	:	
DANIEL TAUBENFELD and RAIZEL	:	
TAUBENFELD, individually and on behalf of all	:	Civil Action No.: 02 CV 5631
others similarly situated	:	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	
AON CORPORATION, PATRICK G. RYAN, and	:	
HARVEY N. MEDVIN,	:	
	:	
Defendants.	:	

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement (the “Stipulation”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the Court, this Stipulation is entered into among Lead Plaintiff, Caldwell & Orkin, on behalf of itself and the Class (as hereinafter defined), Aon Corporation, and the other Aon Defendants, Patrick G. Ryan and Harvey N. Medvin, [need to define here or in definition section], by and through their respective counsel.

WHEREAS:

A. The following actions are pending against Aon and certain of its present or former officers and directors:

(1) *Taubenfield v. Aon Corp., et al.*, United States District Court for the Northern District of Illinois, Case No. 1:02 CV 5631, consolidated with nine other securities actions; *Levie v. Aon Corp., et al.*, Case No. 1:02 CV 5743; *Simpson v. Aon, et al.*, Case No. 1:02 CV 5745; *Lerner v. Aon Corp., et al.*, Case No. 1:02 CV 5775; *Kaminski v. Aon Corp., et al.*, Case No. 1:02 CV 5805; *Detectives Endowment Association Fund v. Aon Corp.*, Case No. 1:02 CV 5805; *Graf v. Aon Corp., et al.*, Case No. 1:02 CV 5805; *Sheldon Sherman v. Aon Corp.*, Case No. 1:02 CV 5921; *Held v. Aon Corp.*, Case No. 1:02 CV 6492; and *Bohrer v. Aon Corp., et al.*, Case No. 02 CV 7141 (collectively, the “Consolidated Securities Action” or “Securities Action”).

(2) *Bernard Stern, derivatively, and on behalf of Aon v. Patrick G. Ryan, Edgar D. Jannotta, Lester B. Knight, Perry J. Lewis, R. Eden Martin, Andrew J. McKenna, Robert S. Morrison, Richard C. Notebaert, Michael D. O’Halleran, John W. Rogers, Sr., Patrick G. Ryan, Jr., George A. Schaefer, Raymond I. Skilling, and Dr. Carolyn Y. Woo.* Case No. 02 CH 16831, Circuit Court of Cook County, Illinois County Department, Chancery Division (the “Derivative Action”).

B. This Stipulation is intended to fully, finally, and forever resolve discharge and settle the Settled Claims, as defined herein, with prejudice and without costs against the Released Parties, as defined herein. Upon and subject to the terms and conditions hereto, this Securities Class Stipulation is entered into in connection with the Stipulation reflecting the settlement of the Derivative Action, which is subject to approval by the Court after notice and hearing.

C. The Complaint in *Taubenfield v. Aon Corp., et al.*, Case No. 1:02 CV 5631, generally alleges, among other things, that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, by failing to disclose

and concealing that: (i) Aon was having difficulty implementing the “Transformation Plan” and that the Plan was in fact costing the Company money instead of saving it money; (ii) Aon’s efforts to cut costs in its underwriting department resulted in increased pay-outs, the loss of customers, and decreases in revenue; and (iii) its revenue recognition policies were not in conformity with GAAP and that Aon prematurely recognized \$50-80 million annually in carrier bonuses;

D. The Complaint further alleges that Plaintiff and the other Class Members purchased the common stock of Aon during the purported Class Period at prices artificially inflated as a result of the Defendants’ alleged violations of the federal securities laws;

E. On April 4, 2003, Defendants moved to dismiss Plaintiffs’ Complaint in its entirety. Plaintiffs filed their opposition to Defendants’ motion on June 2, 2003. This motion was pending at the time the Parties entered into this Stipulation.

F. Defendants deny all allegations of wrongdoing, fault, liability or damage to the Plaintiffs or the Class, deny that they engaged in any wrongdoing, deny that they committed any violation of law, deny that they acted improperly in any way, believe that they acted properly at all times, and believe that the Action has no merit. Defendants, however, recognize the uncertainty and the risk of the outcome of any litigation, especially complex securities litigation, and the difficulties and substantial expense and length of time necessary to defend this proceeding through the conclusion of discovery, summary judgment motions, a possible trial, possible post-trial motions, and possible appeals. Solely to eliminate the burden and uncertainty of further litigation, Defendants wish to settle the Action on the terms and conditions stated in this Stipulation, and to put the Settled Claims to rest finally and forever, without in any way

acknowledging any wrongdoing, fault, liability or damage to the Plaintiffs, the other members of the Class or to any other person or entity.

G. The parties to this Stipulation acknowledge that the Action has been filed by Plaintiffs and defended by Defendants in good faith, that the Action is being voluntarily settled upon advice of counsel and that the terms of the Settlement are fair, adequate and reasonable.

H. Lead Plaintiff's Counsel has conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint, have analyzed the evidence adduced during pretrial discovery and have researched the applicable law with respect to the claims of Plaintiffs and the other members of the Class and the potential defenses thereto. In agreeing to this Settlement, Plaintiffs do not concede that any infirmities exist in their claims, nor do Defendants concede any infirmities in their defenses to such claims, or that the claims are valid or have merit;

I. Lead Plaintiff, by its counsel, has conducted discussions and arm's length negotiations with counsel for Defendants with respect to a compromise and settlement of the Action with a view to settling the issues in dispute and achieving the best relief possible consistent with the interests of the Class; and

J. Based upon their investigation and pretrial discovery as set forth above, Lead Plaintiff's Counsel has concluded that the terms and conditions of this Stipulation are fair, reasonable, adequate and in the best interests of Plaintiffs and the other members of the Class, and have agreed to settle the claims raised in the Action pursuant to the terms and conditions of this Stipulation, after considering (a) the substantial benefits that Plaintiffs and the other members of the Class will receive from settlement of the Action, (b) the costs and attendant risks

of litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the parties to this Stipulation through their respective attorneys, that subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, and in consideration of the benefits flowing to the parties hereto from the Settlement, the Action and all other Settled Claims as against the Released Parties shall be fully, finally and forever compromised, settled, released, discharged and dismissed with prejudice, upon and subject to the following terms and conditions:

CERTAIN DEFINITIONS

1. As used in this Stipulation, the following terms shall have the following meanings:

(a) “Authorized Claimant” means a Class Member who submits a timely and valid Proof of Claim form to the Claims Administrator.

(b) “Claims Administrator” means the Garden City Group LLC, which shall administer the Settlement.

(c) “Claims” means any and all claims, demands, actions, causes of action, suits, allegations, controversies, defenses, debts, damages, losses, judgments, obligations, costs, expenses, attorneys’ fees and liabilities of whatever kind or nature and however denominated (upon any legal or equitable theory, whether contractual, common law, statutory or otherwise), whether now known or unknown, accrued or unaccrued, absolute or contingent, suspected or unsuspected, determined or speculative, and whether or not concealed or hidden. The term “unknown” as used in this definition includes Claims that any or all of the Releasers or

the Released Parties do not know or suspect to exist, which, if known by him, her or it, might affect his, her or its agreement to release the Settled Claims or the Settled Defendants' Claims, as the case may be, or might affect his, her or its decision to object or not to object to the Settlement.

(d) "Class" and "Class Members" mean, for the purposes of this Settlement only, all persons who purchased or acquired the common stock of Aon during the period from May 4, 1999 through and including August 6, 2002, and are alleged by Lead Plaintiff have suffered a loss thereby. Excluded from the Class are the Defendants and all present and former officers and/or directors of Aon, members of their immediate families (parents, spouses, siblings, and children) of each of the Individual Defendants, each Defendant's legal representatives, heirs, successors or assigns and any entity in which any Defendant has had a controlling interest. Also excluded from the Class are any putative Class Members who submit a request for exclusion in accordance with the requirements set forth in the Notice.

(e) "Class Period" means, for the purposes of this Settlement only, the period of time from May 4, 1999 through and including August 6, 2002.

(f) "Defendants Counsel" means the law firm of Winston & Strawn, LLP.

(g) "Derivative Action" means the action currently pending in the Circuit Court of Cook County, Chancery Division, captioned *Stern v. Ryan, et. al.*, Case No. 02 CH 16831.

(h) "Derivative Counsel" mean the law firm of Bull & Lifshitz, LLP.

(i) "Effective Date" means the date upon which the Settlement contemplated by this Stipulation shall become effective, as set forth in Paragraph 30 below.

(j) “Final Order and Judgment” means the proposed order to be entered approving the Settlement substantially in the form attached hereto as Exhibit B.

(k) “Notice” means the Notice of Pendency of Class Action, Hearing on Proposed Settlement and Attorneys’ Fee Petition and Right to Share in Settlement Fund, which is to be sent to members of the Class substantially in the form attached hereto as Exhibit 1 to Exhibit A.

(l) “Plaintiffs’ Counsel” means Lead Plaintiff’s Counsel and all of the other attorneys representing Plaintiffs in *Taubenfield v. Aon Corp., et al.*, United States District Court for the Northern District of Illinois, Case No. 1:02 CV 5631.

(m) “Lead Plaintiff’s Counsel” means the law firm of Schiffrin & Barroway, LLP.

(n) “Preliminary Approval Order” means the proposed order preliminarily approving the Settlement and directing notice thereof to the Class substantially in the form attached hereto as Exhibit A.

(o) “Publication Notice” means the summary notice of proposed Settlement and hearing for publication substantially in the form attached as Exhibit 3 to Exhibit A.

(p) “Releasers” means the Lead Plaintiff and each of the other Class Members, on behalf of themselves, their heirs, executors, administrators, successors and assigns.

(q) “Released Parties” means Aon Corporation, Patrick G. Ryan, and Harvey N. Medvin (the “Settling Defendants”) and each of their respective past or present heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, insurers, reinsurers, directors, officers,

partners, principals, members, attorneys, financial and other advisors, investment bankers, underwriters, lenders, other representatives of any of the Defendants, or any person acting on its or their behalf.

(r) “Settled Claims” means any and all claims and rights relating to the purchase or acquisition of Aon common stock during the Class Period, whether known or unknown, against any or all of the Released Parties, belonging to Lead Plaintiff or any or all other members of the Class and their present or past heirs, executors, estates, administrators, predecessors, successors, and assigns arising under federal, state, local statutory or common law, rule or regulation, including the law of any foreign jurisdiction that relate in any way to the facts, statements or omissions alleged in the Complaint.

(s) “Settled Defendants’ Claims” means any and all Claims against Releasers belonging to the Released Parties arising from or relating to the institution, prosecution or settlement of the Action. Excluded from the definition of “Settled Defendants’ Claims” are any Claims arising from or relating to the enforcement of this Settlement.

(t) “Settling Securities Defendants” means AON Corp., Patrick G. Ryan, and Harvey N. Medvin.

(u) “Settlement” means the settlement contemplated by this Stipulation.

SCOPE AND EFFECT OF SETTLEMENT

2. Pursuant to the Final Order and Judgment, upon the Effective Date of this Settlement, the Securities Action, and the Settled Claims shall be dismissed with Prejudice, the Releasers shall release and forever discharge, and shall forever be enjoined from prosecuting, any and all Settled Claims against any of the Released Parties.

3. Pursuant to the Final Order and Judgment, upon the Effective Date of this Settlement, the Released Parties shall release and forever discharge, and shall forever be enjoined from prosecuting, any and all Settled Defendants' Claims against Lead Plaintiff, their attorneys and all other Class Members.

4. Pursuant to the Final Order and Judgment, upon the Effective Date of this Settlement, the Released Parties shall release and forever discharge, and shall forever be enjoined from prosecuting, any and all Claims arising from or relating to the Settled Claims against any other Released Party, including, without limitation, (i) all Claims for contribution under Section 11(f) of the Securities Act of 1933; (ii) all Claims for contribution under Sections 21D(f)(7)(A) and 21D(f)(10)(C) of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act ("PSLRA"), 15 U.S.C. §§ 77k(f)(2), 78u-4(f)(7)(A) and 78u-4(f)(10)(C); and (iii) any other Claims for contribution under statutory law, common law, or any other law, rule or regulation (whether federal, state, local, foreign or otherwise).

5. Notwithstanding anything to the contrary in Paragraph [4], the Individual Defendants and their respective successors and assigns expressly reserve the right to bring Claims arising from or relating to the funding of the Cash Settlement Amount against Aon and/or its successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, insurers, reinsurers, directors, officers, partners, principals, members, attorneys, financial and other advisors, investment bankers, underwriters, lenders, or other representatives.

6. Upon the Effective Date, each of the Releasors and the Released Parties shall have waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, or the law of any foreign jurisdiction,

which is similar, comparable or equivalent to Section 1542 of the California Civil Code. Section 1542 of the California Civil Code provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Lead Plaintiff, on behalf of the Releasors and Defendants on behalf of the Released Parties, acknowledge that they may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of their respective releases, but that it is their intention, on behalf of the Releasors and the Released Parties, respectively, to fully, finally and forever settle and release the Claims set forth in Paragraphs 2-5, including unknown Claims as that term is defined in Paragraph [1(c)].

THE SETTLEMENT CONSIDERATION

7. In full and final settlement of all claims asserted and all Claims that could have been asserted against the Settling Securities Defendants in the Consolidated Securities Action, the Defendants shall pay and/or shall cause their insurers to pay a total of \$7,250,000 in cash (the “Settlement Fund”) pursuant to the following terms:

(a) All reasonable costs and expenses of notice to members of the Settling Class, referred to in ¶ 7(b) and ¶10 hereof, for notice of the Derivative Settlement, referred to in ¶ 7(b) and ¶10 hereof, and administration of the Settlement Fund, referred to in ¶ 7(b) hereof, including attorneys fees, referred to in ¶¶ 11-13 hereof, escrow fees, taxes, custodial fees and expenses incurred in connection with processing proofs of Claims or distributing the Settlement Fund, shall be paid from the Settlement Fund. The Settling Defendants and their counsel shall

not be liable for any costs, fees, or expenses of any of Settling Securities Plaintiffs' respective attorneys, experts, consultants, agents and representatives but such costs, fees, and expenses as approved by the Court may be paid out of the Settlement Fund.

(b) The Defendants and/or their insurers shall pay \$150,000 of the \$7,250,000 Settlement Fund in accordance with instructions provided by Lead Plaintiff's Counsel to be placed into an escrow account to be established by or on behalf of Lead Plaintiff's Counsel for the express purpose of providing notice of the Settlement to the Settling Securities Plaintiff Class, notice of the Derivative Settlement, and to administer the Settlement Fund (the "Notice and Administration Fund") within either sixty days of the execution of the MOU, or immediately following preliminary approval by the Court, whichever comes first. Defendants' deposit of funds at that time shall include interest, consistent with the rate of interest currently being paid by short-term Treasury notes, running from November 6, 2003. The Garden City Group will serve as the escrow agent on the account, and Lead Plaintiff's Counsel and Aon will serve as signatories to the escrow agreement, until immediately following the Final Hearing. At that time, if the Settlement has been approved, Aon will no longer serve as a signatory to the escrow agreement and Lead Plaintiff's Counsel will serve as the sole signatory to the escrow agreement. All reasonable costs and expenses of class notice and administration of the Settlement shall be paid from the Notice and Administration Fund when incurred.

(c) Also within the same time period provided by ¶ 7(b) above, Settling Defendants and/or their insurers shall place the remaining \$7,100,000 of the \$7,250,000 Settlement Fund into an interest bearing escrow account (the "Settlement Fund"), accruing interest equal to the rate of interest currently being earned by short-term Treasury Notes, to be established by or on behalf of Settling Defendants' counsel for the benefit of the Settling

Securities Plaintiff Class. Defendants' deposit of funds at that time shall include interest, consistent with the rate of interest currently being paid by short-term Treasury notes, running from November 6, 2003. The Garden City Group will serve as escrow agent for the escrow agreement and Lead Plaintiff's Counsel and Aon will serve as signatories to the agreement until immediately following the Final Hearing. At that time, if the Settlement has been approved, Aon will no longer serve as a signatory and Lead Plaintiff's Counsel will serve as the sole signatory to the escrow agreement.

8. The balance of the Settlement Fund after the payments referred to in ¶7(a) above, shall be the "Net Settlement Fund," which shall be distributed to the Authorized Claimants as provided in Paragraphs 19 hereof. All funds held by the escrow agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned to the persons paying the same pursuant to this Stipulation and/or further order of the Court. The escrow agent shall invest any funds in excess of \$100,000 in short term United States Agency or Treasury Securities, and shall collect and reinvest all interest accrued thereon. Any funds held in escrow in an amount of less than \$100,000 may be held in an interest bearing bank account insured by the FDIC. The parties hereto agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Garden City Group, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be responsible for filing tax returns for the Settlement Fund and paying from the Settlement Fund any Taxes owed with respect to the Settlement Fund. Counsel for Aon agrees to provide promptly to The Garden City Group the statement described in Treasury Regulation § 1.468B-3(e).

(b) All taxes on the income of the Settlement Fund and all expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, expenses of tax attorneys and accountants) (collectively “Taxes”) shall be paid out of the Settlement Fund, shall be considered to be a cost of administration of the Settlement and shall be timely paid by the administrator without prior order of the Court.

ADMINISTRATION

9. The Claims Administrator shall administer the Settlement under Lead Plaintiff’s Counsel’s supervision and subject to the jurisdiction of the Court. Except as stated in ¶ 20 hereof, Defendants shall have no responsibility for the administration of the Settlement and shall have no liability to the Class or to any other person or entity in connection with such administration. Defendants’ Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms. Counsel for Aon shall provide from Aon’s transfer records, without charge: (1) the identity and last known addresses of Class Members and their transactions and (2) the identity and last known addresses for shareholders in the Derivative Action.

10. Lead Plaintiff’s Counsel may expend from the Cash Settlement Amount, without further approval from the Defendants or the Court, the reasonable costs and expenses associated with the administration of the Securities Settlement and the Derivative Settlement, including without limitation, the costs of identifying members of the Class and effecting mail notice and Publication Notice. Such amounts shall include, without limitation, the actual costs of publication, printing and mailing the Notice, reimbursements to nominee owners for identifying beneficial owners and forwarding notice to their beneficial owners, and the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing

notice and processing the submitted claims. Except for such payments, no amounts shall be disbursed from the Cash Settlement Amount except upon written order of the Court.

ATTORNEYS' FEES AND EXPENSES

11. At the Final Hearing, or at such other time in the course of the litigation as the Court may direct, Lead Plaintiff's Counsel will apply to the Court for an award of attorneys' fees and reimbursement of expenses. Lead Plaintiff's Counsel shall be solely responsible for allocating the attorneys' fees and reimbursement of expenses awarded by the Court among all counsel representing the Class. Only Lead Counsel, Liaison Counsel, and Derivative Counsel shall receive attorneys' fees and reimbursement for expenses before expiration of the time for appeal. Each such Plaintiffs' counsel's law firm, as a condition of receiving such Fee and Expense Award, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the United States District Court for the Northern District of Illinois for the purpose of enforcing the provisions of this paragraph of the Stipulation.

12. Defendants shall have no responsibility for, and no liability whatsoever with respect to, and payment to plaintiff's lead counsel or plaintiffs' counsel from the settlement fund.

13. Defendants shall have no responsibility for, and no liability whatsoever with respect to, the allocation among plaintiffs' counsel, and any other person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation, and Defendants take no position with respect to such matters.

14. At the Final Hearing, or at such other time in the course of the litigation as the Court may direct, Derivative Counsel will apply to the Court for an award of attorneys' fees and reimbursement of expenses of up to \$250,000.

15. Such attorneys' fees, expenses, and interest as are awarded by the Court shall be payable from the Settlement Fund to Lead Plaintiff's Counsel and Derivative Counsel immediately following entry of an order by the Court approving any fees and expenses to Lead Plaintiff's Counsel upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, provided, however, that Lead Plaintiff's Counsel and Derivative Counsel shall be obligated to refund or repay the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the fee or cost award is reduced or reversed and/or the Settlement Agreement is invalidated or held to be null and void.

16. The granting by the Court of any application by Lead Plaintiff's Counsel and/or Derivative Counsel for attorneys' fees and reimbursement of expenses or the amount thereof, are not conditions of the Settlement. The request by Lead Plaintiff's Counsel and Derivative Counsel for attorneys' fees and reimbursement of expenses is to be considered by the Court separately from the Court's consideration of the question of whether the Settlement is fair, reasonable and adequate. Any order or proceedings relating to any request for attorneys' fees and reimbursement of expenses or any appeal from any order or proceedings relating to any of these subjects, shall not affect or delay the Effective Date and the finality of the Final Order and Judgment approving the Settlement of the Action.

ADMINISTRATION EXPENSES

17. Lead Plaintiff's Counsel will apply to the Court, on notice to Defendants' Counsel, for an order (the "Class Distribution Order") approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted

herein and approving any fees and expenses not previously applied for, including the fees and expenses of the Claims Administrator, and, if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

18. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim (as defined in the Plan of Allocation described in the Notice annexed hereto as Exhibit 1 to Exhibit A, or in such other Plan of Allocation as the Court approves).

19. The Plan of Allocation proposed in the Notice is not a necessary term of this Stipulation and it is not a condition of this Stipulation that that Plan of Allocation be approved.

20. Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his or her Recognized Claim compared to the total Recognized Claims of all accepted claimants. This is not a claims-made settlement. The Defendants shall not be entitled to get back any of the settlement monies once the Effective Date of the Settlement occurs. The Defendants shall have no involvement in reviewing or challenging claims.

21. The approval by the Court of the Plan of Allocation is not a condition of the Settlement. The Plan of Allocation is to be considered by the Court separately from the Court's consideration of the question of whether the Settlement is fair, reasonable and adequate. In the event that the Plan of Allocation is not approved by the Court, Lead Plaintiff's Counsel will propose an amended Plan of Allocation as necessary to implement the distribution of the Settlement. Any order or proceedings relating to the Plan of Allocation shall not affect or delay the Effective Date of the Settlement and the finality of the Final Order and Judgment approving the Settlement.

ADMINISTRATION OF THE SETTLEMENT

22. Any member of the Class who does not submit a valid Proof of Claim will not be entitled to receive any of the proceeds from the Net Settlement Fund but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Final Order and Judgment to be entered in the Action and the releases provided for herein.

23. Lead Plaintiff's Counsel shall be responsible for disseminating notice of the Settlement, and supervising the Claims Administrator's administration of the Settlement and disbursement of the Net Settlement Fund. Except for Aon's obligation to pay the Cash Settlement Amount, and Aon's obligation to provide certain information specified herein, without charge to any party, with respect to the identification of Class Members from Aon's shareholder transfer records, as provided herein, Defendants shall have no liability, obligation or responsibility in connection with the Settlement, including, without limitation, for the administration of the Settlement or disbursement of the Net Settlement Fund, the processing or payment of claims, the payment of withholding taxes, or any losses or liability incurred in connection therewith. Lead Plaintiff's Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim submitted in the interests of achieving substantial justice.

24. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an "Authorized Claimant," the following conditions shall apply:

(a) Each Class Member shall be required to submit a signed Proof of Claim (see attached Exhibit 2 to Exhibit A), supported by such documents as are designated therein, including proof of the claimant's loss, or such other documents or proof as Lead Plaintiff's Counsel, in their discretion, may deem acceptable;

(b) All Proofs of Claim must be submitted by the date specified in the Notice unless such period is extended by Order of the Court. Any Class Member who fails to submit a Proof of Claim by such date shall be forever barred from receiving any payment pursuant to this Stipulation (unless, by Order of the Court, a later submitted Proof of Claim by such Class Member is approved), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement including the terms of the Final Order and Judgment to be entered in the Action and the releases provided for herein. Provided that it is received before the motion for the Class Distribution Order is filed, a Proof of Claim shall be deemed to have been submitted when posted, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator;

(c) Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Plaintiff's Counsel, who shall determine in accordance with this Stipulation the extent, if any, to which each claim shall be allowed, subject to review by the Court pursuant to subparagraph [21(e)] below;

(d) Proofs of Claim that do not meet the submission requirements may be rejected. Prior to rejection of a Proof of Claim, the Claims Administrator shall communicate with the claimant in order to remedy the curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under supervision of Lead Plaintiff's Counsel, shall notify, in a timely fashion and in writing, all claimants whose Proofs of Claim they propose to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the

claimant whose claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of subparagraph [21(e)] below;

(e) If any claimant whose claim has been rejected in whole or in part desires to contest such rejection, the claimant must, within twenty (20) days after the date of mailing of the Notice required in subparagraph [21(d)] above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Proof of Claim cannot be otherwise resolved, Lead Plaintiff's Counsel shall thereafter present the request for review to the Court; and

(f) The administrative determinations of the Claims Administrator accepting and rejecting claims shall be presented to the Court, on notice to Defendants' Counsel, for approval by the Court in the Class Distribution Order.

25. Each claimant shall be deemed to have submitted to the exclusive jurisdiction of this Court with respect to the claimant's Proof of Claim, and the Proof of Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that claimant's status as a Class Member and the validity and amount of the claimant's Claim. No discovery shall be allowed on the merits of the Action or Settlement in connection with the processing of Proofs of Claim.

26. Payment pursuant to this Stipulation shall be deemed final and conclusive of compliance with the terms of this Stipulation against all Class Members. All Class Members whose claims are not approved by the Court shall be barred from participating in distributions from the Net Settlement Fund, and shall be bound by all of the terms of this Stipulation and the

Settlement, including the terms of the Final Order and Judgment to be entered in the Action and the releases provided for herein.

27. All proceedings with respect to the administration, processing and determination of claims described by ¶ 21 of this Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the exclusive jurisdiction of the United States District Court for the Northern District of Illinois .

28. The Net Settlement Fund shall be distributed to Authorized Claimants by the Claims Administrator only after the Effective Date and after: (i) all Proof of Claim forms have been processed, and all claimants whose Proofs of Claim have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (ii) all objections with respect to all rejected or disallowed claims have been resolved by the Court, and all appeals therefrom have been resolved or the time therefor has expired; (iii) all matters with respect to attorneys' fees, costs, and disbursements have been resolved by the Court, all appeals therefrom have been resolved or the time therefor has expired; and (iv) all costs of administration have been paid.

TERMS OF PRELIMINARY APPROVAL ORDER

29. Promptly after this Stipulation has been fully executed, Lead Plaintiff's Counsel and Defendants' Counsel jointly shall apply to the Court for entry of a Preliminary Approval Order, substantially in the form annexed hereto as Exhibit A.

30. Lead Plaintiff and Defendants stipulate to the certification of the Class and certification of Lead Plaintiff as representative of the Class solely for the purpose of this

Settlement. If the Settlement is not approved by the Court or is not consummated for any other reason, Defendants reserve the right to oppose certification of the Class, or any other class, and to oppose certification or appointment of Lead Plaintiff as representative of the Class, or any other class, in the Action.

TERMS OF FINAL ORDER AND JUDGMENT

31. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Plaintiff's Counsel and Defendants' Counsel jointly shall request that the Court enter a Final Order and Judgment substantially in the form annexed hereto as Exhibit B.

SUPPLEMENTAL AGREEMENT

32. Simultaneously herewith, Lead Plaintiff's Counsel and Defendants' Counsel are executing a "Supplemental Agreement" setting forth certain conditions under which this Stipulation may be terminated by Defendants if potential Class Members who purchased or acquired in excess of a certain number of shares of Aon common stock traded during the Class Period exclude themselves from the Class. The Supplemental Agreement shall not be filed prior to the settlement fairness hearing unless a dispute arises as to its terms. In the event of a termination of this Stipulation pursuant to the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect and the provisions of paragraphs 34-35 shall apply. Notwithstanding the foregoing, the Stipulation shall not become null and void as a result of the election by the Defendants to exercise their option to terminate the Stipulation pursuant to the Supplemental Agreement until the conditions for termination set forth in the Supplemental Agreement have been satisfied.

EFFECTIVE DATE OF SETTLEMENT, WAIVER OR TERMINATION

33. The Effective Date of Settlement shall be one business day following the latest of the following events:

(a) entry of the Preliminary Approval Order in all material respects in the form annexed hereto as Exhibit A;

(b) approval by the Court of the Settlement, following notice to the Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and

(c) entry by the Court of a Final Order and Judgment, in all material respects in the form set forth in Exhibit B annexed hereto, and (i) the expiration of any time for appeal or review of such Final Order and Judgment or, (ii) if any appeal is filed and not dismissed, after such Final Order and Judgment is upheld on appeal in all material respects and is no longer subject to review upon appeal or review by writ of certiorari, or, (iii) in the event that the Court enters a Final Order and Judgment in a form other than that provided above (“Alternative Judgment”) and none of the parties hereto elect to terminate this Settlement, the date that such Alternative Judgment becomes final and no longer subject to appeal or review.

34. Defendants’ Counsel or Lead Plaintiff’s Counsel shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so (“Termination Notice”) to all other signatories hereto within thirty (30) days of: (a) the Court’s declining to enter the Preliminary Approval Order in any material respect; (b) the Court’s refusal to approve this Stipulation or any material part of it; (c) the Court’s declining to enter the Final Order and Judgment in any material respect; (d) the date upon which the Final Order and Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court; (e) the date upon which an Alternative Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. Defendants also shall have the option of

terminating the Settlement and this Stipulation in accordance with the terms of the Supplemental Agreement.

35. Except as otherwise provided herein, in the event the Settlement is terminated or fails to become effective for any reason, then the parties to this Stipulation shall be deemed to have reverted to their respective status in the Action as of November 6, 2003 and, except as otherwise expressly provided, (a) the parties shall proceed in all respects as if this Stipulation and any related orders had not been entered, (b) any portion of the Settlement Fund previously paid by Defendants, together with any interest earned thereon, less any taxes due with respect to such income, and less costs of administration and notice actually incurred and paid or payable from the Settlement Fund, shall be returned to the persons paying the same, (c) if the Class has been certified by the Court for the purpose of the Settlement, then that class certification will be null and void and the Defendants shall have the right to object to certification of the Class or any other class at any future time, and (d) this Stipulation and the Settlement shall be null and void and have no further force or effect, and shall not be referred to, admissible in or introduced in any other way for any reason in any proceeding, except as expressly stated in this Stipulation.

NO ADMISSION OF WRONGDOING

36. This Stipulation, whether or not consummated, and any proceedings taken pursuant to it:

(a) shall not be offered or received against the Defendants as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants with respect to (i) the truth of any fact alleged by Plaintiffs or (ii) the validity of any claim that was or could have been asserted in the Action or in any other litigation or proceeding, or (iii) the deficiency of any defense that was or could have been asserted in the

Action or in any other litigation or proceeding, or (iv) of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) shall not be offered or received against the Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant, or against the Plaintiffs and the Class as evidence of any infirmity in the claims of Plaintiffs and the Class;

(c) shall not be offered or received against the Defendants or against the Plaintiffs or the Class as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Stipulation, in any other civil, criminal, administrative or other proceeding, other than such proceedings as may be necessary to effectuate or enforce the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, Defendants may refer to it to effectuate or enforce the releases or any other rights, terms or provisions set forth herein, and to that end may use this Stipulation or the Final Order and Judgment in any action or other proceeding to support a defense, claim, counter-claim or cross-claim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or similar claim, defense, counter-claim or cross-claim;

(d) shall not be construed against the Defendants or the Plaintiffs and the Class as an admission, concession or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

(e) shall not be construed as or received in evidence as an admission, concession or presumption against Plaintiffs or the Class or any of them that any of their claims

are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

MISCELLANEOUS PROVISIONS

37. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

38. Each Defendant warrants as to himself, herself or itself that, as to the payments made by or on behalf of him, her or it pursuant to Paragraph 7 hereof, at the time of such payments, he, she or it was not insolvent nor did nor will the payment required to be made by or on behalf of him, her or it render such Defendant insolvent within the meaning of and/or for the purposes of the United States Bankruptcy Code, including Sections 101 and 547 thereof. This warranty is made by each such Defendant and not by such Defendant's Counsel.

39. If a case is commenced in respect of any Defendant (or any insurer contributing funds to the Settlement Fund on behalf of any Defendant) under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of such Defendant to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then, at the election of Lead Plaintiff's Counsel, the parties shall jointly move the Court to vacate and set aside the releases given and Final Order and Judgment entered in favor of the Defendants pursuant to this Stipulation, which releases and Final Order and Judgment shall be null and void, and the parties shall be restored to their respective positions

in the litigation as of November 6, 2003 and any cash amounts in the Settlement Fund shall be returned as provided in Paragraph 32 above.

40. The parties to this Stipulation intend the Settlement to be a final and complete resolution of all disputes that were or could have been asserted by the Releasors against the Released Parties with respect to the Settled Claims. Lead Plaintiff and Defendants on behalf of the Releasors and the Released Parties, respectively, agree not to assert in any forum that the litigation was brought by Plaintiffs or defended by Defendants in bad faith or without a reasonable basis. The parties hereto shall assert no claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the settlement of the Action. The parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's length in good faith by the parties, and reflect a settlement that was reached knowingly and voluntarily and without coercion or duress of any kind, after consultation with experienced legal counsel.

41. This Stipulation and the Exhibits annexed hereto (a) may be amended or modified only by a written instrument signed by or on behalf of all of the signatories hereto or their respective successors-in-interest, and (b) cannot be amended or modified in any respect orally or by the conduct of the parties.

42. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

43. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the United States District Court for the Northern District of Illinois and such Court shall retain exclusive jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation.

44. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

45. This Stipulation and its exhibits and the Supplemental Agreement constitute the entire agreement among the parties hereto concerning the Settlement of the Action, and no oral or written representations, warranties, or inducements have been made by any party hereto concerning this Stipulation and its exhibits and the Supplemental Agreement other than those contained and memorialized in such documents. Defendants and Lead Plaintiff expressly disclaim reliance upon any oral or written representations, warranties or inducements in deciding to enter into the Stipulation and Settlement, other than the representations, warranties and covenants contained and memorialized in this Stipulation and the Exhibits attached thereto.

46. This Stipulation may be executed in one or more counterparts, including by signature transmitted by facsimile. All executed counterparts and each of them shall be deemed to be an original, and all counterparts together shall constitute the same instrument.

47. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

48. The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to any conflicts of law or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Stipulation to the substantive law of another jurisdiction, except to the extent that federal law requires that federal law govern.

49. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel

for one of the parties, it being recognized that the Stipulation is the result of arm's-length negotiations between the parties and all parties have contributed substantially and materially to the preparation of this Stipulation.

50. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms. Lead Plaintiff and Defendants warrant and represent that they have not assigned or otherwise alienated any Settled Claim or Settled Defendants' Claim, as the case may be, to any other person or entity in any manner, whether by way of operation of law or otherwise.

51. Lead Plaintiff's Counsel and Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order, the Stipulation and the Settlement, and to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement; and to take such steps and to cooperate with counsel in the Derivative Action as may be reasonably required to obtain final approval of the settlement of the Derivative Action.

52. Any legal suit, action or other proceeding arising from or relating to the Stipulation or the Settlement contemplated thereby shall be instituted solely in the United States District Court for the Northern District of Illinois. Each party (a) agrees not to assert any objection that he, she or it may now or hereafter may have to the laying of venue of any such suit, action or proceeding, and (b) agrees to submit to the exclusive personal jurisdiction of the United States District Court for the Northern District of Illinois in any such suit, action or proceeding.

53. Lead Plaintiff, and each of the Defendants, through their respective counsel, represents (a) that he, she or it has read this Stipulation, including the releases contained herein, and fully understands its contents, (b) that he, she or it has consulted with counsel prior to and in connection with the execution of this Stipulation and the consummation of the Settlement contemplated thereby, and (c) that he, she or it enters into this Stipulation and Settlement voluntarily and knowingly and without any coercion or duress of any kind.

54. To the extent that there is any inconsistency between the Stipulation and any of the Exhibits annexed hereto, the terms of this Stipulation shall govern.

DATED: _____, 2004

SCHIFFRIN & BARROWAY, LLP

By: _____

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**COUNSEL FOR SETTLING SECURITIES
DEFENDANTS AND SETTLING
DERIVATIVE DEFENDANTS**

**IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
ILLINOIS**

EASTERN DIVISION

[single space]

	X	
	:	
DANIEL TAUBENFELD and RAIZEL	:	
TAUBENFELD, individually and on behalf of all	:	Civil Action No.: 02 CV 5631
others similarly situated	:	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	
AON CORPORATION, PATRICK G. RYAN, and	:	
HARVEY N. MEDVIN,	:	
	:	
Defendants.	:	

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement (the “Stipulation”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the Court, this Stipulation is entered into among Lead Plaintiff, Caldwell & Orkin, on behalf of itself and the Class (as hereinafter defined), Aon Corporation, and the other Aon Defendants, Patrick G. Ryan and Harvey N. Medvin, [need to define here or in definition section], by and through their respective counsel.

WHEREAS:

A. The following actions are pending against Aon and certain of its present or former officers and directors:

(1) *Taubenfield v. Aon Corp., et al.*, United States District Court for the Northern District of Illinois, Case No. 1:02 CV 5631, consolidated with nine other securities actions; *Levie v. Aon Corp., et al.*, Case No. 1:02 CV 5743; *Simpson v. Aon, et al.*, Case No. 1:02 CV 5745; *Lerner v. Aon Corp., et al.*, Case No. 1:02 CV 5775; *Kaminski v. Aon Corp., et al.*, Case No. 1:02 CV 5805; *Detectives Endowment Association Fund v. Aon Corp.*, Case No. 1:02 CV 5805; *Graf v. Aon Corp., et al.*, Case No. 1:02 CV 5805; *Sheldon Sherman v. Aon Corp.*, Case No. 1:02 CV 5921; *Held v. Aon Corp.*, Case No. 1:02 CV 6492; and *Bohrer v. Aon Corp., et al.*, Case No. 02 CV 7141 (collectively, the “Consolidated Securities Action” or “Securities Action”).

(2) *Bernard Stern, derivatively, and on behalf of Aon v. Patrick G. Ryan, Edgar D. Jannotta, Lester B. Knight, Perry J. Lewis, R. Eden Martin, Andrew J. McKenna, Robert S. Morrison, Richard C. Notebaert, Michael D. O’Halleran, John W. Rogers, Sr., Patrick G. Ryan, Jr., George A. Schaefer, Raymond I. Skilling, and Dr. Carolyn Y. Woo.* Case No. 02 CH 16831, Circuit Court of Cook County, Illinois County Department, Chancery Division (the “Derivative Action”).

B. This Stipulation is intended to fully, finally, and forever resolve discharge and settle the Settled Claims, as defined herein, with prejudice and without costs against the Released Parties, as defined herein. Upon and subject to the terms and conditions hereto, this Securities Class Stipulation is entered into in connection with the Stipulation reflecting the settlement of the Derivative Action, which is subject to approval by the Court after notice and hearing.

C. The Complaint in *Taubenfield v. Aon Corp., et al.*, Case No. 1:02 CV 5631, generally alleges, among other things, that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, by failing to disclose

and concealing that: (i) Aon was having difficulty implementing the “Transformation Plan” and that the Plan was in fact costing the Company money instead of saving it money; (ii) Aon’s efforts to cut costs in its underwriting department resulted in increased pay-outs, the loss of customers, and decreases in revenue; and (iii) its revenue recognition policies were not in conformity with GAAP and that Aon prematurely recognized \$50-80 million annually in carrier bonuses;

D. The Complaint further alleges that Plaintiff and the other Class Members purchased the common stock of Aon during the purported Class Period at prices artificially inflated as a result of the Defendants’ alleged violations of the federal securities laws;

E. On April 4, 2003, Defendants moved to dismiss Plaintiffs’ Complaint in its entirety. Plaintiffs filed their opposition to Defendants’ motion on June 2, 2003. This motion was pending at the time the Parties entered into this Stipulation.

F. Defendants deny all allegations of wrongdoing, fault, liability or damage to the Plaintiffs or the Class, deny that they engaged in any wrongdoing, deny that they committed any violation of law, deny that they acted improperly in any way, believe that they acted properly at all times, and believe that the Action has no merit. Defendants, however, recognize the uncertainty and the risk of the outcome of any litigation, especially complex securities litigation, and the difficulties and substantial expense and length of time necessary to defend this proceeding through the conclusion of discovery, summary judgment motions, a possible trial, possible post-trial motions, and possible appeals. Solely to eliminate the burden and uncertainty of further litigation, Defendants wish to settle the Action on the terms and conditions stated in this Stipulation, and to put the Settled Claims to rest finally and forever, without in any way

acknowledging any wrongdoing, fault, liability or damage to the Plaintiffs, the other members of the Class or to any other person or entity.

G. The parties to this Stipulation acknowledge that the Action has been filed by Plaintiffs and defended by Defendants in good faith, that the Action is being voluntarily settled upon advice of counsel and that the terms of the Settlement are fair, adequate and reasonable.

H. Lead Plaintiff's Counsel has conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint, have analyzed the evidence adduced during pretrial discovery and have researched the applicable law with respect to the claims of Plaintiffs and the other members of the Class and the potential defenses thereto. In agreeing to this Settlement, Plaintiffs do not concede that any infirmities exist in their claims, nor do Defendants concede any infirmities in their defenses to such claims, or that the claims are valid or have merit;

I. Lead Plaintiff, by its counsel, has conducted discussions and arm's length negotiations with counsel for Defendants with respect to a compromise and settlement of the Action with a view to settling the issues in dispute and achieving the best relief possible consistent with the interests of the Class; and

J. Based upon their investigation and pretrial discovery as set forth above, Lead Plaintiff's Counsel has concluded that the terms and conditions of this Stipulation are fair, reasonable, adequate and in the best interests of Plaintiffs and the other members of the Class, and have agreed to settle the claims raised in the Action pursuant to the terms and conditions of this Stipulation, after considering (a) the substantial benefits that Plaintiffs and the other members of the Class will receive from settlement of the Action, (b) the costs and attendant risks

of litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the parties to this Stipulation through their respective attorneys, that subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, and in consideration of the benefits flowing to the parties hereto from the Settlement, the Action and all other Settled Claims as against the Released Parties shall be fully, finally and forever compromised, settled, released, discharged and dismissed with prejudice, upon and subject to the following terms and conditions:

CERTAIN DEFINITIONS

1. As used in this Stipulation, the following terms shall have the following meanings:

(a) “Authorized Claimant” means a Class Member who submits a timely and valid Proof of Claim form to the Claims Administrator.

(b) “Claims Administrator” means the Garden City Group LLC, which shall administer the Settlement.

(c) “Claims” means any and all claims, demands, actions, causes of action, suits, allegations, controversies, defenses, debts, damages, losses, judgments, obligations, costs, expenses, attorneys’ fees and liabilities of whatever kind or nature and however denominated (upon any legal or equitable theory, whether contractual, common law, statutory or otherwise), whether now known or unknown, accrued or unaccrued, absolute or contingent, suspected or unsuspected, determined or speculative, and whether or not concealed or hidden. The term “unknown” as used in this definition includes Claims that any or all of the Releasers or

the Released Parties do not know or suspect to exist, which, if known by him, her or it, might affect his, her or its agreement to release the Settled Claims or the Settled Defendants' Claims, as the case may be, or might affect his, her or its decision to object or not to object to the Settlement.

(d) "Class" and "Class Members" mean, for the purposes of this Settlement only, all persons who purchased or acquired the common stock of Aon during the period from May 4, 1999 through and including August 6, 2002, and are alleged by Lead Plaintiff have suffered a loss thereby. Excluded from the Class are the Defendants and all present and former officers and/or directors of Aon, members of their immediate families (parents, spouses, siblings, and children) of each of the Individual Defendants, each Defendant's legal representatives, heirs, successors or assigns and any entity in which any Defendant has had a controlling interest. Also excluded from the Class are any putative Class Members who submit a request for exclusion in accordance with the requirements set forth in the Notice.

(e) "Class Period" means, for the purposes of this Settlement only, the period of time from May 4, 1999 through and including August 6, 2002.

(f) "Defendants Counsel" means the law firm of Winston & Strawn, LLP.

(g) "Derivative Action" means the action currently pending in the Circuit Court of Cook County, Chancery Division, captioned *Stern v. Ryan, et. al.*, Case No. 02 CH 16831.

(h) "Derivative Counsel" mean the law firm of Bull & Lifshitz, LLP.

(i) "Effective Date" means the date upon which the Settlement contemplated by this Stipulation shall become effective, as set forth in Paragraph 30 below.

(j) “Final Order and Judgment” means the proposed order to be entered approving the Settlement substantially in the form attached hereto as Exhibit B.

(k) “Notice” means the Notice of Pendency of Class Action, Hearing on Proposed Settlement and Attorneys’ Fee Petition and Right to Share in Settlement Fund, which is to be sent to members of the Class substantially in the form attached hereto as Exhibit 1 to Exhibit A.

(l) “Plaintiffs’ Counsel” means Lead Plaintiff’s Counsel and all of the other attorneys representing Plaintiffs in *Taubenfield v. Aon Corp., et al.*, United States District Court for the Northern District of Illinois, Case No. 1:02 CV 5631.

(m) “Lead Plaintiff’s Counsel” means the law firm of Schiffrin & Barroway, LLP.

(n) “Preliminary Approval Order” means the proposed order preliminarily approving the Settlement and directing notice thereof to the Class substantially in the form attached hereto as Exhibit A.

(o) “Publication Notice” means the summary notice of proposed Settlement and hearing for publication substantially in the form attached as Exhibit 3 to Exhibit A.

(p) “Releasors” means the Lead Plaintiff and each of the other Class Members, on behalf of themselves, their heirs, executors, administrators, successors and assigns.

(q) “Released Parties” means Aon Corporation, Patrick G. Ryan, and Harvey N. Medvin (the “Settling Defendants”) and each of their respective past or present heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, insurers, reinsurers, directors, officers,

partners, principals, members, attorneys, financial and other advisors, investment bankers, underwriters, lenders, other representatives of any of the Defendants, or any person acting on its or their behalf.

(r) “Settled Claims” means any and all claims and rights relating to the purchase or acquisition of Aon common stock during the Class Period, whether known or unknown, against any or all of the Released Parties, belonging to Lead Plaintiff or any or all other members of the Class and their present or past heirs, executors, estates, administrators, predecessors, successors, and assigns arising under federal, state, local statutory or common law, rule or regulation, including the law of any foreign jurisdiction that relate in any way to the facts, statements or omissions alleged in the Complaint.

(s) “Settled Defendants’ Claims” means any and all Claims against Releasers belonging to the Released Parties arising from or relating to the institution, prosecution or settlement of the Action. Excluded from the definition of “Settled Defendants’ Claims” are any Claims arising from or relating to the enforcement of this Settlement.

(t) “Settling Securities Defendants” means AON Corp., Patrick G. Ryan, and Harvey N. Medvin.

(u) “Settlement” means the settlement contemplated by this Stipulation.

SCOPE AND EFFECT OF SETTLEMENT

2. Pursuant to the Final Order and Judgment, upon the Effective Date of this Settlement, the Securities Action, and the Settled Claims shall be dismissed with Prejudice, the Releasers shall release and forever discharge, and shall forever be enjoined from prosecuting, any and all Settled Claims against any of the Released Parties.

3. Pursuant to the Final Order and Judgment, upon the Effective Date of this Settlement, the Released Parties shall release and forever discharge, and shall forever be enjoined from prosecuting, any and all Settled Defendants' Claims against Lead Plaintiff, their attorneys and all other Class Members.

4. Pursuant to the Final Order and Judgment, upon the Effective Date of this Settlement, the Released Parties shall release and forever discharge, and shall forever be enjoined from prosecuting, any and all Claims arising from or relating to the Settled Claims against any other Released Party, including, without limitation, (i) all Claims for contribution under Section 11(f) of the Securities Act of 1933; (ii) all Claims for contribution under Sections 21D(f)(7)(A) and 21D(f)(10)(C) of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act ("PSLRA"), 15 U.S.C. §§ 77k(f)(2), 78u-4(f)(7)(A) and 78u-4(f)(10)(C); and (iii) any other Claims for contribution under statutory law, common law, or any other law, rule or regulation (whether federal, state, local, foreign or otherwise).

5. Notwithstanding anything to the contrary in Paragraph [4], the Individual Defendants and their respective successors and assigns expressly reserve the right to bring Claims arising from or relating to the funding of the Cash Settlement Amount against Aon and/or its successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, insurers, reinsurers, directors, officers, partners, principals, members, attorneys, financial and other advisors, investment bankers, underwriters, lenders, or other representatives.

6. Upon the Effective Date, each of the Releasors and the Released Parties shall have waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, or the law of any foreign jurisdiction,

which is similar, comparable or equivalent to Section 1542 of the California Civil Code. Section 1542 of the California Civil Code provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Lead Plaintiff, on behalf of the Releasors and Defendants on behalf of the Released Parties, acknowledge that they may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of their respective releases, but that it is their intention, on behalf of the Releasors and the Released Parties, respectively, to fully, finally and forever settle and release the Claims set forth in Paragraphs 2-5, including unknown Claims as that term is defined in Paragraph [1(c)].

THE SETTLEMENT CONSIDERATION

7. In full and final settlement of all claims asserted and all Claims that could have been asserted against the Settling Securities Defendants in the Consolidated Securities Action, the Defendants shall pay and/or shall cause their insurers to pay a total of \$7,250,000 in cash (the “Settlement Fund”) pursuant to the following terms:

(a) All reasonable costs and expenses of notice to members of the Settling Class, referred to in ¶ 7(b) and ¶10 hereof, for notice of the Derivative Settlement, referred to in ¶ 7(b) and ¶10 hereof, and administration of the Settlement Fund, referred to in ¶ 7(b) hereof, including attorneys fees, referred to in ¶¶ 11-13 hereof, escrow fees, taxes, custodial fees and expenses incurred in connection with processing proofs of Claims or distributing the Settlement Fund, shall be paid from the Settlement Fund. The Settling Defendants and their counsel shall

not be liable for any costs, fees, or expenses of any of Settling Securities Plaintiffs' respective attorneys, experts, consultants, agents and representatives but such costs, fees, and expenses as approved by the Court may be paid out of the Settlement Fund.

(b) The Defendants and/or their insurers shall pay \$150,000 of the \$7,250,000 Settlement Fund in accordance with instructions provided by Lead Plaintiff's Counsel to be placed into an escrow account to be established by or on behalf of Lead Plaintiff's Counsel for the express purpose of providing notice of the Settlement to the Settling Securities Plaintiff Class, notice of the Derivative Settlement, and to administer the Settlement Fund (the "Notice and Administration Fund") within either sixty days of the execution of the MOU, or immediately following preliminary approval by the Court, whichever comes first. Defendants' deposit of funds at that time shall include interest, consistent with the rate of interest currently being paid by short-term Treasury notes, running from November 6, 2003. The Garden City Group will serve as the escrow agent on the account, and Lead Plaintiff's Counsel and Aon will serve as signatories to the escrow agreement, until immediately following the Final Hearing. At that time, if the Settlement has been approved, Aon will no longer serve as a signatory to the escrow agreement and Lead Plaintiff's Counsel will serve as the sole signatory to the escrow agreement. All reasonable costs and expenses of class notice and administration of the Settlement shall be paid from the Notice and Administration Fund when incurred.

(c) Also within the same time period provided by ¶ 7(b) above, Settling Defendants and/or their insurers shall place the remaining \$7,100,000 of the \$7,250,000 Settlement Fund into an interest bearing escrow account (the "Settlement Fund"), accruing interest equal to the rate of interest currently being earned by short-term Treasury Notes, to be established by or on behalf of Settling Defendants' counsel for the benefit of the Settling

Securities Plaintiff Class. Defendants' deposit of funds at that time shall include interest, consistent with the rate of interest currently being paid by short-term Treasury notes, running from November 6, 2003. The Garden City Group will serve as escrow agent for the escrow agreement and Lead Plaintiff's Counsel and Aon will serve as signatories to the agreement until immediately following the Final Hearing. At that time, if the Settlement has been approved, Aon will no longer serve as a signatory and Lead Plaintiff's Counsel will serve as the sole signatory to the escrow agreement.

8. The balance of the Settlement Fund after the payments referred to in ¶7(a) above, shall be the "Net Settlement Fund," which shall be distributed to the Authorized Claimants as provided in Paragraphs 19 hereof. All funds held by the escrow agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned to the persons paying the same pursuant to this Stipulation and/or further order of the Court. The escrow agent shall invest any funds in excess of \$100,000 in short term United States Agency or Treasury Securities, and shall collect and reinvest all interest accrued thereon. Any funds held in escrow in an amount of less than \$100,000 may be held in an interest bearing bank account insured by the FDIC. The parties hereto agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Garden City Group, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be responsible for filing tax returns for the Settlement Fund and paying from the Settlement Fund any Taxes owed with respect to the Settlement Fund. Counsel for Aon agrees to provide promptly to The Garden City Group the statement described in Treasury Regulation § 1.468B-3(e).

(b) All taxes on the income of the Settlement Fund and all expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, expenses of tax attorneys and accountants) (collectively “Taxes”) shall be paid out of the Settlement Fund, shall be considered to be a cost of administration of the Settlement and shall be timely paid by the administrator without prior order of the Court.

ADMINISTRATION

9. The Claims Administrator shall administer the Settlement under Lead Plaintiff’s Counsel’s supervision and subject to the jurisdiction of the Court. Except as stated in ¶ 20 hereof, Defendants shall have no responsibility for the administration of the Settlement and shall have no liability to the Class or to any other person or entity in connection with such administration. Defendants’ Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms. Counsel for Aon shall provide from Aon’s transfer records, without charge: (1) the identity and last known addresses of Class Members and their transactions and (2) the identity and last known addresses for shareholders in the Derivative Action.

10. Lead Plaintiff’s Counsel may expend from the Cash Settlement Amount, without further approval from the Defendants or the Court, the reasonable costs and expenses associated with the administration of the Securities Settlement and the Derivative Settlement, including without limitation, the costs of identifying members of the Class and effecting mail notice and Publication Notice. Such amounts shall include, without limitation, the actual costs of publication, printing and mailing the Notice, reimbursements to nominee owners for identifying beneficial owners and forwarding notice to their beneficial owners, and the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing

notice and processing the submitted claims. Except for such payments, no amounts shall be disbursed from the Cash Settlement Amount except upon written order of the Court.

ATTORNEYS' FEES AND EXPENSES

11. At the Final Hearing, or at such other time in the course of the litigation as the Court may direct, Lead Plaintiff's Counsel will apply to the Court for an award of attorneys' fees and reimbursement of expenses. Lead Plaintiff's Counsel shall be solely responsible for allocating the attorneys' fees and reimbursement of expenses awarded by the Court among all counsel representing the Class. Only Lead Counsel, Liaison Counsel, and Derivative Counsel shall receive attorneys' fees and reimbursement for expenses before expiration of the time for appeal. Each such Plaintiffs' counsel's law firm, as a condition of receiving such Fee and Expense Award, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the United States District Court for the Northern District of Illinois for the purpose of enforcing the provisions of this paragraph of the Stipulation.

12. Defendants shall have no responsibility for, and no liability whatsoever with respect to, and payment to plaintiff's lead counsel or plaintiffs' counsel from the settlement fund.

13. Defendants shall have no responsibility for, and no liability whatsoever with respect to, the allocation among plaintiffs' counsel, and any other person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation, and Defendants take no position with respect to such matters.

14. At the Final Hearing, or at such other time in the course of the litigation as the Court may direct, Derivative Counsel will apply to the Court for an award of attorneys' fees and reimbursement of expenses of up to \$250,000.

15. Such attorneys' fees, expenses, and interest as are awarded by the Court shall be payable from the Settlement Fund to Lead Plaintiff's Counsel and Derivative Counsel immediately following entry of an order by the Court approving any fees and expenses to Lead Plaintiff's Counsel upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, provided, however, that Lead Plaintiff's Counsel and Derivative Counsel shall be obligated to refund or repay the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the fee or cost award is reduced or reversed and/or the Settlement Agreement is invalidated or held to be null and void.

16. The granting by the Court of any application by Lead Plaintiff's Counsel and/or Derivative Counsel for attorneys' fees and reimbursement of expenses or the amount thereof, are not conditions of the Settlement. The request by Lead Plaintiff's Counsel and Derivative Counsel for attorneys' fees and reimbursement of expenses is to be considered by the Court separately from the Court's consideration of the question of whether the Settlement is fair, reasonable and adequate. Any order or proceedings relating to any request for attorneys' fees and reimbursement of expenses or any appeal from any order or proceedings relating to any of these subjects, shall not affect or delay the Effective Date and the finality of the Final Order and Judgment approving the Settlement of the Action.

ADMINISTRATION EXPENSES

17. Lead Plaintiff's Counsel will apply to the Court, on notice to Defendants' Counsel, for an order (the "Class Distribution Order") approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted

herein and approving any fees and expenses not previously applied for, including the fees and expenses of the Claims Administrator, and, if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

18. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim (as defined in the Plan of Allocation described in the Notice annexed hereto as Exhibit 1 to Exhibit A, or in such other Plan of Allocation as the Court approves).

19. The Plan of Allocation proposed in the Notice is not a necessary term of this Stipulation and it is not a condition of this Stipulation that that Plan of Allocation be approved.

20. Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his or her Recognized Claim compared to the total Recognized Claims of all accepted claimants. This is not a claims-made settlement. The Defendants shall not be entitled to get back any of the settlement monies once the Effective Date of the Settlement occurs. The Defendants shall have no involvement in reviewing or challenging claims.

21. The approval by the Court of the Plan of Allocation is not a condition of the Settlement. The Plan of Allocation is to be considered by the Court separately from the Court's consideration of the question of whether the Settlement is fair, reasonable and adequate. In the event that the Plan of Allocation is not approved by the Court, Lead Plaintiff's Counsel will propose an amended Plan of Allocation as necessary to implement the distribution of the Settlement. Any order or proceedings relating to the Plan of Allocation shall not affect or delay the Effective Date of the Settlement and the finality of the Final Order and Judgment approving the Settlement.

ADMINISTRATION OF THE SETTLEMENT

22. Any member of the Class who does not submit a valid Proof of Claim will not be entitled to receive any of the proceeds from the Net Settlement Fund but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Final Order and Judgment to be entered in the Action and the releases provided for herein.

23. Lead Plaintiff's Counsel shall be responsible for disseminating notice of the Settlement, and supervising the Claims Administrator's administration of the Settlement and disbursement of the Net Settlement Fund. Except for Aon's obligation to pay the Cash Settlement Amount, and Aon's obligation to provide certain information specified herein, without charge to any party, with respect to the identification of Class Members from Aon's shareholder transfer records, as provided herein, Defendants shall have no liability, obligation or responsibility in connection with the Settlement, including, without limitation, for the administration of the Settlement or disbursement of the Net Settlement Fund, the processing or payment of claims, the payment of withholding taxes, or any losses or liability incurred in connection therewith. Lead Plaintiff's Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim submitted in the interests of achieving substantial justice.

24. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an "Authorized Claimant," the following conditions shall apply:

(a) Each Class Member shall be required to submit a signed Proof of Claim (see attached Exhibit 2 to Exhibit A), supported by such documents as are designated therein, including proof of the claimant's loss, or such other documents or proof as Lead Plaintiff's Counsel, in their discretion, may deem acceptable;

(b) All Proofs of Claim must be submitted by the date specified in the Notice unless such period is extended by Order of the Court. Any Class Member who fails to submit a Proof of Claim by such date shall be forever barred from receiving any payment pursuant to this Stipulation (unless, by Order of the Court, a later submitted Proof of Claim by such Class Member is approved), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement including the terms of the Final Order and Judgment to be entered in the Action and the releases provided for herein. Provided that it is received before the motion for the Class Distribution Order is filed, a Proof of Claim shall be deemed to have been submitted when posted, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator;

(c) Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Plaintiff's Counsel, who shall determine in accordance with this Stipulation the extent, if any, to which each claim shall be allowed, subject to review by the Court pursuant to subparagraph [21(e)] below;

(d) Proofs of Claim that do not meet the submission requirements may be rejected. Prior to rejection of a Proof of Claim, the Claims Administrator shall communicate with the claimant in order to remedy the curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under supervision of Lead Plaintiff's Counsel, shall notify, in a timely fashion and in writing, all claimants whose Proofs of Claim they propose to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the

claimant whose claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of subparagraph [21(e)] below;

(e) If any claimant whose claim has been rejected in whole or in part desires to contest such rejection, the claimant must, within twenty (20) days after the date of mailing of the Notice required in subparagraph [21(d)] above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Proof of Claim cannot be otherwise resolved, Lead Plaintiff's Counsel shall thereafter present the request for review to the Court; and

(f) The administrative determinations of the Claims Administrator accepting and rejecting claims shall be presented to the Court, on notice to Defendants' Counsel, for approval by the Court in the Class Distribution Order.

25. Each claimant shall be deemed to have submitted to the exclusive jurisdiction of this Court with respect to the claimant's Proof of Claim, and the Proof of Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that claimant's status as a Class Member and the validity and amount of the claimant's Claim. No discovery shall be allowed on the merits of the Action or Settlement in connection with the processing of Proofs of Claim.

26. Payment pursuant to this Stipulation shall be deemed final and conclusive of compliance with the terms of this Stipulation against all Class Members. All Class Members whose claims are not approved by the Court shall be barred from participating in distributions from the Net Settlement Fund, and shall be bound by all of the terms of this Stipulation and the

Settlement, including the terms of the Final Order and Judgment to be entered in the Action and the releases provided for herein.

27. All proceedings with respect to the administration, processing and determination of claims described by ¶ 21 of this Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the exclusive jurisdiction of the United States District Court for the Northern District of Illinois .

28. The Net Settlement Fund shall be distributed to Authorized Claimants by the Claims Administrator only after the Effective Date and after: (i) all Proof of Claim forms have been processed, and all claimants whose Proofs of Claim have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (ii) all objections with respect to all rejected or disallowed claims have been resolved by the Court, and all appeals therefrom have been resolved or the time therefor has expired; (iii) all matters with respect to attorneys' fees, costs, and disbursements have been resolved by the Court, all appeals therefrom have been resolved or the time therefor has expired; and (iv) all costs of administration have been paid.

TERMS OF PRELIMINARY APPROVAL ORDER

29. Promptly after this Stipulation has been fully executed, Lead Plaintiff's Counsel and Defendants' Counsel jointly shall apply to the Court for entry of a Preliminary Approval Order, substantially in the form annexed hereto as Exhibit A.

30. Lead Plaintiff and Defendants stipulate to the certification of the Class and certification of Lead Plaintiff as representative of the Class solely for the purpose of this

Settlement. If the Settlement is not approved by the Court or is not consummated for any other reason, Defendants reserve the right to oppose certification of the Class, or any other class, and to oppose certification or appointment of Lead Plaintiff as representative of the Class, or any other class, in the Action.

TERMS OF FINAL ORDER AND JUDGMENT

31. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Plaintiff's Counsel and Defendants' Counsel jointly shall request that the Court enter a Final Order and Judgment substantially in the form annexed hereto as Exhibit B.

SUPPLEMENTAL AGREEMENT

32. Simultaneously herewith, Lead Plaintiff's Counsel and Defendants' Counsel are executing a "Supplemental Agreement" setting forth certain conditions under which this Stipulation may be terminated by Defendants if potential Class Members who purchased or acquired in excess of a certain number of shares of Aon common stock traded during the Class Period exclude themselves from the Class. The Supplemental Agreement shall not be filed prior to the settlement fairness hearing unless a dispute arises as to its terms. In the event of a termination of this Stipulation pursuant to the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect and the provisions of paragraphs 34-35 shall apply. Notwithstanding the foregoing, the Stipulation shall not become null and void as a result of the election by the Defendants to exercise their option to terminate the Stipulation pursuant to the Supplemental Agreement until the conditions for termination set forth in the Supplemental Agreement have been satisfied.

EFFECTIVE DATE OF SETTLEMENT, WAIVER OR TERMINATION

33. The Effective Date of Settlement shall be one business day following the latest of the following events:

(a) entry of the Preliminary Approval Order in all material respects in the form annexed hereto as Exhibit A;

(b) approval by the Court of the Settlement, following notice to the Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and

(c) entry by the Court of a Final Order and Judgment, in all material respects in the form set forth in Exhibit B annexed hereto, and (i) the expiration of any time for appeal or review of such Final Order and Judgment or, (ii) if any appeal is filed and not dismissed, after such Final Order and Judgment is upheld on appeal in all material respects and is no longer subject to review upon appeal or review by writ of certiorari, or, (iii) in the event that the Court enters a Final Order and Judgment in a form other than that provided above (“Alternative Judgment”) and none of the parties hereto elect to terminate this Settlement, the date that such Alternative Judgment becomes final and no longer subject to appeal or review.

34. Defendants’ Counsel or Lead Plaintiff’s Counsel shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so (“Termination Notice”) to all other signatories hereto within thirty (30) days of: (a) the Court’s declining to enter the Preliminary Approval Order in any material respect; (b) the Court’s refusal to approve this Stipulation or any material part of it; (c) the Court’s declining to enter the Final Order and Judgment in any material respect; (d) the date upon which the Final Order and Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court; (e) the date upon which an Alternative Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. Defendants also shall have the option of

terminating the Settlement and this Stipulation in accordance with the terms of the Supplemental Agreement.

35. Except as otherwise provided herein, in the event the Settlement is terminated or fails to become effective for any reason, then the parties to this Stipulation shall be deemed to have reverted to their respective status in the Action as of November 6, 2003 and, except as otherwise expressly provided, (a) the parties shall proceed in all respects as if this Stipulation and any related orders had not been entered, (b) any portion of the Settlement Fund previously paid by Defendants, together with any interest earned thereon, less any taxes due with respect to such income, and less costs of administration and notice actually incurred and paid or payable from the Settlement Fund, shall be returned to the persons paying the same, (c) if the Class has been certified by the Court for the purpose of the Settlement, then that class certification will be null and void and the Defendants shall have the right to object to certification of the Class or any other class at any future time, and (d) this Stipulation and the Settlement shall be null and void and have no further force or effect, and shall not be referred to, admissible in or introduced in any other way for any reason in any proceeding, except as expressly stated in this Stipulation.

NO ADMISSION OF WRONGDOING

36. This Stipulation, whether or not consummated, and any proceedings taken pursuant to it:

(a) shall not be offered or received against the Defendants as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any of the Defendants with respect to (i) the truth of any fact alleged by Plaintiffs or (ii) the validity of any claim that was or could have been asserted in the Action or in any other litigation or proceeding, or (iii) the deficiency of any defense that was or could have been asserted in the

Action or in any other litigation or proceeding, or (iv) of any liability, negligence, fault, or wrongdoing of the Defendants;

(b) shall not be offered or received against the Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant, or against the Plaintiffs and the Class as evidence of any infirmity in the claims of Plaintiffs and the Class;

(c) shall not be offered or received against the Defendants or against the Plaintiffs or the Class as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Stipulation, in any other civil, criminal, administrative or other proceeding, other than such proceedings as may be necessary to effectuate or enforce the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the Court, Defendants may refer to it to effectuate or enforce the releases or any other rights, terms or provisions set forth herein, and to that end may use this Stipulation or the Final Order and Judgment in any action or other proceeding to support a defense, claim, counter-claim or cross-claim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or similar claim, defense, counter-claim or cross-claim;

(d) shall not be construed against the Defendants or the Plaintiffs and the Class as an admission, concession or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

(e) shall not be construed as or received in evidence as an admission, concession or presumption against Plaintiffs or the Class or any of them that any of their claims

are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

MISCELLANEOUS PROVISIONS

37. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

38. Each Defendant warrants as to himself, herself or itself that, as to the payments made by or on behalf of him, her or it pursuant to Paragraph 7 hereof, at the time of such payments, he, she or it was not insolvent nor did nor will the payment required to be made by or on behalf of him, her or it render such Defendant insolvent within the meaning of and/or for the purposes of the United States Bankruptcy Code, including Sections 101 and 547 thereof. This warranty is made by each such Defendant and not by such Defendant's Counsel.

39. If a case is commenced in respect of any Defendant (or any insurer contributing funds to the Settlement Fund on behalf of any Defendant) under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of such Defendant to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then, at the election of Lead Plaintiff's Counsel, the parties shall jointly move the Court to vacate and set aside the releases given and Final Order and Judgment entered in favor of the Defendants pursuant to this Stipulation, which releases and Final Order and Judgment shall be null and void, and the parties shall be restored to their respective positions

in the litigation as of November 6, 2003 and any cash amounts in the Settlement Fund shall be returned as provided in Paragraph 32 above.

40. The parties to this Stipulation intend the Settlement to be a final and complete resolution of all disputes that were or could have been asserted by the Releasors against the Released Parties with respect to the Settled Claims. Lead Plaintiff and Defendants on behalf of the Releasors and the Released Parties, respectively, agree not to assert in any forum that the litigation was brought by Plaintiffs or defended by Defendants in bad faith or without a reasonable basis. The parties hereto shall assert no claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the settlement of the Action. The parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's length in good faith by the parties, and reflect a settlement that was reached knowingly and voluntarily and without coercion or duress of any kind, after consultation with experienced legal counsel.

41. This Stipulation and the Exhibits annexed hereto (a) may be amended or modified only by a written instrument signed by or on behalf of all of the signatories hereto or their respective successors-in-interest, and (b) cannot be amended or modified in any respect orally or by the conduct of the parties.

42. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

43. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the United States District Court for the Northern District of Illinois and such Court shall retain exclusive jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation.

44. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

45. This Stipulation and its exhibits and the Supplemental Agreement constitute the entire agreement among the parties hereto concerning the Settlement of the Action, and no oral or written representations, warranties, or inducements have been made by any party hereto concerning this Stipulation and its exhibits and the Supplemental Agreement other than those contained and memorialized in such documents. Defendants and Lead Plaintiff expressly disclaim reliance upon any oral or written representations, warranties or inducements in deciding to enter into the Stipulation and Settlement, other than the representations, warranties and covenants contained and memorialized in this Stipulation and the Exhibits attached thereto.

46. This Stipulation may be executed in one or more counterparts, including by signature transmitted by facsimile. All executed counterparts and each of them shall be deemed to be an original, and all counterparts together shall constitute the same instrument.

47. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

48. The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to any conflicts of law or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Stipulation to the substantive law of another jurisdiction, except to the extent that federal law requires that federal law govern.

49. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel

for one of the parties, it being recognized that the Stipulation is the result of arm's-length negotiations between the parties and all parties have contributed substantially and materially to the preparation of this Stipulation.

50. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms. Lead Plaintiff and Defendants warrant and represent that they have not assigned or otherwise alienated any Settled Claim or Settled Defendants' Claim, as the case may be, to any other person or entity in any manner, whether by way of operation of law or otherwise.

51. Lead Plaintiff's Counsel and Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order, the Stipulation and the Settlement, and to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement; and to take such steps and to cooperate with counsel in the Derivative Action as may be reasonably required to obtain final approval of the settlement of the Derivative Action.

52. Any legal suit, action or other proceeding arising from or relating to the Stipulation or the Settlement contemplated thereby shall be instituted solely in the United States District Court for the Northern District of Illinois. Each party (a) agrees not to assert any objection that he, she or it may now or hereafter may have to the laying of venue of any such suit, action or proceeding, and (b) agrees to submit to the exclusive personal jurisdiction of the United States District Court for the Northern District of Illinois in any such suit, action or proceeding.

53. Lead Plaintiff, and each of the Defendants, through their respective counsel, represents (a) that he, she or it has read this Stipulation, including the releases contained herein, and fully understands its contents, (b) that he, she or it has consulted with counsel prior to and in connection with the execution of this Stipulation and the consummation of the Settlement contemplated thereby, and (c) that he, she or it enters into this Stipulation and Settlement voluntarily and knowingly and without any coercion or duress of any kind.

54. To the extent that there is any inconsistency between the Stipulation and any of the Exhibits annexed hereto, the terms of this Stipulation shall govern.

DATED: _____, 2004

SCHIFFRIN & BARROWAY, LLP

By: _____

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**COUNSEL FOR SETTLING SECURITIES
DEFENDANTS AND SETTLING
DERIVATIVE DEFENDANTS**