

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-16503

**Willis Towers Watson** 

**WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY**

(Exact name of registrant as specified in its charter)

Ireland  
(Jurisdiction of  
incorporation or organization)

c/o Willis Group Limited  
51 Lime Street, London EC3M 7DQ, England  
(Address of principal executive offices)

98-0352587  
(I.R.S. Employer  
Identification No.)

(011) 44-20-3124-6000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of 'large accelerated filer', 'accelerated filer', 'smaller reporting company', and 'emerging growth company' in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, nominal value \$0.000304635 per share	WLTW	NASDAQ Global Select Market

As of April 30, 2019, there were outstanding 129,236,178 ordinary shares, nominal value \$0.000304635 per share, of the registrant.

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## Certain Definitions

The following definitions apply throughout this quarterly report unless the context requires otherwise:

‘We’, ‘Us’, ‘Company’, ‘Willis Towers Watson’, ‘Our’, ‘Willis Towers Watson plc’ or ‘WTW’	Willis Towers Watson Public Limited Company, a company organized under the laws of Ireland, and its subsidiaries
‘shares’	The ordinary shares of Willis Towers Watson Public Limited Company, nominal value \$0.000304635 per share
‘Legacy Willis’ or ‘Willis’	Willis Group Holdings Public Limited Company and its subsidiaries, predecessor to Willis Towers Watson, prior to the Merger
‘Legacy Towers Watson’ or ‘Towers Watson’	Towers Watson & Co. and its subsidiaries
‘Merger’	Merger of Willis Group Holdings Public Limited Company and Towers Watson & Co. pursuant to the Agreement and Plan of Merger, dated June 29, 2015, as amended on November 19, 2015, and completed on January 4, 2016
‘Miller’	Miller Insurance Services LLP and its subsidiaries
‘TRANZACT’	CD&R TZ Holdings, Inc. and its subsidiaries, doing business as TRANZACT
‘U.S.’	United States
‘U.K.’	United Kingdom
‘Brexit’	The United Kingdom’s planned exit from the European Union on a date yet to be determined
‘E.U.’	European Union or European Union 27 (the number of member countries following the United Kingdom’s exit)
‘U.S. GAAP’	United States Generally Accepted Accounting Principles
‘FASB’	Financial Accounting Standards Board
‘ASU’	Accounting Standards Update
‘ASC’	Accounting Standards Codification
‘SEC’	Securities and Exchange Commission

## Disclaimer Regarding Forward-looking Statements

We have included in this document 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts, that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our outlook, future capital expenditures, future share repurchases, growth in revenue, the impact of changes to tax laws on our financial results, business strategies and planned acquisitions, (including the pending acquisition of TRANZACT), competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions are forward-looking statements. Also, when we use words such as 'may,' 'will,' 'would,' 'anticipate,' 'believe,' 'estimate,' 'expect,' 'intend,' 'plan,' 'probably,' or similar expressions, we are making forward-looking statements. Such statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

There are important risks, uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained in this document, including the following:

- our ability to successfully establish, execute and achieve our global business strategy as it evolves;
- changes in demand for our services, including any decline in defined benefit pension plans or the purchasing of insurance;
- changes in general economic, business and political conditions, including changes in the financial markets;
- significant competition that we face and the potential for loss of market share and/or profitability;
- the impact of seasonality and differences in timing of renewals;
- the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation;
- the risk that the Stanford litigation settlement approval will be overturned on appeal, the risk that the bar order may be challenged in other jurisdictions, and the risk that the charge related to the settlement may not be tax deductible;
- the risk of material adverse outcomes on existing litigation or investigation matters;
- changes in the regulatory environment in which we operate, including, among other risks, the impact of pending competition law and regulatory investigations;
- various claims, government inquiries or investigations or the potential for regulatory action;
- our ability to make divestitures or acquisitions and our ability to integrate or manage such acquired businesses (including with respect to the pending acquisition of TRANZACT);
- failure to protect client data or breaches of information systems;
- the ability to comply with complex and evolving regulations related to data privacy and cyber security;
- the potential impact of Brexit;
- our ability to properly identify and manage conflicts of interest;
- reputational damage;
- reliance on third-party services;
- the loss of key employees;
- our ability to successfully manage ongoing organizational changes;
- disasters or business continuity problems;
- doing business internationally, including the impacts of foreign currency exchange rates;
- compliance with extensive government regulation;
- the risk of sanctions imposed by governments, or changes to associated sanction regulations;
- technological changes;
- changes and developments in the insurance industry or the U.S. healthcare system;

- the risk that we may not be able to repurchase our intended number of outstanding shares due to merger & acquisition activity or investment opportunities, market or business conditions, or other factors;
- the inability to protect the Company's intellectual property rights, or the potential infringement upon the intellectual property rights of others;
- fluctuations in our pension assets and liabilities;
- our ability to meet our financial guidance;
- our capital structure, including indebtedness amounts, the limitations imposed by the covenants in the documents governing such indebtedness and the maintenance of the financial and disclosure controls and procedures of each;
- our ability to obtain financing on favorable terms or at all;
- adverse changes in our credit ratings;
- the impact of recent changes to U.S. tax laws, including on our effective tax rate, and the enactment of additional, or the revision of existing, state, federal, and/or foreign tax laws and regulations;
- U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares;
- changes in accounting principles, estimates and assumptions, including the impact of the adoption of the new leasing standard;
- fluctuation in revenue against our relatively fixed expenses;
- the laws of Ireland being different from the laws of the United States and potentially affording less protections to the holders of our securities; and
- our holding company structure potentially preventing us from being able to receive dividends or other distributions in needed amounts from our subsidiaries.

The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information, please see Item 1A. Risk Factors in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K, and our subsequent filings with the SEC. Copies are available online at <http://www.sec.gov> or [www.willistowerswatson.com](http://www.willistowerswatson.com).

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included in this document, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved.

Our forward-looking statements speak only as of the date made, and we will not update these forward-looking statements unless the securities laws require us to do so. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against relying on these forward-looking statements.

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

**WILLIS TOWERS WATSON**  
**Condensed Consolidated Statements of Comprehensive Income**  
(In millions of U.S. dollars, except per share data)  
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenue	\$ 2,312	\$ 2,292
Costs of providing services		
Salaries and benefits	1,348	1,377
Other operating expenses	418	423
Depreciation	54	49
Amortization	127	141
Transaction and integration expenses	6	43
Total costs of providing services	1,953	2,033
Income from operations	359	259
Interest expense	(54)	(51)
Other income, net	55	56
INCOME FROM OPERATIONS BEFORE INCOME TAXES	360	264
Provision for income taxes	(67)	(43)
NET INCOME	293	221
Income attributable to non-controlling interests	(6)	(6)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	\$ 287	\$ 215
<b>EARNINGS PER SHARE</b>		
Basic earnings per share	\$ 2.21	\$ 1.62
Diluted earnings per share	\$ 2.20	\$ 1.61
Comprehensive income before non-controlling interests	\$ 315	\$ 305
Comprehensive income attributable to non-controlling interests	(5)	(7)
Comprehensive income attributable to Willis Towers Watson	\$ 310	\$ 298

See accompanying notes to the condensed consolidated financial statements

**WILLIS TOWERS WATSON**  
**Condensed Consolidated Balance Sheets**  
(In millions of U.S. dollars, except share data)  
(Unaudited)

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 992	\$ 1,033
Fiduciary assets	15,129	12,604
Accounts receivable, net	2,490	2,379
Prepaid and other current assets	409	404
Total current assets	19,020	16,420
Fixed assets, net	957	942
Goodwill	10,456	10,465
Other intangible assets, net	3,187	3,318
Right-of-use assets	946	—
Pension benefits assets	833	773
Other non-current assets	494	467
Total non-current assets	16,873	15,965
<b>TOTAL ASSETS</b>	<b>\$ 35,893</b>	<b>\$ 32,385</b>
<b>LIABILITIES AND EQUITY</b>		
Fiduciary liabilities	\$ 15,129	\$ 12,604
Deferred revenue and accrued expenses	1,240	1,647
Current debt	187	186
Current lease liabilities	158	—
Other current liabilities	940	864
Total current liabilities	17,654	15,301
Long-term debt	4,518	4,389
Liability for pension benefits	1,135	1,170
Deferred tax liabilities	544	559
Provision for liabilities	543	540
Long-term lease liabilities	961	—
Other non-current liabilities	296	429
Total non-current liabilities	7,997	7,087
<b>TOTAL LIABILITIES</b>	<b>25,651</b>	<b>22,388</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>REDEEMABLE NON-CONTROLLING INTEREST</b>	<b>28</b>	<b>26</b>
<b>EQUITY (i)</b>		
Additional paid-in capital	10,630	10,615
Retained earnings	1,439	1,201
Accumulated other comprehensive loss, net of tax	(1,974)	(1,961)
Treasury shares, at cost, 17,519 shares in 2019 and 2018, and 40,000 shares, €1 nominal value, in 2019 and 2018	(3)	(3)
Total Willis Towers Watson shareholders' equity	10,092	9,852
Non-controlling interests	122	119
Total equity	10,214	9,971
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 35,893</b>	<b>\$ 32,385</b>

(i) Equity includes (a) Ordinary shares \$0.000304635 nominal value; Authorized 1,510,003,775; Issued 129,211,111 (2019) and 128,921,530 (2018); Outstanding 129,211,111 (2019) and 128,921,530 (2018); (b) Ordinary shares, €1 nominal value; Authorized and Issued 40,000 shares in 2019 and 2018; and (c) Preference shares, \$0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2019 and 2018.

See accompanying notes to the condensed consolidated financial statements

**WILLIS TOWERS WATSON**  
**Condensed Consolidated Statements of Cash Flows**  
(In millions of U.S. dollars)  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>		
NET INCOME	\$ 293	\$ 221
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	54	51
Amortization	127	141
Non-cash lease expense	36	—
Net periodic benefit of defined benefit pension plans	(32)	(61)
Provision for doubtful receivables from clients	8	7
Benefit from deferred income taxes	(28)	(26)
Share-based compensation	10	3
Net loss on disposal of operations	—	9
Non-cash foreign exchange loss	8	17
Other, net	4	(3)
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	(121)	(43)
Fiduciary assets	(2,490)	(1,326)
Fiduciary liabilities	2,490	1,326
Other assets	(37)	46
Other liabilities	(379)	(393)
Provisions	10	49
Net cash (used in)/from operating activities	<u>(47)</u>	<u>18</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Additions to fixed assets and software for internal use	(57)	(65)
Capitalized software costs	(17)	(13)
Acquisitions of operations, net of cash acquired	(1)	(5)
Net proceeds from sale of operations	—	4
Net cash used in investing activities	<u>(75)</u>	<u>(79)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Net borrowings on revolving credit facility	138	61
Repayments of debt	(1)	(21)
Proceeds from issuance of shares	22	11
Cash paid for employee taxes on withholding shares	—	(7)
Dividends paid	(77)	(68)
Net cash from/(used in) financing activities	<u>82</u>	<u>(24)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(40)</u>	<u>(85)</u>
Effect of exchange rate changes on cash and cash equivalents	(1)	9
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>1,033</u>	<u>1,030</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 992</u>	<u>\$ 954</u>

See accompanying notes to the condensed consolidated financial statements

**WILLIS TOWERS WATSON**  
**Condensed Consolidated Statements of Changes in Equity**  
(In millions of U.S. dollars and number of shares in thousands)  
(Unaudited)

	Shares outstanding	Additional paid-in capital	Retained earnings	Treasury shares	AOCL (i)	Total WTW shareholders' equity	Non- controlling interests	Total equity	Redeemable non- controlling interest (ii)	Total
Balance as of December 31, 2017	132,140	\$ 10,538	\$ 1,104	\$ (3)	\$ (1,513)	\$ 10,126	\$ 123	\$ 10,249	\$ 28	
Adoption of ASC 606	—	—	317	—	—	317	—	317	—	
Net income	—	—	215	—	—	215	6	221	—	\$ 221
Dividends declared (\$0.60 per share)	—	—	(79)	—	—	(79)	—	(79)	—	
Other comprehensive income	—	—	—	—	83	83	1	84	—	\$ 84
Issuance of shares under employee stock compensation plans	277	11	—	—	—	11	—	11	—	
Share-based compensation and net settlements	—	3	—	—	—	3	—	3	—	
Foreign currency translation	—	(4)	—	—	—	(4)	—	(4)	—	
<b>Balance as of March 31, 2018</b>	<u>132,417</u>	<u>\$ 10,548</u>	<u>\$ 1,557</u>	<u>\$ (3)</u>	<u>\$ (1,430)</u>	<u>\$ 10,672</u>	<u>\$ 130</u>	<u>\$ 10,802</u>	<u>\$ 28</u>	
Balance as of December 31, 2018	128,922	\$ 10,615	\$ 1,201	\$ (3)	\$ (1,961)	\$ 9,852	\$ 119	\$ 9,971	\$ 26	
Adoption of ASU 2018-02	—	—	36	—	(36)	—	—	—	—	
Net income	—	—	287	—	—	287	4	291	2	\$ 293
Dividends declared (\$0.65 per share)	—	—	(85)	—	—	(85)	—	(85)	—	
Other comprehensive income/(loss)	—	—	—	—	23	23	(1)	22	—	\$ 22
Issuance of shares under employee stock compensation plans	289	22	—	—	—	22	—	22	—	
Share-based compensation and net settlements	—	(7)	—	—	—	(7)	—	(7)	—	
<b>Balance as of March 31, 2019</b>	<u>129,211</u>	<u>\$ 10,630</u>	<u>\$ 1,439</u>	<u>\$ (3)</u>	<u>\$ (1,974)</u>	<u>\$ 10,092</u>	<u>\$ 122</u>	<u>\$ 10,214</u>	<u>\$ 28</u>	

(i) Accumulated other comprehensive loss, net of tax ('AOCL').

(ii) The non-controlling interest is related to Max Matthiessen Holding AB.

See accompanying notes to the condensed consolidated financial statements

**WILLIS TOWERS WATSON**  
**Notes to the Condensed Consolidated Financial Statements**  
(Tabular amounts in millions of U.S. dollars, except per share data)  
(Unaudited)

**Note 1 — Nature of Operations**

Willis Towers Watson plc is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. The Company has more than 43,000 employees servicing clients in more than 140 countries.

We offer our clients a broad range of services to help them identify and control their risks, and to enhance business performance by improving their ability to attract, retain and engage a talented workforce. Our risk control services range from strategic risk consulting (including providing actuarial analysis), to a variety of due diligence services, to the provision of practical on-site risk control services (such as health and safety or property loss control consulting), as well as analytical and advisory services (such as hazard modeling and reinsurance optimization studies). We assist clients in planning how to manage incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans. We help our clients enhance their business performance by delivering consulting services, technology and solutions that help them anticipate, identify and capitalize on emerging opportunities in human capital management, as well as offer investment advice to help them develop disciplined and efficient strategies to meet their investment goals.

As an insurance broker, we act as an intermediary between our clients and insurance carriers by advising our clients on their risk management requirements, helping them to determine the best means of managing risk and negotiating and placing insurance with insurance carriers through our global distribution network. We operate a private Medicare exchange in the U.S. Through this exchange and those for active employees, we help our clients move to a more sustainable economic model by capping and controlling the costs associated with healthcare benefits. We are not an insurance company, and therefore we do not underwrite insurable risks for our own account.

We believe our broad perspective allows us to see the critical intersections between talent, assets and ideas - the dynamic formula that drives business performance.

**Note 2 — Basis of Presentation and Recent Accounting Pronouncements**

**Basis of Presentation**

The accompanying unaudited quarterly condensed consolidated financial statements of Willis Towers Watson and our subsidiaries are presented in accordance with the rules and regulations of the SEC for quarterly reports on Form 10-Q and therefore do not include all of the information and footnotes required by U.S. GAAP. In the opinion of management, these condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of the condensed consolidated financial statements and results for the interim periods. All intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated financial statements should be read together with the Company's Annual Report on Form 10-K, filed with the SEC on February 27, 2019, and may be accessed via EDGAR on the SEC's web site at [www.sec.gov](http://www.sec.gov).

The results of operations for the three months ended March 31, 2019 are not necessarily indicative of the results that can be expected for the entire year. The Company experiences seasonal fluctuations of its revenue. Revenue is typically higher during the Company's first and fourth quarters due to the timing of broking-related activities. The results reflect certain estimates and assumptions made by management, including those estimates used in calculating acquisition consideration and fair value of tangible and intangible assets and liabilities, professional liability claims, estimated bonuses, valuation of billed and unbilled receivables, and anticipated tax liabilities that affect the amounts reported in the condensed consolidated financial statements and related notes.

**Recent Accounting Pronouncements**

*Not Yet Adopted*

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, current U.S. GAAP requires the performance of procedures to determine the fair value at the impairment testing date of assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, the amendments under this ASU require the goodwill impairment test to be performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The ASU becomes effective for the Company on January 1, 2020, at which time the Company will adopt it, although earlier adoption is permitted. The amendments in this ASU should be applied on a prospective basis. The Company does not expect an immediate impact to its condensed consolidated

financial statements upon adopting this ASU since the most recent Step 1 goodwill impairment test resulted in fair values in excess of carrying values for all reporting units at October 1, 2018.

In August 2018, the FASB issued two ASU's as part of its disclosure framework project. The focus of this project is to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by U.S. GAAP that is most important to users of an entity's financial statements. Both of these ASU's remove certain disclosure requirements and add or modify other requirements. The two ASU's are as follows:

- ASU No. 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* – effective for the Company on January 1, 2020, although early adoption is permitted immediately. Additionally, companies are permitted to immediately adopt the removal or modifications of disclosures as provided in this ASU, and adopt the additional disclosures on the effective date of the ASU. Certain provisions of the ASU must be adopted retrospectively, while others must be adopted prospectively. The Company is still assessing when and how it will adopt this ASU, but does not expect there to be a material impact to the notes to the condensed consolidated financial statements.
- ASU No. 2018-14, *Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* – this ASU will impact certain 10-K disclosures and will be effective for the Company for its 2020 Annual Report on Form 10-K. Early adoption is permitted and must be applied on a retrospective basis. The Company is still assessing when it will adopt this ASU, but does not expect there to be a material impact to the notes to the condensed consolidated financial statements.

#### *Adopted*

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ('ASU No. 2016-02'), which requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Additional ASUs have since been issued which provide amended and additional guidance for the implementation of ASU No. 2016-02. All related guidance has been codified into, and is now known as, ASC 842, *Leases* ('ASC 842'). ASC 842 became effective, and was adopted by the Company, on January 1, 2019. See below and Note 12 – Leases, for a full description of the Company's impact from adoption, adoption elections made and the newly-required disclosures.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities*, which provides amendments under six specific objectives to better align risk management activities and financial reporting, and to simplify disclosure, presentation, hedging and the testing and measurement of ineffectiveness. The ASU became effective for, and was adopted by, the Company on January 1, 2019. This ASU did not have a material impact on our condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ('ASU 2018-02'), which allows for a reclassification from accumulated other comprehensive income/(loss) to retained earnings for 'stranded' tax effects (those tax effects of items within accumulated other comprehensive income resulting from the historical corporate income tax rate reduction) resulting from U.S. Tax Reform. The amendments within this ASU also require certain disclosures about stranded tax effects. The ASU became effective for, and was adopted by, the Company on January 1, 2019, at which time it recorded a reclassification between AOCL and retained earnings of \$36 million. The reclassification of \$36 million from AOCL includes the effect of the change in the U.S. federal corporate tax rate, however it does not include other income tax effects of U.S. Tax Reform. The stranded tax effect primarily relates to defined pension and post-retirement benefits. The Company's policy is to use the portfolio approach for releasing disproportionate income tax effects from AOCL.

#### **Changes to Accounting Policies**

As a result of the adoption of ASC 842 on January 1, 2019, we have updated our accounting policies for leases. These policies govern the recognition and accounting for leases in tandem with the Company's option to elect certain practical expedients offered by ASC 842. These policies are consistent with the modified retrospective approach guidance and with those practical expedients offered by ASC 842 that we have elected to apply. Our lease policies for 2018 and prior reporting periods are reflected in the notes to our annual consolidated financial statements as filed on February 27, 2019, in our Annual Report on Form 10-K.

#### *Leases*

As an advisory, broking and solutions company providing services to clients in more than 140 countries, we enter into lease agreements from time to time, primarily for the use of real estate for our office space. We determine if an arrangement is a lease at the inception of the contract, and the nature of our operations is such that it is generally clear whether an arrangement contains a lease and what underlying asset is being leased. The majority of the leases into which we enter are operating leases. Upon entering into leases, we obtain the right to control the use of an identified space for a lease term and recognize these right-of-use ('ROU') assets on our condensed consolidated balance sheets with corresponding lease liabilities reflecting our obligation to make the related lease payments. ROU assets are amortized over the term of the lease.

Our real estate leases are generally long-term in nature, with terms that typically range from 5 to 15 years. Our most significant lease supports our London market operations with a lease term through 2032. Our real estate leases often contain options to renew the lease, either through exercise of the option or through automatic renewal. Additionally, certain leases have options to cancel the lease with appropriate notice to the landlord prior to the end of the stated lease term. As we enter into new leases after the adoption of ASC 842, we will consider these options as we assess lease terms in our recognized ROU assets and lease liabilities. If we are reasonably certain to exercise an option to renew a lease, we include this period in our lease term. To the extent that we have the option to cancel a lease, we recognize our ROU assets and lease liabilities using the term that would result from using this earlier date. If a significant penalty is required to cancel the lease at an earlier date, we assess our lease term as ending at the point when no significant penalty would be due.

In addition to payments for previously-agreed base rent, many of our lease agreements are subject to variable and unknown future payments, typically in the form of common area maintenance charges (a non-lease component as defined by ASC 842) or real estate taxes. These variable payments are excluded from our lease liabilities and ROU assets, and instead are recognized as lease expense within other operating expenses on the condensed consolidated statement of comprehensive income as the amounts are incurred. To the extent that we have agreed to fixed charges for common area maintenance or other non-lease components, or our base rent increases by an index or rate (most commonly an inflation rate), these amounts are included in the measurement of our lease liabilities and ROU assets. We have elected the practical expedient under ASC 842 which allows the lease and non-lease components to be combined in our measurement of lease liabilities and ROU assets.

From time to time we may enter into subleases if we are unable to cancel or fully occupy a space and are able to find an appropriate subtenant. However, entering subleases is not a primary objective of our business operations and these arrangements represent an immaterial amount of cash flows.

Because the discount rates implicit in our leases are generally not readily determinable, we are required to use judgment in the determination of the incremental borrowing rates to calculate the present values of our future lease payments. Since the majority of our debt is publicly-traded, our real estate function is centralized, and our treasury function is centralized and generally prohibits our subsidiaries from borrowing externally, we have determined it appropriate to use the Company's consolidated unsecured borrowing rate, and adjust for collateralization in accordance with ASC 842. Using the resulting interest rate curves from publicly-traded debt at this collateralized borrowing rate, we select the interest rate at lease inception by reference to the lease term and lease currency. Over 90% of our leases are denominated in U.S. dollars, Pounds sterling or Euros.

Our leases generally do not subject us to restrictive covenants and contain no residual value guarantees.

### **Note 3 — Acquisitions**

#### *TRANZACT Acquisition*

On March 30, 2019, the Company entered into an agreement to acquire TRANZACT, a U.S.-based provider of comprehensive, direct-to-consumer sales and marketing solutions for leading insurance carriers in the U.S. TRANZACT leverages digital, data and direct marketing solutions to deliver qualified leads, fully-provisioned sales and robust customer management systems to brands seeking to acquire and manage large numbers of consumers. Subject to certain adjustments, the consideration consists of \$1.2 billion payable upon the close of the acquisition, of which \$100 million is payable at our option in cash or ordinary shares of the Company. Additional contingent consideration in the form of a potential earn-out of up to \$200 million is payable in either cash or in ordinary shares of the Company at our option in 2021 based on the achievement of certain financial targets. The Company has secured a term loan to finance the transaction (see Note 9 — Debt for further information). TRANZACT will operate as part of the Company's Benefits Delivery and Administration segment. The transaction is expected to close during the third quarter of 2019.

#### *Alston Gayler Acquisition*

On December 21, 2018, the Company, through its majority-owned subsidiary, Miller, completed the transaction to acquire Alston Gayler, a U.K.-based insurance and reinsurance broker, for total consideration of \$67 million. Cash consideration of \$35 million was paid upon completion of the acquisition, with the remaining \$32 million deferred consideration to be paid in equal installments on the first, second and third anniversaries of the date of acquisition.

The Company has preliminarily recognized \$36 million of intangible assets, primarily arising from client relationships, and \$24 million of goodwill. The purchase price allocation as of the acquisition date and our accounting for the related deferred tax assets and liabilities is not yet complete.

## Note 4 — Revenue

### Disaggregation of Revenue

The Company reports revenue by segment in Note 5 — Segment Information. The following table presents revenue by service offering and segment, as well as a reconciliation to total revenue for the three months ended March 31, 2019 and 2018. Along with reimbursable expenses and other, total revenue by service offering represents our revenue from customer contracts.

	Three Months Ended March 31,											
	HCB		CRB		IRR		BDA		Corporate (ii)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Broking	\$ 73	\$ 76	\$ 660	\$ 664	\$ 405	\$ 391	\$ 3	\$ 4	\$ —	\$ —	\$ 1,141	\$ 1,135
Consulting (i)	580	577	31	44	114	117	—	—	3	3	728	741
Outsourced administration (i)	123	132	27	23	2	—	132	118	—	—	284	273
Other (i)	47	43	1	3	58	59	—	—	1	1	107	106
Total revenues by service offering	823	828	719	734	579	567	135	122	4	4	2,260	2,255
Reimbursable expenses and other (ii)	14	14	—	—	2	2	3	2	7	1	26	19
Total revenue from customer contracts	\$ 837	\$ 842	\$ 719	\$ 734	\$ 581	\$ 569	\$ 138	\$ 124	\$ 11	\$ 5	\$ 2,286	\$ 2,274
Interest and other income (iii)	6	4	9	6	10	7	—	—	1	1	26	18
Total revenue	\$ 843	\$ 846	\$ 728	\$ 740	\$ 591	\$ 576	\$ 138	\$ 124	\$ 12	\$ 6	\$ 2,312	\$ 2,292

(i) Amounts presented for HCB Outsourced administration revenue include a correction of approximately \$58 million of revenue that was previously classified as HCB Consulting revenue or HCB Other revenue in our quarterly report on Form 10-Q for the three months ended March 31, 2018.

(ii) Reimbursable expenses and other, as well as Corporate revenue, are excluded from segment revenue, but included in total revenue on the condensed consolidated statements of comprehensive income.

(iii) Interest and other income is included in segment revenue and total revenue, however it has been presented separately in the above tables because it does not arise directly from contracts with customers.

Individual revenue streams aggregating to approximately 5% of total revenue from customer contracts for the three months ended March 31, 2019 and 2018, respectively, have been included within the Other line in the tables above.

The following table presents revenue by the geography where our work is performed for the three months ended March 31, 2019 and 2018. The reconciliation to total revenue on our condensed consolidated statements of comprehensive income and to segment revenue is shown in the table above.

	Three Months Ended March 31,											
	HCB		CRB		IRR		BDA		Corporate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
North America	\$ 471	\$ 462	\$ 220	\$ 215	\$ 164	\$ 153	\$ 135	\$ 122	\$ 4	\$ 4	\$ 994	\$ 956
Great Britain	118	129	142	148	300	295	—	—	—	—	560	572
Western Europe	155	154	239	239	69	71	—	—	—	—	463	464
International	79	83	118	132	46	48	—	—	—	—	243	263
Total revenue by geography	\$ 823	\$ 828	\$ 719	\$ 734	\$ 579	\$ 567	\$ 135	\$ 122	\$ 4	\$ 4	\$ 2,260	\$ 2,255

### Contract Balances

The Company reports accounts receivable, net on the condensed consolidated balance sheet, which includes billed and unbilled receivables and current contract assets. In addition to accounts receivable, net, the Company had the following non-current contract assets and deferred revenue balances at March 31, 2019 and December 31, 2018:

	March 31, 2019	December 31, 2018
Billed receivables, net of allowance for doubtful accounts of \$44 million and \$40 million	\$ 1,847	\$ 1,702
Unbilled receivables	396	356
Current contract assets	247	321
Accounts receivable, net	\$ 2,490	\$ 2,379
Non-current accounts receivable, net	\$ 17	\$ 20
Non-current contract assets	\$ 6	\$ 3
Deferred revenue	\$ 483	\$ 448

During the three months ended March 31, 2019, revenue of approximately \$242 million was recognized that was reflected as deferred revenue at December 31, 2018.

During the three months ended March 31, 2019, the Company recognized no material revenue related to performance obligations satisfied in a prior period.

### Performance Obligations

The Company has contracts for which performance obligations have not been satisfied as of March 31, 2019 or have been partially satisfied as of this date. The following table shows the expected timing for the satisfaction of the remaining performance obligations. This table does not include contract renewals nor variable consideration, which was excluded from the transaction prices in accordance with the guidance on constraining estimates of variable consideration.

In addition, in accordance with ASC 606, *Revenue From Contracts With Customers* ('ASC 606'), the Company has elected not to disclose the remaining performance obligations when one or both of the following circumstances apply:

- Performance obligations which are part of a contract that has an original expected duration of less than one year, and
- Performance obligations satisfied in accordance with ASC 606-10-55-18 ('right to invoice').

	Remainder of 2019	2020	2021 onward	Total
Revenue expected to be recognized on contracts as of March 31, 2019	\$ 314	\$ 341	\$ 432	\$ 1,087

Since most of the Company's contracts are cancellable with less than one year's notice, and have no substantive penalty for cancellation, the majority of the Company's remaining performance obligations as of March 31, 2019 have been excluded from the table above.

### Note 5 — Segment Information

Willis Towers Watson has four reportable operating segments or business areas:

- Human Capital and Benefits ('HCB')
- Corporate Risk and Broking ('CRB')
- Investment, Risk and Reinsurance ('IRR')
- Benefits Delivery and Administration ('BDA')

Willis Towers Watson's chief operating decision maker is its chief executive officer. We determined that the operational data used by the chief operating decision maker is at the segment level. Management bases strategic goals and decisions on these segments and the data presented below is used to assess the adequacy of strategic decisions and the methods of achieving these strategies and related financial results. Management evaluates the performance of its segments and allocates resources to them based on net operating income on a pre-tax basis.

The Company experiences seasonal fluctuations of its revenue. Revenue is typically higher during the Company's first and fourth quarters due primarily to the timing of broking-related activities.

The following table presents segment revenue and segment operating income for our reportable segments for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31,									
	HCB		CRB		IRR		BDA		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Segment revenue	\$ 829	\$ 832	\$ 728	\$ 740	\$ 589	\$ 574	\$ 135	\$ 122	\$ 2,281	\$ 2,268
Segment operating income/(loss)	\$ 204	\$ 193	\$ 127	\$ 125	\$ 252	\$ 261	\$ (21)	\$ (32)	\$ 562	\$ 547

The following table presents a reconciliation of the information reported by segment to the Company's condensed consolidated statement of comprehensive income amounts reported for the three months ended March 31, 2019 and 2018.

	Three Months Ended March 31,	
	2019	2018
Revenue:		
Total segment revenue	\$ 2,281	\$ 2,268
Reimbursable expenses and other	31	24
Revenue	<u>\$ 2,312</u>	<u>\$ 2,292</u>
Total segment operating income	\$ 562	\$ 547
Amortization	(127)	(141)
Transaction and integration expenses	(6)	(43)
Unallocated, net (i)	(70)	(104)
Income from operations	359	259
Interest expense	(54)	(51)
Other income, net	55	56
Income from operations before income taxes	<u>\$ 360</u>	<u>\$ 264</u>

(i) Includes certain costs, primarily related to corporate functions which are not directly related to the segments, and certain differences between budgeted expenses determined at the beginning of the year and actual expenses that we report for U.S. GAAP purposes.

The Company does not currently provide asset information by reportable segment as it does not routinely evaluate the total asset position by segment.

#### Note 6 — Income Taxes

Provision for income taxes for the three months ended March 31, 2019 was \$67 million compared to \$43 million for the three months ended March 31, 2018. The effective tax rate was 18.8% for the three months ended March 31, 2019 and 16.3% for the three months ended March 31, 2018. These effective tax rates are calculated using extended values from our condensed consolidated statements of comprehensive income, and are therefore more precise tax rates than can be calculated from rounded values. The increase in the effective tax rate for the period ended March 31, 2019 compared to the period ended March 31, 2018 was primarily due to additional taxes on global intangible low-taxed income (GILTI).

In 2017, as a result of U.S. Tax Reform, we analyzed our global working capital and cash requirements and the potential tax liabilities attributable to a repatriation, and changed our assertion with respect to certain legacy Towers Watson subsidiaries. For those subsidiaries from which we were able to make a reasonable estimate of the tax effects of such repatriation, we recorded an estimate for foreign withholding and state income taxes. For all other subsidiaries, we continue to assert that the historical cumulative earnings have been reinvested indefinitely, and therefore do not provide deferred taxes on these amounts.

The Company records valuation allowances against net deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized. We have liabilities for uncertain tax positions under ASC 740 of \$48 million, excluding interest and penalties. The Company believes the outcomes that are reasonably possible within the next 12 months may result in a reduction in the liability for uncertain tax positions of approximately \$1 million to \$3 million, excluding interest and penalties.

#### Note 7 — Goodwill and Other Intangible Assets

The components of goodwill are outlined below for the three months ended March 31, 2019:

	HCB	CRB	IRR	BDA	Total
Balance at December 31, 2018:					
Goodwill, gross	\$ 4,300	\$ 2,308	\$ 1,792	\$ 2,557	\$ 10,957
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2018	4,170	1,946	1,792	2,557	10,465
Foreign exchange	(6)	(7)	4	—	(9)
Balance at March 31, 2019:					
Goodwill, gross	4,294	2,301	1,796	2,557	10,948
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - March 31, 2019	<u>\$ 4,164</u>	<u>\$ 1,939</u>	<u>\$ 1,796</u>	<u>\$ 2,557</u>	<u>\$ 10,456</u>

## Other Intangible Assets

The following table reflects changes in the net carrying amounts of the components of finite-lived intangible assets for the three months ended March 31, 2019:

	Balance at December 31, 2018	Intangible assets acquired	Intangible assets disposed	ASC 842 reclassification (i)	Amortization	Foreign exchange	Balance at March 31, 2019
Client relationships	\$ 1,986	\$ 3	\$ (1)	\$ —	\$ (82)	\$ 3	\$ 1,909
Management contracts	48	—	—	—	(1)	(2)	45
Software	328	—	—	—	(32)	2	298
Trademark and trade name	920	—	—	—	(11)	—	909
Product	27	—	—	—	(1)	—	26
Favorable agreements	9	—	—	(9)	—	—	—
<b>Total amortizable intangible assets</b>	<b>\$ 3,318</b>	<b>\$ 3</b>	<b>\$ (1)</b>	<b>\$ (9)</b>	<b>\$ (127)</b>	<b>\$ 3</b>	<b>\$ 3,187</b>

(i) On January 1, 2019, in accordance with ASC 842, we reclassified our favorable lease agreement assets to right-of-use assets within our condensed consolidated balance sheet.

We recorded amortization related to our finite-lived intangible assets of \$127 million for the three months ended March 31, 2019; for the three months ended March 31, 2018, we recorded amortization related to our finite-lived intangible assets, exclusive of the amortization of our favorable lease agreements, of \$141 million.

Our acquired unfavorable lease agreement liabilities were \$21 million at December 31, 2018 and are recorded in other non-current liabilities in the condensed consolidated balance sheet. On January 1, 2019, in accordance with ASC 842, we reclassified our unfavorable lease liabilities as a reduction to our right-of-use assets within our condensed consolidated balance sheet.

The following table reflects the carrying value of finite-lived intangible assets and liabilities at March 31, 2019 and December 31, 2018:

	March 31, 2019		December 31, 2018	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Client relationships	\$ 3,405	\$ (1,496)	\$ 3,401	\$ (1,415)
Management contracts	60	(15)	63	(15)
Software	754	(456)	749	(421)
Trademark and trade name	1,052	(143)	1,052	(132)
Product	36	(10)	36	(9)
Favorable agreements (i)	—	—	14	(5)
Other	2	(2)	3	(3)
<b>Total finite-lived assets</b>	<b>\$ 5,309</b>	<b>\$ (2,122)</b>	<b>\$ 5,318</b>	<b>\$ (2,000)</b>
Unfavorable agreements (i)	\$ —	\$ —	\$ 34	\$ (13)
<b>Total finite-lived intangible liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 34</b>	<b>\$ (13)</b>

(i) On January 1, 2019, in accordance with ASC 842, we reclassified our favorable lease agreement assets and unfavorable lease agreement liabilities to right-of-use assets and as reductions to right-of-use assets, respectively, within our condensed consolidated balance sheet.

The weighted-average remaining life of amortizable intangible assets at March 31, 2019 was 13.8 years.

The table below reflects the future estimated amortization expense for amortizable intangible assets for the remainder of 2019 and for subsequent years:

	Amortization
Remainder of 2019	\$ 353
2020	424
2021	347
2022	288
2023	239
Thereafter	1,536
<b>Total</b>	<b>\$ 3,187</b>

## Note 8 — Derivative Financial Instruments

We are exposed to certain foreign currency risks. Where possible, we identify exposures in our business that can be offset internally. Where no natural offset is identified, we may choose to enter into various derivative transactions. These instruments have the effect of reducing our exposure to unfavorable changes in foreign currency rates. The Company's board of directors reviews and approves policies for managing each of these risks as summarized below. Additional information regarding our derivative financial instruments can be found in Note 10 — Fair Value Measurements and Note 15 — Accumulated Other Comprehensive Loss.

### Foreign Currency Risk

Certain non-U.S. subsidiaries receive revenue and incur expenses in currencies other than their functional currency, and as a result, the foreign subsidiary's functional currency revenue will fluctuate as the currency rates change. Additionally, the forecast Pounds sterling expenses of our London brokerage market operations may exceed their Pounds sterling revenue, and they may also hold significant foreign currency asset or liability positions in the condensed consolidated balance sheet. To reduce such variability, we use foreign exchange contracts to hedge against this currency risk.

These derivatives were designated as hedging instruments and at March 31, 2019 and December 31, 2018 had total notional amounts of \$414 million and \$438 million, respectively, and had net fair value liabilities of \$3 million and \$15 million, respectively.

At March 31, 2019, the Company estimates, based on current exchange rates, there will be \$2 million of net derivative losses on forward exchange rates reclassified from accumulated other comprehensive loss into earnings within the next twelve months as the forecast transactions affect earnings. At March 31, 2019, our longest outstanding maturity was 1.7 years.

The effects of the material derivative instruments that are designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three months ended March 31, 2019 and 2018 are below. Amounts pertaining to the ineffective portion of hedging instruments and excluded from effectiveness testing were immaterial for the three months ended March 31, 2019 and 2018.

<u>Three Months Ended March 31,</u>	<u>Gain recognized in OCI (effective element)</u>	
	<u>2019</u>	<u>2018</u>
Forward exchange contracts	\$ 8	\$ 15

  

<u>Location of gain/(loss) reclassified from Accumulated OCL into income (effective element)</u>	<u>Gain/(loss) reclassified from Accumulated OCL into income (effective element)</u>	
	<u>2019</u>	<u>2018</u>
Revenue	\$ 1	\$ —
Salaries and benefits	(5)	—
Other income, net	—	(11)
	<u>\$ (4)</u>	<u>\$ (11)</u>

We also enter into foreign currency transactions, primarily to hedge certain intercompany loans. These derivatives are not generally designated as hedging instruments, and at March 31, 2019 and December 31, 2018, we had notional amounts of \$890 million and \$909 million, respectively, and had a net fair value liability of \$7 million and a net fair value asset of \$3 million, respectively.

The effects of derivatives that have not been designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three months ended March 31, 2019 and 2018 are as follows:

<u>Derivatives not designated as hedging instruments:</u>	<u>Location of loss recognized in income</u>	<u>Loss recognized in income</u>	
		<u>Three Months Ended March 31,</u>	
		<u>2019</u>	<u>2018</u>
Forward exchange contracts	Other income, net	\$ (10)	\$ (5)

## Note 9 — Debt

Current debt consists of the following:

	March 31, 2019	December 31, 2018
7.000% senior notes due 2019	\$ 187	\$ 186

Long-term debt consists of the following:

	March 31, 2019	December 31, 2018
Revolving \$1.25 billion credit facility	\$ 269	\$ 130
5.750% senior notes due 2021	498	498
3.500% senior notes due 2021	448	448
2.125% senior notes due 2022 (i)	604	615
4.625% senior notes due 2023	248	248
3.600% senior notes due 2024	646	645
4.400% senior notes due 2026	544	544
4.500% senior notes due 2028	595	595
6.125% senior notes due 2043	271	271
5.050% senior notes due 2048	395	395
	<u>\$ 4,518</u>	<u>\$ 4,389</u>

(i) Notes issued in Euro (€540 million)

At March 31, 2019 and December 31, 2018, we were in compliance with all financial covenants.

### One-Year Term Loan Commitment

As part of the pending acquisition of TRANZACT, the Company has secured financing of up to \$1.1 billion in the form of a one-year unsecured term loan. Borrowing will occur in conjunction with the closing of the acquisition, which is expected during the third quarter of 2019.

Amounts outstanding under the term loan shall bear interest, at the option of the borrowers, at a rate equal to (a) LIBOR plus 0.75% to 1.375% for Eurocurrency Rate Loans or (b) the highest of (i) the Federal Funds Rate plus 0.5%, (ii) the 'prime rate' quoted by Bank of America, N.A., and (iii) LIBOR plus 1.00%, plus 0.00% to 0.375%, in each case, based upon the Company's guaranteed senior-unsecured long-term debt rating. In addition, the Company will pay a commitment fee in an amount equal to 0.15% per annum on the undrawn portion of the commitments in respect of the term loan, which fee shall accrue from May 29, 2019 to, but excluding, the earlier to occur of the closing date of the acquisition or the termination of the term loan commitments.

The term loan is pre-payable in part or in full prior to the maturity date at the Company's discretion. Covenants and events of default are substantively the same as in our existing revolving credit facility.

## Note 10 — Fair Value Measurements

The Company has categorized its assets and liabilities that are measured at fair value on a recurring and non-recurring basis into a three-level fair value hierarchy, based on the reliability of the inputs used to determine fair value as follows:

- Level 1: refers to fair values determined based on quoted market prices in active markets for identical assets;
- Level 2: refers to fair values estimated using observable market-based inputs or unobservable inputs that are corroborated by market data; and
- Level 3: includes fair values estimated using unobservable inputs that are not corroborated by market data.

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments:

- Available-for-sale securities are classified as Level 1 because we use quoted market prices in determining the fair value of these securities.
- Market values for our derivative instruments have been used to determine the fair value of forward foreign exchange contracts based on estimated amounts the Company would receive or have to pay to terminate the agreements, taking into account observable information about the current foreign currency forward rates. Such financial instruments are classified as Level 2 in the fair value hierarchy.

- Contingent consideration payable is classified as Level 3, and we estimate fair value based on the likelihood and timing of achieving the relevant milestones of each arrangement, applying a probability assessment to each of the potential outcomes, and discounting the probability-weighted payout. Typically, milestones are based on revenue or Earnings Before Interest, Tax, Depreciation and Amortization ('EBITDA') growth for the acquired business.

The following tables present our assets and liabilities measured at fair value on a recurring basis at March 31, 2019 and December 31, 2018:

		Fair Value Measurements on a Recurring Basis at			
		March 31, 2019			
Balance Sheet Location		Level 1	Level 2	Level 3	Total
<b>Assets:</b>					
<i>Available-for-sale securities:</i>					
Mutual funds / exchange traded funds	Prepaid and other current assets and other non-current assets	\$ 19	\$ —	\$ —	\$ 19
<i>Derivatives:</i>					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	\$ —	\$ 4	\$ —	\$ 4
<b>Liabilities:</b>					
<i>Contingent consideration:</i>					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	\$ —	\$ —	\$ 55	\$ 55
<i>Derivatives:</i>					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	\$ —	\$ 14	\$ —	\$ 14
		Fair Value Measurements on a Recurring Basis at			
		December 31, 2018			
Balance Sheet Location		Level 1	Level 2	Level 3	Total
<b>Assets:</b>					
<i>Available-for-sale securities:</i>					
Mutual funds / exchange traded funds	Prepaid and other current assets and other non-current assets	\$ 18	\$ —	\$ —	\$ 18
<i>Derivatives:</i>					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	\$ —	\$ 5	\$ —	\$ 5
<b>Liabilities:</b>					
<i>Contingent consideration:</i>					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	\$ —	\$ —	\$ 51	\$ 51
<i>Derivatives:</i>					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	\$ —	\$ 17	\$ —	\$ 17

(i) See Note 8 — Derivative Financial Instruments for further information on our derivative investments.

(ii) Probability weightings are based on our knowledge of the past and planned performance of the acquired entity to which the contingent consideration applies. The weighted-average discount rates used on our material contingent consideration calculations were 9.90% and 9.92% at March 31, 2019 and December 31, 2018, respectively. Using different probability weightings and discount rates could result in an increase or decrease of the contingent consideration payable.

The following table summarizes the change in fair value of the Level 3 liabilities:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	March 31, 2019
Balance at December 31, 2018	\$ 51
Obligations assumed	4
Payments	(1)
Realized and unrealized gains	—
Foreign exchange	1
Balance at March 31, 2019	\$ 55

There were no significant transfers between Levels 1, 2 or 3 in the three months ended March 31, 2019 and 2018, respectively.

The following tables present our liabilities not measured at fair value on a recurring basis at March 31, 2019 and December 31, 2018:

	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Current debt	\$ 187	\$ 190	\$ 186	\$ 191
Long-term debt	\$ 4,518	\$ 4,721	\$ 4,389	\$ 4,458

The carrying value of our revolving credit facility approximates its fair value. The fair values above are not necessarily indicative of the amounts that the Company would realize upon disposition nor do they indicate the Company's intent or ability to dispose of the financial instrument. The fair value of our respective senior notes are considered level 2 financial instruments as they are corroborated by observable market data.

#### Note 11 — Retirement Benefits

##### Defined Benefit Plans and Post-retirement Welfare Plans

Willis Towers Watson sponsors both qualified and non-qualified defined benefit pension plans and other post-retirement welfare ('PRW') plans throughout the world. The majority of our plan assets and obligations are in the U.S. and the U.K. We have also included disclosures related to defined benefit plans in certain other countries, including Canada, France, Germany and Ireland. Together, these disclosed funded and unfunded plans represent 99% of Willis Towers Watson's pension and PRW obligations and are disclosed herein.

##### Components of Net Periodic Benefit (Income)/Cost for Defined Benefit Pension and Post-retirement Welfare Plans

The following table sets forth the components of net periodic benefit (income)/cost for the Company's defined benefit pension and PRW plans for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,									
	2019				2018					
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW	U.S.	PRW
Service cost	\$ 16	\$ 4	\$ 5	\$ —	\$ 16	\$ 5	\$ 5	\$ —	\$ 16	\$ —
Interest cost	40	24	4	1	35	24	5	1	35	1
Expected return on plan assets	(64)	(63)	(7)	—	(68)	(78)	(8)	—	(68)	—
Amortization of net loss	5	5	1	—	3	12	—	—	3	—
Amortization of prior service credit	—	(4)	—	(1)	—	(5)	—	—	—	—
Net periodic benefit (income)/cost	\$ (3)	\$ (34)	\$ 3	\$ —	\$ (14)	\$ (42)	\$ 2	\$ 1	\$ (14)	\$ 1

##### Employer Contributions to Defined Benefit Pension Plans

The Company made no contributions to its U.S. plans for the three months ended March 31, 2019 and anticipates making \$60 million in contributions over the remainder of the fiscal year. The Company made contributions of \$18 million to its U.K. plans for the three months ended March 31, 2019 and anticipates making additional contributions of \$58 million for the remainder of the fiscal year. The Company made contributions of \$15 million to its other plans for the three months ended March 31, 2019 and anticipates making additional contributions of \$7 million for the remainder of the fiscal year.

##### Defined Contribution Plans

The Company made contributions to its defined contribution plans of \$41 million and \$48 million during the three months ended March 31, 2019 and 2018, respectively.

#### Note 12 — Leases

On January 1, 2019, the Company adopted ASC 842. The adoption of this new guidance had a material impact to the amounts and classifications of certain lease-related balances within our condensed consolidated financial statements and accompanying note disclosures. The Company adopted the standard using the modified retrospective approach whereby it recognized a transition adjustment at the effective date of ASC 842, January 1, 2019, rather than at the beginning of the earliest comparative period presented. The adoption of ASC 842 resulted in an additional \$1.2 billion of lease liabilities and \$1.0 billion of ROU assets being recognized at January 1, 2019. Furthermore, we reflected additional deferred tax assets of \$252 million and deferred tax liabilities of \$252 million on the gross lease liabilities and gross ROU assets, respectively. There was no adjustment to retained earnings. Rather, all operating lease-related balances, such as deferred rent accruals and lease-related intangibles, reflected on our condensed consolidated balance sheet as of December 31, 2018 were reclassified as a reduction to the opening ROU asset balance in accordance with the new guidance on January 1, 2019. Likewise, existing deferred taxes on operating lease-related balances have been reclassified as a reduction to the deferred tax liabilities related to the ROU assets.

- We assessed the transition practical expedients available under the guidance and, in addition to selecting the modified retrospective transition approach as noted above, we made the following elections:
  - Practical expedient package – We elected this package, and therefore did not reassess lease classifications for our existing or expired leases, whether any existing or expired contracts contain a lease, or our treatment of any initial direct costs.
  - Hindsight practical expedient – As permitted under the transition rules, the Company did not revisit its estimate of lease terms upon transition to ASC 842.
  - Short-term lease exemption – We elected this exemption, and therefore did not recognize any right-of-use assets or liabilities for short-term leases (generally defined as having a term of 12 months or less) on our condensed consolidated balance sheet.
  - Separation of lease and non-lease components – We elected the practical expedient to not separate the cash flows associated with lease and non-lease components in our lease accounting and resulting amounts recorded in our condensed consolidated financial statements.

The following table presents amounts recorded on our condensed consolidated balance sheet at March 31, 2019, classified as either operating or finance leases. Operating leases are presented separately on our condensed consolidated balance sheet. For the finance leases, the ROU assets are included in fixed assets, net, and the liabilities are classified within other current liabilities or other non-current liabilities.

	Operating Leases	Finance Leases	Total Leases
Right-of-use assets	\$ 946	\$ 14	\$ 960
Current lease liabilities	158	3	161
Long-term lease liabilities	961	25	986

The following table presents amounts recorded on our condensed consolidated statement of comprehensive income for the three months ended March 31, 2019:

	Three Months Ended March 31, 2019
Finance lease cost:	
Amortization of right-of-use assets	\$ 1
Interest on lease liabilities	1
Operating lease cost	48
Short-term lease cost	—
Variable lease cost	13
Sublease income	(4)
Total lease cost, net	\$ 59

The total lease cost is recognized in different locations in our condensed consolidated statement of comprehensive income. Amortization of the finance lease ROU assets is included in depreciation, while the interest cost component of these finance leases is included in interest expense. All other costs are included in other operating expenses. The Company had rent expense of \$64 million, net of sublease income, for the three months ended March 31, 2018 related to operating leases classified within other operating expenses on our condensed consolidated statement of comprehensive income.

Cash paid for amounts included in the measurement of lease liabilities for the three months ended March 31, 2019, as well as their location in the condensed consolidated statement of cash flows, is as follows:

	Three Months Ended March 31, 2019
Cash flows from operating activities:	
Operating leases	\$ 55
Finance leases	1
Cash flows from financing activities:	
Finance leases	1
Total lease payments	\$ 57

There were immaterial ROU assets acquired during the three months ended March 31, 2019.

Our operating and finance leases have the following weighted-average terms and discount rates as of March 31, 2019:

	Operating Leases	Finance Leases
Weighted-average term	9.1	6.8
Weighted-discount rate	3.6%	12.9%

The maturity of our lease liabilities on an undiscounted basis, including a reconciliation to the total lease liabilities reported on the condensed consolidated balance sheet as of March 31, 2019, is as follows:

	Operating Leases	Finance Leases	Total Leases
Remainder of 2019	\$ 147	\$ 4	\$ 151
2020	180	6	186
2021	160	6	166
2022	142	6	148
2023	132	6	138
Thereafter	552	14	566
Total future lease payments	1,313	42	1,355
Interest	(194)	(14)	(208)
Total lease liabilities	<u>\$ 1,119</u>	<u>\$ 28</u>	<u>\$ 1,147</u>

Prior to the adoption of ASC 842, on December 31, 2018, the maturity of our operating and finance leases on an undiscounted basis was as follows:

	Operating Leases	Finance Leases	Total Leases
2019	\$ 197	\$ 5	\$ 202
2020	180	6	186
2021	159	6	165
2022	142	6	148
2023	131	6	137
Thereafter	542	14	556
Total future lease payments	1,351	43	1,394
Interest	(202)	(14)	(216)
Total lease liabilities	<u>\$ 1,149</u>	<u>\$ 29</u>	<u>\$ 1,178</u>

### Note 13 — Commitments and Contingencies

#### Indemnification Agreements

Willis Towers Watson has various agreements which provide that it may be obligated to indemnify the other party to the agreement with respect to certain matters. Generally, these indemnification provisions are included in contracts arising in the normal course of business and in connection with the purchase and sale of certain businesses. Although it is not possible to predict the maximum potential amount of future payments that may become due under these indemnification agreements because of the conditional nature of the Company's obligations and the unique facts of each particular agreement, we do not believe that any potential liability that may arise from such indemnity provisions is probable or material. There are no provisions for recourse to third parties, nor are any assets held by any third parties that any guarantor can liquidate to recover amounts paid under such indemnities.

#### Legal Proceedings

In the ordinary course of business, the Company is subject to various actual and potential claims, lawsuits and other proceedings. Some of the claims, lawsuits and other proceedings seek damages in amounts which could, if assessed, be significant. We do not expect the impact of claims or demands not described below to be material to the Company's condensed consolidated financial statements. The Company also receives subpoenas in the ordinary course of business and, from time to time, receives requests for information in connection with governmental investigations.

Errors and omissions claims, lawsuits, and other proceedings arising in the ordinary course of business are covered in part by professional indemnity or other appropriate insurance. The terms of this insurance vary by policy year. Regarding self-insured risks, the Company has established provisions which are believed to be adequate in light of current information and legal advice, or, in certain cases, where a range of loss exists, the Company accrues the minimum amount in the range if no amount within the range is a

better estimate than any other amount. The Company adjusts such provisions from time to time according to developments. See Note 14 for the amounts accrued at March 31, 2019 and December 31, 2018 in the condensed consolidated balance sheets.

On the basis of current information, the Company does not expect that the actual claims, lawsuits and other proceedings to which it is subject, or potential claims, lawsuits, and other proceedings relating to matters of which it is aware, will ultimately have a material adverse effect on its financial condition, results of operations or liquidity. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation and disputes with insurance companies, it is possible that an adverse outcome or settlement in certain matters could, from time to time, have a material adverse effect on the Company's results of operations or cash flows in particular quarterly or annual periods. In addition, given the early stages of some litigation or regulatory proceedings described below, it may not be possible to predict their outcomes or resolutions, and it is possible that these events may have a material adverse effect on the Company.

The Company provides for contingent liabilities based on ASC 450, *Contingencies*, when it is determined that a liability, inclusive of defense costs, is probable and reasonably estimable. The contingent liabilities recorded are primarily developed actuarially. Litigation is subject to many factors which are difficult to predict so there can be no assurance that in the event of a material unfavorable result in one or more claims, we will not incur material costs.

#### *Merger-Related Securities Litigation*

On November 21, 2017, a purported former stockholder of Legacy Towers Watson filed a putative class action complaint on behalf of a putative class consisting of all Legacy Towers Watson stockholders as of October 2, 2015 against the Company, Legacy Towers Watson, Legacy Willis, ValueAct Capital Management ('ValueAct'), and certain current and former directors and officers of Legacy Towers Watson and Legacy Willis (John Haley, Dominic Casserley, and Jeffrey Ubben), in the United States District Court for the Eastern District of Virginia. The complaint asserted claims against certain defendants under Section 14(a) of the Securities Exchange Act of 1934 (the 'Exchange Act') for allegedly false and misleading statements in the proxy statement for the Merger; and against other defendants under Section 20(a) of the Exchange Act for alleged 'control person' liability with respect to such allegedly false and misleading statements. The complaint further contended that the allegedly false and misleading statements caused stockholders of Legacy Towers Watson to accept inadequate Merger consideration. The complaint sought damages in an unspecified amount. On February 20, 2018, the court appointed the Regents of the University of California ('Regents') as Lead Plaintiff and Bernstein Litowitz Berger & Grossman LLP ('Bernstein') as Lead Counsel for the putative class, consolidated all subsequently filed, removed, or transferred actions, and captioned the consolidated action 'In re Willis Towers Watson plc Proxy Litigation,' Master File No. 1:17-cv-1338-AJT-JFA. On March 9, 2018, Lead Plaintiff filed an Amended Complaint. On April 13, 2018, the defendants filed motions to dismiss the Amended Complaint, and, on July 11, 2018, following briefing and argument, the court granted the motions and dismissed the Amended Complaint in its entirety. On July 30, 2018, Lead Plaintiff filed a notice of appeal from the court's July 11, 2018 dismissal order to the United States Court of Appeals for the Fourth Circuit, and, on December 6, 2018, the parties completed briefing on the appeal. The appeal is scheduled to be argued on May 8, 2019.

On February 27, 2018 and March 8, 2018, two additional purported former stockholders of Legacy Towers Watson, City of Fort Myers General Employees' Pension Fund ('Fort Myers') and Alaska Laborers-Employers Retirement Trust ('Alaska'), filed putative class action complaints on behalf of a putative class of Legacy Towers Watson stockholders against the former members of the Legacy Towers Watson board of directors, Legacy Towers Watson, Legacy Willis and ValueAct, in the Delaware Court of Chancery, captioned City of Fort Myers General Employees' Pension Fund v. Towers Watson & Co., et al., C.A. No. 2018-0132, and Alaska Laborers-Employers Retirement Trust v. Victor F. Ganzi, et al., C.A. No. 2018-0155, respectively. Based on similar allegations as the Eastern District of Virginia action described above, the complaints assert claims against the former directors of Legacy Towers Watson for breach of fiduciary duty and against Legacy Willis and ValueAct for aiding and abetting breach of fiduciary duty.

On March 9, 2018, Regents filed a putative class action complaint on behalf of a putative class of Legacy Towers Watson stockholders against the Company, Legacy Willis, ValueAct, and Messrs. Haley, Casserley, and Ubben, in the Delaware Court of Chancery, captioned The Regents of the University of California v. John J. Haley, et al., C.A. No. 2018-0166. Based on similar allegations as the Eastern District of Virginia action described above, the complaint asserts claims against Mr. Haley for breach of fiduciary duty and against all other defendants for aiding and abetting breach of fiduciary duty. Also on March 9, 2018, Regents filed a motion for consolidation of all pending and subsequently filed Delaware Court of Chancery actions, and for appointment as Lead Plaintiff and for the appointment of Bernstein as Lead Counsel for the putative class. On March 29, 2018, Fort Myers and Alaska responded to Regents' motion and cross-moved for appointment as Co-Lead Plaintiffs and for the appointment of their counsel, Grant & Eisenhofer P.A. and Kessler Topaz Meltzer & Check, LLP as Co-Lead Counsel. On April 2, 2018, the court consolidated the Delaware Court of Chancery actions and all related actions subsequently filed in or transferred to the Delaware Court of Chancery. On June 5, 2018, the court denied Regents' motion for appointment of Lead Plaintiff and Lead Counsel and granted Fort Myers' and Alaska's cross-motion. On June 20, 2018, Fort Myers and Alaska designated the complaint previously filed by Alaska (the 'Alaska Complaint') as the operative complaint in the consolidated action. On September 14, 2018, the defendants filed motions to dismiss the Alaska Complaint. On October 31, 2018, Fort Myers and Alaska filed an amended complaint, which, based on similar allegations, asserts claims against the former directors of legacy Towers Watson for breach of fiduciary duty and against ValueAct and Mr. Ubben for aiding and abetting breach of fiduciary duty. On January 11, 2019, the defendants filed motions to dismiss the amended complaint,

and on March 29, 2019, the parties completed briefing on the motions. The court heard argument on the motions on April 11, 2019 and reserved judgment.

On October 18, 2018, three additional purported former stockholders of Legacy Towers Watson, Naya Master Fund LP, Naya 174 Fund Limited and Naya Lincoln Park Master Fund Limited (collectively, ‘Naya’), filed a complaint against the Company, Legacy Towers Watson, Legacy Willis and John Haley, in the Supreme Court of the State of New York, County of New York, captioned Naya Master Fund LP, et al. v. John J. Haley, et al., Index No. 654968/2018. Based on similar allegations as the Eastern District of Virginia and Delaware actions described above, the complaint asserts claims for common law fraud and negligent misrepresentation. On December 18, 2018, the defendants filed a motion to dismiss the complaint, and on March 21, 2019, the parties completed briefing on the motion. On April 23, 2019, the parties filed a Stipulation and Proposed Order Voluntarily Discontinuing Action providing for the dismissal of the action with prejudice, which the court entered on April 29, 2019.

The defendants dispute the allegations in these actions and intend to defend the lawsuits vigorously. Given the stage of the proceedings, the Company is unable to provide an estimate of the reasonably possible loss or range of loss in respect of the complaints.

#### *Stanford Financial Group*

The Company has been named as a defendant in 15 similar lawsuits relating to the collapse of The Stanford Financial Group (‘Stanford’), for which Willis of Colorado, Inc. acted as broker of record on certain lines of insurance. The complaints in these actions generally allege that the defendants actively and materially aided Stanford’s alleged fraud by providing Stanford with certain letters regarding coverage that they knew would be used to help retain or attract actual or prospective Stanford client investors. The complaints further allege that these letters, which contain statements about Stanford and the insurance policies that the defendants placed for Stanford, contained untruths and omitted material facts and were drafted in this manner to help Stanford promote and sell its allegedly fraudulent certificates of deposit.

The 15 actions are as follows:

- *Troice, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:9-CV-1274-N, was filed on July 2, 2009 in the U.S. District Court for the Northern District of Texas against Willis Group Holdings plc, Willis of Colorado, Inc. and a Willis associate, among others. On April 1, 2011, plaintiffs filed the operative Third Amended Class Action Complaint individually and on behalf of a putative, worldwide class of Stanford investors, adding Willis Limited as a defendant and alleging claims under Texas statutory and common law and seeking damages in excess of \$1 billion, punitive damages and costs. On May 2, 2011, the defendants filed motions to dismiss the Third Amended Class Action Complaint, arguing, *inter alia*, that the plaintiffs’ claims are precluded by the Securities Litigation Uniform Standards Act of 1998 (‘SLUSA’).

On May 10, 2011, the court presiding over the Stanford-related actions in the Northern District of Texas entered an order providing that it would consider the applicability of SLUSA to the Stanford-related actions based on the decision in a separate Stanford action not involving a Willis entity, *Roland v. Green*, Civil Action No. 3:10-CV-0224-N (‘Roland’). On August 31, 2011, the court issued its decision in *Roland*, dismissing that action with prejudice under SLUSA.

On October 27, 2011, the court in *Troice* entered an order (i) dismissing with prejudice those claims asserted in the Third Amended Class Action Complaint on a class basis on the grounds set forth in the *Roland* decision discussed above and (ii) dismissing without prejudice those claims asserted in the Third Amended Class Action Complaint on an individual basis. Also on October 27, 2011, the court entered a final judgment in the action.

On October 28, 2011, the plaintiffs in *Troice* filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit. Subsequently, *Troice*, *Roland* and a third action captioned *Troice, et al. v. Proskauer Rose LLP*, Civil Action No. 3:09-CV-01600-N, which also was dismissed on the grounds set forth in the *Roland* decision discussed above and on appeal to the U.S. Court of Appeals for the Fifth Circuit, were consolidated for purposes of briefing and oral argument. Following the completion of briefing and oral argument, on March 19, 2012, the Fifth Circuit reversed and remanded the actions. On April 2, 2012, the defendants-appellees filed petitions for rehearing *en banc*. On April 19, 2012, the petitions for rehearing *en banc* were denied. On July 18, 2012, defendants-appellees filed a petition for writ of certiorari with the United States Supreme Court regarding the Fifth Circuit’s reversal in *Troice*. On January 18, 2013, the Supreme Court granted our petition. Opening briefs were filed on May 3, 2013 and the Supreme Court heard oral argument on October 7, 2013. On February 26, 2014, the Supreme Court affirmed the Fifth Circuit’s decision.

On March 19, 2014, the plaintiffs in *Troice* filed a Motion to Defer Resolution of Motions to Dismiss, to Compel Rule 26(f) Conference and For Entry of Scheduling Order.

On March 25, 2014, the parties in *Troice* and the *Janvey, et al. v. Willis of Colorado, Inc., et al.* action discussed below stipulated to the consolidation of the two actions for pre-trial purposes under Rule 42(a) of the Federal Rules of Civil Procedure. On March 28, 2014, the Court ‘so ordered’ that stipulation and, thus, consolidated *Troice* and *Janvey* for pre-trial purposes under Rule 42(a).

On September 16, 2014, the court (a) denied the plaintiffs’ request to defer resolution of the defendants’ motions to dismiss, but granted the plaintiffs’ request to enter a scheduling order; (b) requested the submission of supplemental briefing by all parties on the defendants’ motions to dismiss, which the parties submitted on September 30, 2014; and (c) entered an order

setting a schedule for briefing and discovery regarding plaintiffs' motion for class certification, which schedule, among other things, provided for the submission of the plaintiffs' motion for class certification (following the completion of briefing and discovery) on April 20, 2015.

On December 15, 2014, the court granted in part and denied in part the defendants' motions to dismiss. On January 30, 2015, the defendants except Willis Group Holdings plc answered the Third Amended Class Action Complaint.

On April 20, 2015, the plaintiffs filed their motion for class certification, the defendants filed their opposition to plaintiffs' motion, and the plaintiffs filed their reply in further support of the motion. Pursuant to an agreed stipulation also filed with the court on April 20, 2015, the defendants on June 4, 2015 filed sur-replies in further opposition to the motion. The Court has not yet scheduled a hearing on the motion.

On June 19, 2015, Willis Group Holdings plc filed a motion to dismiss the complaint for lack of personal jurisdiction. On November 17, 2015, Willis Group Holdings plc withdrew the motion.

On March 31, 2016, the parties in the *Troice* and *Janvey* actions entered into a settlement in principle that is described in more detail below.

- *Ranni v. Willis of Colorado, Inc., et al.*, C.A. No. 9-22085, was filed on July 17, 2009 against Willis Group Holdings plc and Willis of Colorado, Inc. in the U.S. District Court for the Southern District of Florida. The complaint was filed on behalf of a putative class of Venezuelan and other South American Stanford investors and alleges claims under Section 10(b) of the Securities Exchange Act of 1934 (and Rule 10b-5 thereunder) and Florida statutory and common law and seeks damages in an amount to be determined at trial. On October 6, 2009, *Ranni* was transferred, for consolidation or coordination with other Stanford-related actions (including *Troice*), to the Northern District of Texas by the U.S. Judicial Panel on Multidistrict Litigation (the 'JPML'). The defendants have not yet responded to the complaint in *Ranni*. On August 26, 2014, the plaintiff filed a notice of voluntary dismissal of the action without prejudice.
- *Canabal, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:9-CV-1474-D, was filed on August 6, 2009 against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate named as a defendant in *Troice*, among others, also in the Northern District of Texas. The complaint was filed individually and on behalf of a putative class of Venezuelan Stanford investors, alleged claims under Texas statutory and common law and sought damages in excess of \$1 billion, punitive damages, attorneys' fees and costs. On December 18, 2009, the parties in *Troice* and *Canabal* stipulated to the consolidation of those actions (under the *Troice* civil action number), and, on December 31, 2009, the plaintiffs in *Canabal* filed a notice of dismissal, dismissing the action without prejudice.
- *Rupert, et al. v. Winter, et al.*, Case No. 2009C115137, was filed on September 14, 2009 on behalf of 97 Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under the Securities Act of 1933, Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than \$300 million, attorneys' fees and costs. On October 20, 2009, certain defendants, including Willis of Colorado, Inc., (i) removed *Rupert* to the U.S. District Court for the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On April 1, 2010, the JPML issued a final transfer order for the transfer of *Rupert* to the Northern District of Texas. On January 24, 2012, the court remanded *Rupert* to Texas state court (Bexar County), but stayed the action until further order of the court. On August 13, 2012, the plaintiffs filed a motion to lift the stay, which motion was denied by the court on September 16, 2014. On October 10, 2014, the plaintiffs appealed the court's denial of their motion to lift the stay to the U.S. Court of Appeals for the Fifth Circuit. On January 5, 2015, the Fifth Circuit consolidated the appeal with the appeal in the *Rishmague, et ano. v. Winter, et al.* action discussed below, and the consolidated appeal, was fully briefed as of March 24, 2015. Oral argument on the consolidated appeal was held on September 2, 2015. On September 16, 2015, the Fifth Circuit affirmed. The defendants have not yet responded to the complaint in *Rupert*.
- *Casanova, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:10-CV-1862-O, was filed on September 16, 2010 on behalf of seven Stanford investors against Willis Group Holdings plc, Willis Limited, Willis of Colorado, Inc. and the same Willis associate, among others, also in the Northern District of Texas. The complaint alleges claims under Texas statutory and common law and seeks actual damages in excess of \$5 million, punitive damages, attorneys' fees and costs. On February 13, 2015, the parties filed an Agreed Motion for Partial Dismissal pursuant to which they agreed to the dismissal of certain claims pursuant to the motion to dismiss decisions in the *Troice* action discussed above and the *Janvey* action discussed below. Also on February 13, 2015, the defendants except Willis Group Holdings plc answered the complaint in the *Casanova* action. On June 19, 2015, Willis Group Holdings plc filed a motion to dismiss the complaint for lack of personal jurisdiction. Plaintiffs have not opposed the motion.
- *Rishmague, et ano. v. Winter, et al.*, Case No. 2011CI2585, was filed on March 11, 2011 on behalf of two Stanford investors, individually and as representatives of certain trusts, against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more

than \$37 million and attorneys' fees and costs. On April 11, 2011, certain defendants, including Willis of Colorado, Inc., (i) removed *Rishmague* to the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On August 8, 2011, the JPML issued a final transfer order for the transfer of *Rishmague* to the Northern District of Texas, where it is currently pending. On August 13, 2012, the plaintiffs joined with the plaintiffs in the *Rupert* action in their motion to lift the court's stay of the *Rupert* action. On September 9, 2014, the court remanded *Rishmague* to Texas state court (Bexar County), but stayed the action until further order of the court and denied the plaintiffs' motion to lift the stay. On October 10, 2014, the plaintiffs appealed the court's denial of their motion to lift the stay to the Fifth Circuit. On January 5, 2015, the Fifth Circuit consolidated the appeal with the appeal in the *Rupert* action, and the consolidated appeal was fully briefed as of March 24, 2015. Oral argument on the consolidated appeal was held on September 2, 2015. On September 16, 2015, the Fifth Circuit affirmed. The defendants have not yet responded to the complaint in *Rishmague*.

- *MacArthur v. Winter, et al.*, Case No. 2013-07840, was filed on February 8, 2013 on behalf of two Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Harris County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks actual, special, consequential and treble damages of approximately \$4 million and attorneys' fees and costs. On March 29, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. (i) removed *MacArthur* to the U.S. District Court for the Southern District of Texas and (ii) notified the JPML of the pendency of this related action. On April 2, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. filed a motion in the Southern District of Texas to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. Also on April 2, 2013, the court presiding over *MacArthur* in the Southern District of Texas transferred the action to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On September 29, 2014, the parties stipulated to the remand (to Texas state court (Harris County)) and stay of *MacArthur* until further order of the court (in accordance with the court's September 9, 2014 decision in *Rishmague* (discussed above)), which stipulation was 'so ordered' by the court on October 14, 2014. The defendants have not yet responded to the complaint in *MacArthur*.
- *Florida suits*: On February 14, 2013, five lawsuits were filed against Willis Group Holdings plc, Willis Limited and Willis of Colorado, Inc. in Florida state court (Miami-Dade County), alleging violations of Florida common law. The five suits are: (1) *Barbar, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05666CA27, filed on behalf of 35 Stanford investors seeking compensatory damages in excess of \$30 million; (2) *de Gadala-Maria, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05669CA30, filed on behalf of 64 Stanford investors seeking compensatory damages in excess of \$83.5 million; (3) *Ranni, et ano. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05673CA06, filed on behalf of two Stanford investors seeking compensatory damages in excess of \$3 million; (4) *Tisminesky, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05676CA09, filed on behalf of 11 Stanford investors seeking compensatory damages in excess of \$6.5 million; and (5) *Zacarias, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05678CA11, filed on behalf of 10 Stanford investors seeking compensatory damages in excess of \$12.5 million. On June 3, 2013, Willis of Colorado, Inc. removed all five cases to the Southern District of Florida and, on June 4, 2013, notified the JPML of the pendency of these related actions. On June 10, 2013, the court in *Tisminesky* issued an order *sua sponte* staying and administratively closing that action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation and coordination with the other Stanford-related actions. On June 11, 2013, Willis of Colorado, Inc. moved to stay the other four actions pending the JPML's transfer decision. On June 20, 2013, the JPML issued a conditional transfer order for the transfer of the five actions to the Northern District of Texas, the transmittal of which was stayed for seven days to allow for any opposition to be filed. On June 28, 2013, with no opposition having been filed, the JPML lifted the stay, enabling the transfer to go forward.

On September 30, 2014, the court denied the plaintiffs' motion to remand in *Zacarias*, and, on October 3, 2014, the court denied the plaintiffs' motions to remand in *Tisminesky* and *de Gadala Maria*. On December 3, 2014 and March 3, 2015, the court granted the plaintiffs' motions to remand in *Barbar* and *Ranni*, respectively, remanded both actions to Florida state court (Miami-Dade County) and stayed both actions until further order of the court. On January 2, 2015 and April 1, 2015, the plaintiffs in *Barbar* and *Ranni*, respectively, appealed the court's December 3, 2014 and March 3, 2015 decisions to the Fifth Circuit. On April 22, 2015 and July 22, 2015, respectively, the Fifth Circuit dismissed the *Barbar* and *Ranni* appeals *sua sponte* for lack of jurisdiction. The defendants have not yet responded to the complaints in *Ranni* or *Barbar*.

On April 1, 2015, the defendants except Willis Group Holdings plc filed motions to dismiss the complaints in *Zacarias*, *Tisminesky* and *de Gadala-Maria*. On June 19, 2015, Willis Group Holdings plc filed motions to dismiss the complaints in *Zacarias*, *Tisminesky* and *de Gadala-Maria* for lack of personal jurisdiction. On July 15, 2015, the court dismissed the complaint in *Zacarias* in its entirety with leave to replead within 21 days. On July 21, 2015, the court dismissed the complaints in *Tisminesky* and *de Gadala-Maria* in their entirety with leave to replead within 21 days. On August 6, 2015, the plaintiffs in *Zacarias*, *Tisminesky* and *de Gadala-Maria* filed amended complaints (in which, among other things, Willis

Group Holdings plc was no longer named as a defendant). On September 11, 2015, the defendants filed motions to dismiss the amended complaints. The motions await disposition by the court.

- *Janvey, et al. v. Willis of Colorado, Inc., et al.*, Case No. 3:13-CV-03980-D, was filed on October 1, 2013 also in the Northern District of Texas against Willis Group Holdings plc, Willis Limited, Willis North America Inc., Willis of Colorado, Inc. and the same Willis associate. The complaint was filed (i) by Ralph S. Janvey, in his capacity as Court-Appointed Receiver for the Stanford Receivership Estate, and the Official Stanford Investors Committee (the 'OSIC') against all defendants and (ii) on behalf of a putative, worldwide class of Stanford investors against Willis North America Inc. Plaintiffs Janvey and the OSIC allege claims under Texas common law and the court's Amended Order Appointing Receiver, and the putative class plaintiffs allege claims under Texas statutory and common law. Plaintiffs seek actual damages in excess of \$1 billion, punitive damages and costs. As alleged by the Stanford Receiver, the total amount of collective losses allegedly sustained by all investors in Stanford certificates of deposit is approximately \$4.6 billion.

On November 15, 2013, plaintiffs in *Janvey* filed the operative First Amended Complaint, which added certain defendants unaffiliated with Willis. On February 28, 2014, the defendants filed motions to dismiss the First Amended Complaint, which motions, other than with respect to Willis Group Holding plc's motion to dismiss for lack of personal jurisdiction, were granted in part and denied in part by the court on December 5, 2014. On December 22, 2014, Willis filed a motion to amend the court's December 5 order to certify an interlocutory appeal to the Fifth Circuit, and, on December 23, 2014, Willis filed a motion to amend and, to the extent necessary, reconsider the court's December 5 order. On January 16, 2015, the defendants answered the First Amended Complaint. On January 28, 2015, the court denied Willis's motion to amend the court's December 5 order to certify an interlocutory appeal to the Fifth Circuit. On February 4, 2015, the court granted Willis's motion to amend and, to the extent necessary, reconsider the December 5 order.

As discussed above, on March 25, 2014, the parties in *Troice* and *Janvey* stipulated to the consolidation of the two actions for pre-trial purposes under Rule 42(a) of the Federal Rules of Civil Procedure. On March 28, 2014, the Court 'so ordered' that stipulation and, thus, consolidated *Troice* and *Janvey* for pre-trial purposes under Rule 42(a).

On January 26, 2015, the court entered an order setting a schedule for briefing and discovery regarding the plaintiffs' motion for class certification, which schedule, among other things, provided for the submission of the plaintiffs' motion for class certification (following the completion of briefing and discovery) on July 20, 2015. By letter dated March 4, 2015, the parties requested that the court consolidate the scheduling orders entered in *Troice* and *Janvey* to provide for a class certification submission date of April 20, 2015 in both cases. On March 6, 2015, the court entered an order consolidating the scheduling orders in *Troice* and *Janvey*, providing for a class certification submission date of April 20, 2015 in both cases, and vacating the July 20, 2015 class certification submission date in the original *Janvey* scheduling order.

On November 17, 2015, Willis Group Holdings plc withdrew its motion to dismiss for lack of personal jurisdiction.

On March 31, 2016, the parties in the *Troice* and *Janvey* actions entered into a settlement in principle that is described in more detail below.

- *Martin v. Willis of Colorado, Inc., et al.*, Case No. 201652115, was filed on August 5, 2016, on behalf of one Stanford investor against Willis Group Holdings plc, Willis Limited, Willis of Colorado, Inc. and the same Willis associate in Texas state court (Harris County). The complaint alleges claims under Texas statutory and common law and seeks actual damages of less than \$100,000, exemplary damages, attorneys' fees and costs. On September 12, 2016, the plaintiff filed an amended complaint, which added five more Stanford investors as plaintiffs and seeks damages in excess of \$1 million. The defendants have not yet responded to the amended complaint in *Martin*.
- *Abel, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:16-cv-2601, was filed on September 12, 2016, on behalf of more than 300 Stanford investors against Willis Group Holdings plc, Willis Limited, Willis of Colorado, Inc. and the same Willis associate, also in the Northern District of Texas. The complaint alleges claims under Texas statutory and common law and seeks actual damages in excess of \$135 million, exemplary damages, attorneys' fees and costs. On November 10, 2016, the plaintiffs filed an amended complaint, which, among other things, added several more Stanford investors as plaintiffs. The defendants have not yet responded to the complaint in *Abel*.

The plaintiffs in *Janvey* and *Troice* and the other actions above seek overlapping damages, representing either the entirety or a portion of the total alleged collective losses incurred by investors in Stanford certificates of deposit, notwithstanding the fact that Legacy Willis acted as broker of record for only a portion of time that Stanford issued certificates of deposit. In the fourth quarter of 2015, the Company recognized a \$70 million litigation provision for loss contingencies relating to the Stanford matters based on its ongoing review of a variety of factors as required by accounting standards.

On March 31, 2016, the Company entered into a settlement in principle for \$120 million relating to this litigation, and increased its provisions by \$50 million during that quarter. Further details on this settlement in principle are given below.

The settlement is contingent on a number of conditions, including court approval of the settlement and a bar order prohibiting any continued or future litigation against Willis related to Stanford, which may not be given. Therefore, the ultimate resolution of these

matters may differ from the amount provided for. The Company continues to dispute the allegations and, to the extent litigation proceeds, to defend the lawsuits vigorously.

*Settlement.* On March 31, 2016, the Company entered into a settlement in principle, as reflected in a Settlement Term Sheet, relating to the Stanford litigation matter. The Company agreed to the Settlement Term Sheet to eliminate the distraction, burden, expense and uncertainty of further litigation. In particular, the settlement and the related bar orders described below, if upheld through any appeals, would enable the Company (a newly-combined firm) to conduct itself with the bar orders' protection from the continued overhang of matters alleged to have occurred approximately a decade ago. Further, the Settlement Term Sheet provided that the parties understood and agreed that there is no admission of liability or wrongdoing by the Company. The Company expressly denies any liability or wrongdoing with respect to the matters alleged in the Stanford litigation.

On or about August 31, 2016, the parties to the settlement signed a formal Settlement Agreement memorializing the terms of the settlement as originally set forth in the Settlement Term Sheet. The parties to the Settlement Agreement are Ralph S. Janvey (in his capacity as the Court-appointed receiver (the 'Receiver') for The Stanford Financial Group and its affiliated entities in receivership (collectively, 'Stanford')), the Official Stanford Investors Committee, Samuel Troice, Martha Diaz, Paula Gilly-Flores, Punga Punga Financial, Ltd., Manuel Canabal, Daniel Gomez Ferreiro and Promotora Villa Marina, C.A. (collectively, 'Plaintiffs'), on the one hand, and Willis Towers Watson Public Limited Company (formerly Willis Group Holdings Public Limited Company), Willis Limited, Willis North America Inc., Willis of Colorado, Inc. and the Willis associate referenced above (collectively, 'Defendants'), on the other hand. Under the terms of the Settlement Agreement, the parties agreed to settle and dismiss the *Janvey* and *Troice* actions (collectively, the 'Actions') and all current or future claims arising from or related to Stanford in exchange for a one-time cash payment to the Receiver by the Company of \$120 million to be distributed to all Stanford investors who have claims recognized by the Receiver pursuant to the distribution plan in place at the time the payment is made.

The Settlement Agreement also provides the parties' agreement to seek the Court's entry of bar orders prohibiting any continued or future litigation against the Defendants and their related parties of claims relating to Stanford, whether asserted to date or not. The terms of the bar orders therefore would prohibit all Stanford-related litigation described above, and not just the Actions, but including any pending matters and any actions that may be brought in the future. Final Court approval of these bar orders is a condition of the settlement.

On September 7, 2016, Plaintiffs filed with the Court a motion to approve the settlement. On October 19, 2016, the Court preliminarily approved the settlement. Several of the plaintiffs in the other actions above objected to the settlement, and a hearing to consider final approval of the settlement was held on January 20, 2017, after which the Court reserved decision. On August 23, 2017, the Court approved the settlement, including the bar orders. Several of the objectors appealed the settlement approval and bar orders to the Fifth Circuit. The briefing related to the appeals is now completed and oral argument on the appeals was heard on December 3, 2018. There is no date certain for when the appeals will be decided.

The Company will not make the \$120 million settlement payment unless and until the appeals are decided in its favor and the settlement is not subject to any further appeal.

#### *Aviation Broking Competition Investigations*

In April 2017, the Financial Conduct Authority ('FCA') informed Willis Limited, our U.K. broking subsidiary, that it had opened a formal investigation into possible agreements/concerted practices in the aviation broking sector.

In October 2017, the European Commission ('Commission') disclosed to us that it has initiated civil investigation proceedings in respect of a suspected infringement of E.U. competition rules involving several broking firms, including our principal U.K. broking subsidiary and one of its parent entities. In particular, the Commission has stated that the civil proceedings concern the exchange of commercially sensitive information between competitors in relation to aviation and aerospace insurance and reinsurance broking products and services in the European Economic Area, as well as possible coordination between competitors. The initiation of proceedings does not mean there has been a finding of infringement, merely that the Commission will investigate the case. We are providing information to the Commission as requested.

When the Commission initiated these proceedings, the FCA closed its related competition investigation, but still retained jurisdiction over broking regulatory matters arising from this conduct. In early 2018, the FCA advised that it will not be taking enforcement action against Willis Limited in connection with any such broking regulatory matters.

In May 2018, the Korea Fair Trade Commission ('KFTC') disclosed to us that it is investigating alleged cartels in the insurance broking industry. The KFTC has since requested information related to, among other topics, the aviation and aerospace insurance brokerage market and exchanges of information between brokers about insurance policies.

In January 2019, the Brazil Conselho Administrativo de Defesa Economica ('CADE') launched an administrative proceeding to investigate alleged sharing of competitive and commercially sensitive information in the insurance and reinsurance brokerage industry for aviation and aerospace and related ancillary services. The CADE identified 11 entities under investigation, including Willis Group Limited, one of our U.K. subsidiaries.

Given the status of these investigations, the Company is currently unable to assess the terms on which they will be resolved, or any other regulatory matter or civil claims emanating from the conduct being investigated, will be resolved, and thus is unable to provide an estimate of the reasonably possible loss or range of loss.

*U.K. Investment Consulting Investigation*

In September 2017, the FCA announced that it would make a referral with respect to the investment consulting industry to the U.K. Competition & Markets Authority (the 'CMA'). The CMA then commenced a market investigation, and the Company is currently cooperating with the investigation.

The CMA released its final report on December 12, 2018, finding that there is an adverse effect on competition. To address these findings, the CMA has proposed certain remedies, including mandatory tendering when trustees first purchase fiduciary management services, the reporting of investment performance to customers using a set of common standards, transparency in reporting of fees in fiduciary management and the expansion of the FCA's regulatory perimeter to include the main activities of investment consultancy and fiduciary management providers. The Company is generally supportive of these proposed remedies. The CMA will implement the remedies by way of an order on pension scheme trustees and firms providing the relevant services. The remedies are expected to be effective later in 2019, and the Company does not expect compliance costs associated with these remedies to have a material impact on its condensed consolidated financial statements.

**Note 14 — Supplementary Information for Certain Balance Sheet Accounts**

Additional details of specific balance sheet accounts are detailed below.

Deferred revenue and accrued expenses consist of the following:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Accounts payable, accrued liabilities and deferred income	\$ 688	\$ 691
Accrued discretionary and incentive compensation	327	758
Accrued vacation	143	111
Other employee-related liabilities	82	87
Total deferred revenue and accrued expenses	<u>\$ 1,240</u>	<u>\$ 1,647</u>

Provision for liabilities consists of the following:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Claims, lawsuits and other proceedings	\$ 460	\$ 455
Other provisions	83	85
Total provision for liabilities	<u>\$ 543</u>	<u>\$ 540</u>

Other non-current liabilities consists of the following:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Incentives from lessors	\$ —	\$ 120
Deferred compensation plan liability	132	125
Contingent and deferred consideration on acquisitions	25	22
Liabilities for uncertain tax positions	48	46
Finance leases	25	26
Other non-current liabilities	66	90
Total other non-current liabilities	<u>\$ 296</u>	<u>\$ 429</u>

## Note 15 — Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of non-controlling interests, and net of tax are provided in the following tables for the three months ended March 31, 2019 and 2018. These tables exclude amounts attributable to non-controlling interests, which are not material for further disclosure.

	Foreign currency translation (i)		Cash flow hedges (i)		Defined pension and post-retirement benefit costs (ii)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Balance at December 31, 2018 and 2017, respectively	\$ (616)	\$ (365)	\$ (8)	\$ (10)	\$ (1,337)	\$ (1,138)	\$ (1,961)	\$ (1,513)
Other comprehensive income/(loss) before reclassifications	9	58	6	9	1	(1)	16	66
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of \$4 and \$1, respectively)	—	—	5	10	2	7	7	17
Reclassification of tax effects per ASU 2018-02 (iii)	—	—	—	—	(36)	—	(36)	—
Net current-period other comprehensive income/(loss)	9	58	11	19	(33)	6	(13)	83
Balance at March 31, 2019 and 2018, respectively	\$ (607)	\$ (307)	\$ 3	\$ 9	\$ (1,370)	\$ (1,132)	\$ (1,974)	\$ (1,430)

(i) Reclassification adjustments from accumulated other comprehensive loss related to foreign currency translation and cash flow hedges are included in Revenue, Salaries and benefits, and Other income, net in the accompanying condensed consolidated statements of comprehensive income. See Note 8 — Derivative Financial Instruments for additional details regarding the reclassification adjustments for the hedge settlements.

(ii) Reclassification adjustments from accumulated other comprehensive loss are included in the computation of net periodic pension cost (see Note 11 — Retirement Benefits). These components are included in Other income, net in the accompanying condensed consolidated statements of comprehensive income.

(iii) On January 1, 2019, in accordance with ASU 2018-02, we reclassified to Retained earnings \$36 million of defined pension and postretirement costs, representing the 'stranded' tax effect of the change in the U.S. federal corporate tax rate resulting from U.S. Tax Reform. See Note 2 — Basis of Presentation and Recent Accounting Pronouncements for further information.

## Note 16 — Earnings Per Share

Basic and diluted earnings per share are calculated by dividing net income attributable to Willis Towers Watson by the average number of ordinary shares outstanding during each period. The computation of diluted earnings per share reflects the potential dilution that could occur if dilutive securities and other contracts to issue shares were exercised or converted into shares or resulted in the issuance of shares that then shared in the net income of the Company.

At March 31, 2019 and 2018, there were 0.3 million and 0.7 million time-based share options; 0.4 million and 0.6 million performance-based options; and 0.5 million and 0.7 million restricted performance-based stock units outstanding, respectively. The Company's restricted time-based stock units were immaterial at March 31, 2019; there were 0.1 million restricted time-based stock units outstanding at March 31, 2018. In addition, the Company had 0.3 million performance-based phantom units outstanding at March 31, 2019; there were no phantom units outstanding at March 31, 2018.

Basic and diluted earnings per share are as follows:

	Three Months Ended March 31,	
	2019	2018
Net income attributable to Willis Towers Watson	\$ 287	\$ 215
Basic average number of shares outstanding	130	133
Dilutive effect of potentially issuable shares	—	—
Diluted average number of shares outstanding	130	133
Basic earnings per share	\$ 2.21	\$ 1.62
Dilutive effect of potentially issuable shares	(0.01)	(0.01)
Diluted earnings per share	\$ 2.20	\$ 1.61

There were no anti-dilutive options or restricted stock units for the three months ended March 31, 2019 and 2018.

## Note 17 — Financial Information for Issuers and Other Guarantor Subsidiaries

As of March 31, 2019 Willis Towers Watson has issued the following debt securities ('WTW Debt Securities'):

- a) Willis Towers Watson plc (the parent company) has \$500 million senior notes outstanding, which were issued on March 17, 2011;
- b) Willis North America Inc. ('Willis North America') has approximately \$1.8 billion senior notes outstanding, of which \$187 million were issued on September 29, 2009, \$650 million were issued on May 16, 2017, and \$1.0 billion were issued on September 10, 2018; and
- c) Trinity Acquisition plc has approximately \$2.1 billion senior notes outstanding, of which \$525 million were issued on August 15, 2013, \$1.0 billion were issued on March 22, 2016 and €540 million (\$609 million) were issued on May 26, 2016, and \$269 million currently outstanding on a consolidated basis under the \$1.25 billion revolving credit facility issued on March 7, 2017.

The notes issued by the Company are guaranteed by the following additional wholly owned subsidiaries on a joint and several basis: Willis Netherlands Holdings B.V., Willis Investment U.K. Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited, Willis North America, Willis Towers Watson Sub Holdings Unlimited Company and Willis Towers Watson U.K. Holdings Limited.

As a result of an internal tax reorganization, certain subsidiaries that were previously indirectly owned by Willis North America and Trinity Acquisition plc are no longer subsidiaries of these issuer and guarantor companies, however the subsidiaries remain indirect subsidiaries of both Willis Towers Watson plc and collectively the other guarantor companies, since the subsidiaries in question are now direct and indirect subsidiaries of TA I Limited. This reorganization did not change the Company's guarantor structure and will only result in less equity income being recorded by both issuers going forward.

The notes issued by Willis North America are guaranteed on a joint and several basis by the Company and each of the subsidiaries that guarantees the Company notes, except for Willis North America itself.

The notes issued by Trinity Acquisition plc are guaranteed on a joint and several basis by the Company and each of the subsidiaries that guarantees the Company notes, except for Trinity Acquisition plc itself.

For the purposes of this footnote, the companies that guarantee the Company notes, the Willis North America notes and the Trinity Acquisition plc notes, other than Willis North America and Trinity Acquisition plc, are referred to as the 'other guarantors.'

The presentation of the financial information for issuers and other guarantor subsidiaries has been changed from that included in our Form 10-Q for the quarterly period ended March 31, 2018, in that the three previously disclosed separate notes that presented the three different issuer and related guarantor scenarios have been combined into one note. This new presentation retains all of the financial information of the appropriate issuing and guarantor entities, with some immaterial reclassifications from what had been previously disclosed for each entity. We believe that this presentation will help to reduce the complexity of the information and offer a more meaningful analysis for the reader.

All intercompany receivables/payables have been presented in the condensed consolidating financial statements as non-current on a net presentation basis, rather than a gross basis, as this better reflects the nature of the intercompany positions and presents the funding or funded position that is due or owed. The equity method has been used for investments in subsidiaries in the condensed consolidating balance sheets of Willis Towers Watson plc, Willis North America, Trinity Acquisition plc and the other guarantors.

Presented below is condensed financial information for:

- (i) Willis Towers Watson plc, which is both an issuer and guarantor, on a parent company only basis;
- (ii) Willis North America, which is both an issuer and guarantor, on a company only basis;
- (iii) Trinity Acquisition plc, which is both an issuer and guarantor, on a company only basis;
- (iv) Other guarantors, which are all wholly owned direct or indirect subsidiaries of the parent, on a combined basis;
- (v) Non-guarantors, which are all wholly owned direct or indirect subsidiaries of the parent, on a combined basis;
- (vi) Eliminations, which are consolidating adjustments on a combined basis; and
- (vii) The consolidated Company.

**Unaudited Condensed Consolidating Statement of Comprehensive Income**

**Three months ended March 31, 2019**

	<b>Willis Towers Watson plc</b>	<b>Willis North America</b>	<b>Trinity Acquisition plc</b>	<b>Other guarantors</b>	<b>Non- guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenue	\$ —	\$ 22	\$ —	\$ —	\$ 2,290	\$ —	\$ 2,312
Costs of providing services							
Salaries and benefits	1	15	—	—	1,332	—	1,348
Other operating expenses	1	7	—	37	373	—	418
Depreciation	—	—	—	1	53	—	54
Amortization	—	—	—	1	126	—	127
Transaction and integration expenses	—	—	—	—	6	—	6
Total costs of providing services	2	22	—	39	1,890	—	1,953
(Loss)/income from operations	(2)	—	—	(39)	400	—	359
Intercompany (expense)/income	—	(12)	23	66	(77)	—	—
Interest expense	(7)	(21)	(22)	—	(4)	—	(54)
Other income, net	—	—	—	—	55	—	55
<b>(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES</b>	<b>(9)</b>	<b>(33)</b>	<b>1</b>	<b>27</b>	<b>374</b>	<b>—</b>	<b>360</b>
Benefit from/(provision for) income taxes	—	7	(1)	(4)	(69)	—	(67)
Equity account for subsidiaries	296	67	221	270	—	(854)	—
<b>NET INCOME</b>	<b>287</b>	<b>41</b>	<b>221</b>	<b>293</b>	<b>305</b>	<b>(854)</b>	<b>293</b>
Income attributable to non-controlling interests	—	—	—	—	(6)	—	(6)
<b>NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON</b>	<b>\$ 287</b>	<b>\$ 41</b>	<b>\$ 221</b>	<b>\$ 293</b>	<b>\$ 299</b>	<b>\$ (854)</b>	<b>\$ 287</b>
Comprehensive income before non-controlling interests	\$ 311	\$ 19	\$ 204	\$ 317	\$ 298	\$ (834)	\$ 315
Comprehensive income attributable to non-controlling interests	—	—	—	—	(5)	—	(5)
Comprehensive income attributable to Willis Towers Watson	\$ 311	\$ 19	\$ 204	\$ 317	\$ 293	\$ (834)	\$ 310

**Unaudited Condensed Consolidating Statement of Comprehensive Income**

**Three months ended March 31, 2018**

	<b>Willis Towers Watson plc</b>	<b>Willis North America</b>	<b>Trinity Acquisition plc</b>	<b>Other guarantors</b>	<b>Non- guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenue	\$ —	\$ 6	\$ —	\$ —	\$ 2,286	\$ —	\$ 2,292
Costs of providing services							
Salaries and benefits	1	15	—	—	1,361	—	1,377
Other operating expenses	—	5	—	42	376	—	423
Depreciation	—	—	—	1	48	—	49
Amortization	—	—	—	1	140	—	141
Transaction and integration expenses	—	5	—	1	37	—	43
Total costs of providing services	1	25	—	45	1,962	—	2,033
(Loss)/income from operations	(1)	(19)	—	(45)	324	—	259
Intercompany (expense)/income	—	(5)	30	92	(117)	—	—
Interest expense	(7)	(11)	(27)	—	(6)	—	(51)
Other income, net	—	—	—	1	55	—	56
<b>(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES</b>	<b>(8)</b>	<b>(35)</b>	<b>3</b>	<b>48</b>	<b>256</b>	<b>—</b>	<b>264</b>
Benefit from/(provision for) income taxes	—	5	(1)	(8)	(39)	—	(43)
Equity account for subsidiaries	223	(7)	142	181	—	(539)	—
<b>NET INCOME/(LOSS)</b>	<b>215</b>	<b>(37)</b>	<b>144</b>	<b>221</b>	<b>217</b>	<b>(539)</b>	<b>221</b>
Income attributable to non-controlling interests	—	—	—	—	(6)	—	(6)
<b>NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON</b>	<b>\$ 215</b>	<b>\$ (37)</b>	<b>\$ 144</b>	<b>\$ 221</b>	<b>\$ 211</b>	<b>\$ (539)</b>	<b>\$ 215</b>
Comprehensive income/(loss) before non-controlling interests	\$ 298	\$ (22)	\$ 226	\$ 303	\$ 338	\$ (838)	\$ 305
Comprehensive income attributable to non-controlling interests	—	—	—	—	(7)	—	(7)
Comprehensive income/(loss) attributable to Willis Towers Watson	\$ 298	\$ (22)	\$ 226	\$ 303	\$ 331	\$ (838)	\$ 298

**Unaudited Condensed Consolidating Balance Sheet**

As of March 31, 2019

	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non- guarantors	Eliminations	Consolidated
<b>ASSETS</b>							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 992	\$ —	\$ 992
Fiduciary assets	—	—	—	—	15,129	—	15,129
Accounts receivable, net	—	28	—	—	2,462	—	2,490
Prepaid and other current assets	—	371	1	30	338	(331)	409
Total current assets	—	399	1	30	18,921	(331)	19,020
Intercompany receivables, net	4,733	—	1,452	—	—	(6,185)	—
Fixed assets, net	—	—	—	17	940	—	957
Goodwill	—	—	—	—	10,456	—	10,456
Other intangible assets, net	—	—	—	57	3,187	(57)	3,187
Right-of-use assets	—	—	—	—	946	—	946
Pension benefits assets	—	—	—	—	833	—	833
Other non-current assets	—	142	2	48	420	(118)	494
Total non-current assets	4,733	142	1,454	122	16,782	(6,360)	16,873
Investments in subsidiaries	5,952	6,401	2,526	7,947	—	(22,826)	—
<b>TOTAL ASSETS</b>	<b>\$ 10,685</b>	<b>\$ 6,942</b>	<b>\$ 3,981</b>	<b>\$ 8,099</b>	<b>\$ 35,703</b>	<b>\$ (29,517)</b>	<b>\$ 35,893</b>
<b>LIABILITIES AND EQUITY</b>							
Fiduciary liabilities	\$ —	\$ —	\$ —	\$ —	\$ 15,129	\$ —	\$ 15,129
Deferred revenue and accrued expenses	—	—	—	3	1,237	—	1,240
Current debt	—	187	—	—	—	—	187
Current lease liabilities	—	—	—	—	158	—	158
Other current liabilities	97	28	19	5	1,070	(279)	940
Total current liabilities	97	215	19	8	17,594	(279)	17,654
Intercompany payables, net	—	748	—	4,709	728	(6,185)	—
Long-term debt	498	1,655	2,364	—	1	—	4,518
Liability for pension benefits	—	—	—	—	1,135	—	1,135
Deferred tax liabilities	—	—	—	—	662	(118)	544
Provision for liabilities	—	120	—	—	423	—	543
Long-term lease liabilities	—	—	—	—	961	—	961
Other non-current liabilities	—	16	—	2	278	—	296
Total non-current liabilities	498	2,539	2,364	4,711	4,188	(6,303)	7,997
<b>TOTAL LIABILITIES</b>	<b>595</b>	<b>2,754</b>	<b>2,383</b>	<b>4,719</b>	<b>21,782</b>	<b>(6,582)</b>	<b>25,651</b>
<b>REDEEMABLE NON-CONTROLLING INTEREST</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>28</b>	<b>—</b>	<b>28</b>
<b>EQUITY</b>							
Total Willis Towers Watson shareholders' equity	10,090	4,188	1,598	3,380	13,771	(22,935)	10,092
Non-controlling interests	—	—	—	—	122	—	122
Total equity	10,090	4,188	1,598	3,380	13,893	(22,935)	10,214
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 10,685</b>	<b>\$ 6,942</b>	<b>\$ 3,981</b>	<b>\$ 8,099</b>	<b>\$ 35,703</b>	<b>\$ (29,517)</b>	<b>\$ 35,893</b>

**Unaudited Condensed Consolidating Balance Sheet**

As of December 31, 2018

	<u>Willis Towers Watson plc</u>	<u>Willis North America</u>	<u>Trinity Acquisition plc</u>	<u>Other guarantors</u>	<u>Non- guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 1,033	\$ —	\$ 1,033
Fiduciary assets	—	—	—	—	12,604	—	12,604
Accounts receivable, net	—	24	—	—	2,355	—	2,379
Prepaid and other current assets	—	311	1	33	357	(298)	404
Total current assets	—	335	1	33	16,349	(298)	16,420
Intercompany receivables, net	4,755	—	1,355	—	—	(6,110)	—
Fixed assets, net	—	—	—	16	926	—	942
Goodwill	—	—	—	—	10,465	—	10,465
Other intangible assets, net	—	—	—	58	3,318	(58)	3,318
Pension benefits assets	—	—	—	—	773	—	773
Other non-current assets	—	92	2	49	452	(128)	467
Total non-current assets	4,755	92	1,357	123	15,934	(6,296)	15,965
Investments in subsidiaries	5,691	6,649	2,677	8,108	—	(23,125)	—
<b>TOTAL ASSETS</b>	<b>\$ 10,446</b>	<b>\$ 7,076</b>	<b>\$ 4,035</b>	<b>\$ 8,264</b>	<b>\$ 32,283</b>	<b>\$ (29,719)</b>	<b>\$ 32,385</b>
<b>LIABILITIES AND EQUITY</b>							
Fiduciary liabilities	\$ —	\$ —	\$ —	\$ —	\$ 12,604	\$ —	\$ 12,604
Deferred revenue and accrued expenses	1	2	—	3	1,641	—	1,647
Current debt	—	186	—	—	—	—	186
Other current liabilities	95	38	33	13	935	(250)	864
Total current liabilities	96	226	33	16	15,180	(250)	15,301
Intercompany payables, net	—	902	—	4,691	517	(6,110)	—
Long-term debt	498	1,635	2,256	—	—	—	4,389
Liability for pension benefits	—	—	—	—	1,170	—	1,170
Deferred tax liabilities	—	—	—	—	688	(129)	559
Provision for liabilities	—	120	—	—	420	—	540
Other non-current liabilities	—	13	—	5	411	—	429
Total non-current liabilities	498	2,670	2,256	4,696	3,206	(6,239)	7,087
<b>TOTAL LIABILITIES</b>	<b>594</b>	<b>2,896</b>	<b>2,289</b>	<b>4,712</b>	<b>18,386</b>	<b>(6,489)</b>	<b>22,388</b>
<b>REDEEMABLE NON-CONTROLLING INTEREST</b>							
	—	—	—	—	26	—	26
<b>EQUITY</b>							
Total Willis Towers Watson shareholders' equity	9,852	4,180	1,746	3,552	13,752	(23,230)	9,852
Non-controlling interests	—	—	—	—	119	—	119
Total equity	9,852	4,180	1,746	3,552	13,871	(23,230)	9,971
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 10,446</b>	<b>\$ 7,076</b>	<b>\$ 4,035</b>	<b>\$ 8,264</b>	<b>\$ 32,283</b>	<b>\$ (29,719)</b>	<b>\$ 32,385</b>

**Unaudited Condensed Consolidating Statement of Cash Flows**

	Three months ended March 31, 2019						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non- guarantors	Eliminations	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	\$ 38	\$ (130)	\$ (31)	\$ (82)	\$ 158	\$ —	\$ (47)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES							
Additions to fixed assets and software for internal use	—	—	—	(1)	(56)	—	(57)
Capitalized software costs	—	—	—	—	(17)	—	(17)
Acquisitions of operations, net of cash acquired	—	—	—	—	(1)	—	(1)
Proceeds from/(repayments of) intercompany investing activities, net	17	111	(137)	78	(34)	(35)	—
Net cash from/(used in) investing activities	\$ 17	\$ 111	\$ (137)	\$ 77	\$ (108)	\$ (35)	\$ (75)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES							
Net payments on revolving credit facility	—	20	118	—	—	—	138
Repayments of debt	—	—	—	—	(1)	—	(1)
Proceeds from issuance of shares	22	—	—	—	—	—	22
Dividends paid	(77)	—	—	—	—	—	(77)
(R repayments of)/proceeds from intercompany financing activities, net	—	(1)	50	5	(89)	35	—
Net cash (used in)/from financing activities	\$ (55)	\$ 19	\$ 168	\$ 5	\$ (90)	\$ 35	\$ 82
DECREASE IN CASH AND CASH EQUIVALENTS	—	—	—	—	(40)	—	(40)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	(1)	—	(1)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	—	—	1,033	—	1,033
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ —	\$ —	\$ —	\$ —	\$ 992	\$ —	\$ 992

**Unaudited Condensed Consolidating Statement of Cash Flows**

	Three months ended March 31, 2018						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non- guarantors	Eliminations	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	\$ 72	\$ (98)	\$ (196)	\$ 245	\$ 328	\$ (333)	\$ 18
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES							
Additions to fixed assets and software for internal use	—	—	—	(1)	(64)	—	(65)
Capitalized software costs	—	—	—	—	(13)	—	(13)
Acquisitions of operations, net of cash acquired	—	—	—	—	(5)	—	(5)
Net proceeds from sale of operations	—	—	—	—	4	—	4
(Repayments of)/proceeds from intercompany investing activities, net	(17)	67	326	63	(195)	(244)	—
Net cash (used in)/from investing activities	\$ (17)	\$ 67	\$ 326	\$ 62	\$ (273)	\$ (244)	\$ (79)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES							
Net borrowings on revolving credit facility	—	55	6	—	—	—	61
Repayments of debt	—	—	—	—	(21)	—	(21)
Proceeds from issuance of shares	11	—	—	—	—	—	11
Cash paid for employee taxes on withholding shares	—	—	—	—	(7)	—	(7)
Dividends paid	(68)	—	(332)	(1)	—	333	(68)
(Repayments of)/proceeds from intercompany financing activities, net	—	(24)	196	(306)	(110)	244	—
Net cash (used in)/from financing activities	\$ (57)	\$ 31	\$ (130)	\$ (307)	\$ (138)	\$ 577	\$ (24)
DECREASE IN CASH AND CASH EQUIVALENTS	(2)	—	—	—	(83)	—	(85)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	9	—	9
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2	—	—	1	1,027	—	1,030
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ —	\$ —	\$ —	\$ 1	\$ 953	\$ —	\$ 954

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This discussion includes forward-looking statements. See 'Disclaimer Regarding Forward-looking Statements' for certain cautionary information regarding forward-looking statements and a list of factors that could cause actual results to differ materially from those predicted in those statements.*

*This discussion includes references to non-GAAP financial measures as defined in the rules of the SEC. We present such non-GAAP financial measures, specifically, adjusted, constant currency and organic non-GAAP financial measures, as we believe such information is of interest to the investment community because it provides additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent under U.S. GAAP, and these provide a measure against which our businesses may be assessed in the future.*

*See 'Non-GAAP Financial Measures' below for further discussion of our adjusted, constant currency and organic non-GAAP financial measures.*

### Executive Overview

#### Market Conditions

Market conditions in the broking industry in which we operate are generally defined by factors such as the strength of the economies in the various geographic regions in which we serve around the world, insurance rate movements, and insurance and reinsurance buying patterns of our clients.

Insurance market rates vary by geography, industry and client segment. As a result, and due to the global and diverse nature of our business, we view rates in the aggregate. Overall, we are currently seeing a modest increase in pricing across most insurance lines.

Typically, our business benefits from regulatory change, political risk or economic uncertainty. Insurance broking generally tracks the economy, but demand for both insurance broking and consulting services usually remains steady during times of uncertainty. We have some businesses, such as our health and benefits and administration businesses, which can be counter-cyclical during the early period of a significant economic change.

Management has considered the uncertainties about the near-term and longer-term effects of Brexit on the Company. The terms of Brexit, the date and manner of its occurrence, and its impact, remain uncertain, and the Company is currently in the process of establishing appropriate arrangements for the continued servicing of client business. For a further discussion of the risks of Brexit to the Company, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

On an annual basis for 2019, although we expect that approximately 22% of our revenue will be generated in the U.K., we expect that approximately 12% of revenue will be denominated in Pounds sterling, as much of the insurance business is transacted in U.S. dollars. We expect that approximately 21% of our expenses will be denominated in Pounds sterling. We have a Company hedging strategy for this aspect of our business, which is designed to mitigate significant fluctuations in currency.

The markets for our consulting, technology and solutions, and marketplace services are subject to changes as a result of economic, regulatory and legislative changes, technological developments, and increased competition from established and new competitors. We believe that the primary factors in selecting a human resources or risk management consulting firm include reputation, the ability to provide measurable increases to shareholder value and return on investment, global scale, quality of service and the ability to tailor services to clients' unique needs. With regard to the market for exchanges, we believe that clients base their decisions on a variety of factors that include the ability of the provider to deliver measurable cost savings for clients, a strong reputation for efficient execution and an innovative service delivery model and platform. Part of the employer-sponsored insurance market has matured and become more fragmented while other segments remain in the entry phase. As these market segments continue to evolve, we may experience growth in intervals, with periods of accelerated expansion balanced by periods of modest growth. In recent years, growth in the market for exchanges has slowed, and we expect this trend may continue during 2019.

See Part II, Item 1A. Risk Factors elsewhere within this Form 10-Q, and Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019 for a discussion of risks that may affect our ability to compete.

## Financial Statement Overview

The table below sets forth our summarized condensed consolidated statements of comprehensive income and data as a percentage of revenue for the periods indicated.

	Three Months Ended March 31,			
	2019		2018	
	(\$ in millions, except per share data)			
Revenue	\$ 2,312	100%	\$ 2,292	100%
Costs of providing services				
Salaries and benefits	1,348	58%	1,377	60%
Other operating expenses	418	18%	423	18%
Depreciation	54	2%	49	2%
Amortization	127	5%	141	6%
Transaction and integration expenses	6	—%	43	2%
Total costs of providing services	1,953		2,033	
Income from operations	359	16%	259	11%
Interest expense	(54)	(2)%	(51)	(2)%
Other income, net	55	2%	56	2%
Provision for income taxes	(67)	(3)%	(43)	(2)%
Income attributable to non-controlling interests	(6)	—%	(6)	—%
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	\$ 287	12%	\$ 215	9%
Diluted earnings per share	\$ 2.20		\$ 1.61	

### Consolidated Revenue

Revenue was approximately \$2.3 billion, for both the three months ended March 31, 2019 and 2018, with a current year increase of \$20 million, or 1%. Adjusting for the impact of foreign currency, our organic revenue growth was 5% for the three months ended March 31, 2019. The organic increase in revenue was driven by strong performances in all segments.

Our revenue can be materially impacted by changes in currency conversions, which can fluctuate significantly over the course of a calendar year. For the three months ended March 31, 2019, currency translation decreased our consolidated revenue by \$84 million. The primary currencies driving this change were the Euro and Pound sterling.

The following table details our top five markets based on the percentage of consolidated revenue (in U.S. dollars) from the countries where work was performed for the three months ended March 31, 2019. These figures do not represent the currency of the related revenue, which is presented in the next table.

Geographic Region	% of Revenue
United States	41%
United Kingdom	25%
France	7%
Germany	3%
Canada	2%

The table below details the percentage of our revenue and expenses by transactional currency for the three months ended March 31, 2019.

Transactional Currency	Revenue	Expenses (i)
U.S. dollars	51%	47%
Pounds sterling	13%	21%
Euro	21%	14%
Other currencies	15%	18%

(i) These percentages exclude certain expenses for significant items which will not be settled in cash, or which we believe to be items that are not core to our current or future operations. These items include Merger-related amortization of intangible assets and transaction and integration expenses.

The following table sets forth the total revenue for the three months ended March 31, 2019 and 2018 and the components of the change in total revenue for the three months ended March 31, 2019, as compared to the respective prior year period:

	Three Months Ended March 31,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	(\$ in millions)						
Revenue	\$ 2,312	\$ 2,292	1%	(4)%	5%	—%	5%

(i) Components of revenue change may not add due to rounding.

Definitions of Constant Currency Change and Organic Change are included under the section entitled 'Non-GAAP Financial Measures' elsewhere within Item 2 of this Form 10-Q.

### Segment Revenue

The segment descriptions below should be read in conjunction with the full descriptions of our businesses contained in Part I, Item 1. Business, within our Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

The Company experiences seasonal fluctuations in its revenue. Revenue is typically higher during the Company's first and fourth quarters due primarily to the timing of broking-related activities.

#### Human Capital and Benefits ('HCB')

The HCB segment provides an array of advice, broking, solutions and software for our clients. HCB is the largest segment of the Company, and is focused on addressing our clients' people and risk needs to help them take on the challenges of operating in a global marketplace. This segment also delivers full outsourcing services to employers outside of the U.S.

The following table sets forth HCB segment revenue for the three months ended March 31, 2019 and 2018, and the components of the change in revenue for the three months ended March 31, 2019 from the three months ended March 31, 2018.

	Three Months Ended March 31,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	(\$ in millions)						
Segment revenue	\$ 829	\$ 832	—%	(3)%	3%	—%	3%

(i) Components of revenue change may not add due to rounding.

HCB segment revenue for the three months ended March 31, 2019 and 2018 was \$829 million and \$832 million, respectively. On an organic basis, Health and Benefits delivered significant revenue growth, driven by increased consulting and brokerage services, growth in specialty products, and expansion of our client portfolio for both local and global appointments. Health and Benefits' revenue growth was bolstered further by revenue reductions in the prior year resulting from the initial adoption of the new revenue standard, ASC 606. Our Talent and Rewards business generated moderate revenue growth, resulting from increased product revenue and advisory work in North America and Western Europe. Retirement revenue declined somewhat compared to the prior year first quarter primarily as a result of a timing difference in the current quarter along with the impact of being an 'off year' in the triennial valuation cycle in both Canada and Great Britain. Technology and Administration Solutions revenue also declined slightly due to decreased project demand in Great Britain.

#### Corporate Risk and Broking ('CRB')

The CRB segment provides a broad range of risk advice, insurance broking and consulting services to clients worldwide ranging from small businesses to multinational corporations. The segment delivers integrated global solutions tailored to client needs and underpinned by data and analytics. CRB operates as an integrated global team comprising both functional and geographic leadership. In these operations, we have extensive specialized experience handling diverse lines of insurance coverage, including complex risk management programs. A key objective is to assist clients in reducing their overall cost of risk.

The following table sets forth CRB revenue for the three months ended March 31, 2019 and 2018, and the components of the change in revenue for the three months ended March 31, 2019 from the three months ended March 31, 2018.

	Three Months Ended March 31,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	(\$ in millions)						
Segment revenue	\$ 728	\$ 740	(2)%	(5)%	3%	—%	4%

(i) Components of revenue change may not add due to rounding.

CRB segment revenue for the three months ended March 31, 2019 and 2018 was \$728 million and \$740 million, respectively. On an organic basis, North America continued to lead the segment, followed by Western Europe and International, primarily with new business generation along with strong management of the renewal book portfolio. Revenue in Great Britain decreased nominally.

#### Investment, Risk and Reinsurance ('IRR')

The IRR segment uses a sophisticated approach to risk, which helps clients free up capital and manage investment complexity. This segment works closely with investors, reinsurers and insurers to manage the equation between risk and return. Blending advanced analytics with deep institutional knowledge, IRR identifies new opportunities to maximize performance. This segment provides investment consulting and discretionary management services and insurance specific services and solutions through reserves opinions, software, ratemaking, risk underwriting and reinsurance broking.

The following table sets forth IRR revenue for the three months ended March 31, 2019 and 2018, and the components of the change in revenue for the three months ended March 31, 2019 from the three months ended March 31, 2018.

	Three Months Ended March 31,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	(\$ in millions)						
Segment revenue	\$ 589	\$ 574	3%	(4)%	6%	1%	5%

(i) Components of revenue change may not add due to rounding.

IRR segment revenue for the three months ended March 31, 2019 and 2018 was \$589 million and \$574 million, respectively. On an organic basis, Reinsurance, Insurance Consulting and Technology, Underwriting and Capital Management, and Max Matthiessen drove the segment's strong performance. Reinsurance and Underwriting and Capital Management growth was driven by net new business growth and favorable renewal factors while Insurance Consulting and Technology revenue grew from strong technology sales. Max Matthiessen revenue increased as a result of overall growth in net commissions. The segment's revenue growth was partially offset by a decline in our Wholesale business due to decreased net new business and a decline in Investment revenue, resulting from lower asset-based fees and one-time revenue items in the prior year.

## Benefits Delivery and Administration ('BDA')

The BDA segment provides primary medical and ancillary benefit exchange and outsourcing services to active employees and retirees across both the group and individual markets. BDA services individual populations via its 'group to individual' technology platform, which tightly integrates patented call routing technology, an efficient quoting and enrollment engine, a Customer Relationship Management system and comprehensive insurance carrier connectivity. This segment also delivers group benefit exchanges and full outsourcing solutions serving the active employees of employers across the U.S. BDA uses Software as a Service ('SaaS')-based technology and related services to deliver consumer-driven healthcare and reimbursement accounts, including health savings accounts, health reimbursement arrangements, flexible spending accounts and other consumer-directed accounts.

The following table sets forth BDA revenue for the three months ended March 31, 2019 and 2018, and the components of the change in revenue for the three months ended March 31, 2019 from the three months ended March 31, 2018.

	Three Months Ended March 31,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	(\$ in millions)						
Segment revenue	\$ 135	\$ 122	10%	—%	10%	—%	10%

(i) Components of revenue change may not add due to rounding.

BDA segment revenue for the three months ended March 31, 2019 and 2018 was \$135 million and \$122 million, respectively. BDA's growth was primarily led by the continued expansion of its client base and increased demand for project work in the mid-market and large-market spaces.

### Costs of Providing Services

Total costs of providing services were approximately \$2.0 billion for both the three months ended March 31, 2019 and 2018, with a current year decrease of \$80 million, or 4%. See the following discussion for further details.

#### Salaries and benefits

Salaries and benefits for the three months ended March 31, 2019 were \$1.3 billion, compared to \$1.4 billion for the three months ended March 31, 2018, a decrease of \$29 million, or 2%, from the prior year. The decrease was primarily a result of lower incentive accruals as well as slight decreases in salaries and benefits. As a result, salaries and benefits as a percent of revenue decreased to 58% for the three months ended March 31, 2019 from 60% for the three months ended March 31, 2018.

#### Other operating expenses

Other operating expenses for the three months ended March 31, 2019 were \$418 million, compared to \$423 million for the three months ended March 31, 2018, a decrease of \$5 million, or 1%. This decrease was primarily due to lower professional liability, travel and occupancy costs, partially offset by higher business taxes.

#### Depreciation

Depreciation for the three months ended March 31, 2019 was \$54 million, compared to \$49 million for the three months ended March 31, 2018, an increase of \$5 million, or 10%. This increase was primarily due to a higher depreciable base of assets resulting from additional assets placed in service during 2018.

#### Amortization

Amortization for the three months ended March 31, 2019 was \$127 million, compared to \$141 million for the three months ended March 31, 2018, a decrease of \$14 million, or 10%. Our intangible amortization is more heavily weighted to the initial years of the useful lives of the related intangibles, and therefore amortization will continue to decrease over time.

#### Transaction and integration expenses

Transaction and integration expenses for the three months ended March 31, 2019 is comprised of \$6 million of transaction costs related to the pending acquisition of TRANZACT, compared to \$43 million of integration costs for the three months ended March 31, 2018. There were no integration costs incurred during 2019 due to the completion of all integration activities in 2018 in connection with the Merger.

## **Income from Operations**

Income from operations for the three months ended March 31, 2019 was \$359 million, compared to \$259 million for the three months ended March 31, 2018, an increase of \$100 million. This increase resulted mostly from lower operating expenses of \$80 million, primarily driven by the absence of integration expenses of \$43 million, along with higher revenue of \$20 million.

## **Interest Expense**

Interest expense for the three months ended March 31, 2019 was \$54 million, compared to \$51 million for the three months ended March 31, 2018, an increase of \$3 million, or 6%. This increase resulted from higher interest rates associated with our additional senior notes offering during the second half of 2018, combined with slightly higher outstanding debt balances between the periods.

## **Other Income, Net**

Other income, net for the three months ended March 31, 2019 was \$55 million, compared to \$56 million for the three months ended March 31, 2018, a decrease of \$1 million, primarily resulting from decreased pension income, partially offset by the absence of the loss on disposal of operations from the prior year and favorable foreign exchange activity for the current quarter.

## **Provision for Income Taxes**

Provision for income taxes for the three months ended March 31, 2019 was \$67 million, compared to \$43 million for the three months ended March 31, 2018, an increase to income tax expense of \$24 million. The effective tax rate was 18.8% for the three months ended March 31, 2019, and 16.3% for the three months ended March 31, 2018. These effective tax rates are calculated using extended values from our condensed consolidated statements of comprehensive income, and are therefore more precise tax rates than can be calculated from rounded values. The increase in the effective tax rate for the period ended March 31, 2019 compared to the period ended March 31, 2018 was primarily due to additional taxes on global intangible low-taxed income (GILTI).

## **Net Income Attributable to Willis Towers Watson**

Net income attributable to Willis Towers Watson for the three months ended March 31, 2019 was \$287 million, compared to \$215 million for the three months ended March 31, 2018, an increase of \$72 million, or 33%. This increase was primarily due to lower operating expenses and organic revenue growth across all segments.

## **Liquidity and Capital Resources**

### *Executive Summary*

Our principal sources of liquidity are funds generated by operating activities, available cash and cash equivalents and amounts available under our revolving credit facilities or new debt offerings.

Based on our current balance sheet and cash flows, current market conditions and information available to us at this time, we believe that Willis Towers Watson has access to sufficient liquidity, which includes our undrawn revolving credit facilities, to meet our cash needs for the next twelve months, including investing in the business for growth, scheduled debt repayments and dividend payments. Additionally, we have secured term loan financing to complete our pending acquisition of TRANZACT.

The Company accrues taxes related to its undistributed earnings of subsidiaries when it expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of our subsidiaries. In 2017, as a result of U.S. Tax Reform, we analyzed our global working capital and cash requirements and the potential tax liabilities attributable to a repatriation, and changed our assertion with respect to certain legacy Towers Watson subsidiaries. For those subsidiaries for which we were able to make a reasonable estimate of the tax effects of such repatriation, we recorded an estimate for foreign withholding and state income taxes. For all other subsidiaries, we continue to assert that the historical cumulative earnings have been reinvested indefinitely, and therefore do not provide deferred taxes on these amounts. If future events, including material changes in estimates of cash, working capital, long-term investment requirements or additional guidance relating to U.S. Tax Reform, necessitate that these earnings be distributed, an additional provision for income and foreign withholding taxes, net of credits, may be necessary. Other potential sources of cash may be through the settlement of intercompany loans or return of capital distributions in a tax-efficient manner.

Events that could change the historical cash flow dynamics discussed above include significant changes in operating results, potential future acquisitions or divestitures, material changes in geographic sources of cash, unexpected adverse impacts from litigation or regulatory matters, or future pension funding during periods of severe downturn in the capital markets.

Assets and liabilities associated with non-U.S. entities have been translated into U.S. dollars as of March 31, 2019 at U.S. dollar rates that fluctuate compared to historical periods. As a result, cash flows derived from changes in the condensed consolidated balance sheets include the impact of the change in foreign exchange translation rates.

## Cash and Cash Equivalents

Our cash and cash equivalents at March 31, 2019 totaled \$992 million, compared to \$1.0 billion at December 31, 2018. The decrease in cash from December 31, 2018 to March 31, 2019 was primarily due to negative cash flows from our operating activities resulting from a shift in the timing of income tax payments and pension contributions and higher bonus payments in the first quarter of 2019 following the positive operating performance in 2018.

Additionally, at March 31, 2019, \$977 million was available to draw against our \$1.25 billion revolving credit facility as compared to \$1.1 billion, which was available to draw against the facility at December 31, 2018.

Included within cash and cash equivalents at March 31, 2019 and December 31, 2018 are amounts held for regulatory capital adequacy requirements, including \$83 million and \$90 million, respectively, held within our regulated U.K. entities.

## Summarized Condensed Consolidated Cash Flows

The following table presents the summarized condensed consolidated cash flow information for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
	2019	2018
	(in millions)	
Net cash (used in)/from:		
Operating activities	\$ (47)	\$ 18
Investing activities	(75)	(79)
Financing activities	82	(24)
DECREASE IN CASH AND CASH EQUIVALENTS	(40)	(85)
Effect of exchange rate changes on cash and cash equivalents	(1)	9
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,033	1,030
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 992</u>	<u>\$ 954</u>

## Cash Flows (Used In)/From Operating Activities

Cash flows used in operating activities were \$47 million for the three months ended March 31, 2019, compared to cash flows from operating activities of \$18 million for the three months ended March 31, 2018. The \$47 million of net cash used in operating activities for the three months ended March 31, 2019 included net income of \$293 million and \$187 million of non-cash adjustments, partially offset by changes in operating assets and liabilities of \$527 million. This decrease in cash flows from operations as compared to the prior year primarily resulted from a shift in the timing of income tax payments and pension contributions and higher bonus payments in the first quarter of 2019.

The \$18 million of net cash from operating activities for the three months ended March 31, 2018 included net income of \$221 million, adjusted for \$138 million of non-cash adjustments, largely offset by changes in operating assets and liabilities of \$341 million.

## Cash Flows Used In Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2019 and 2018 were \$75 million and \$79 million, respectively, primarily driven by capital expenditures and capitalized software additions.

## Cash Flows From/(Used In) Financing Activities

Cash flows from financing activities for the three months ended March 31, 2019 were \$82 million. The significant financing activities included net borrowings of \$137 million and proceeds from the issuance of shares of \$22 million, partially offset by dividend payments of \$77 million.

Cash flows used in financing activities for the three months ended March 31, 2018 were \$24 million. The significant financing activities included dividend payments of \$68 million, which were partially offset by net borrowings of \$40 million.

## Indebtedness

Total debt, total equity, and the capitalization ratios at March 31, 2019 and December 31, 2018 were as follows:

	March 31, 2019	December 31, 2018
	(\$ in millions)	
Long-term debt	\$ 4,518	\$ 4,389
Current debt	187	186
Total debt	<u>\$ 4,705</u>	<u>\$ 4,575</u>
Total Willis Towers Watson shareholders' equity	<u>\$ 10,092</u>	<u>\$ 9,852</u>
Capitalization ratio	<u>31.8%</u>	<u>31.7%</u>

At March 31, 2019, our mandatory debt repayment over the next twelve months is a scheduled repayment of \$187 million on our outstanding 7.000% senior notes due in 2019.

As part of the pending acquisition of TRANZACT, the Company has secured financing of up to \$1.1 billion in the form of a one-year unsecured term loan. Borrowing will occur in conjunction with the closing of the acquisition, which is expected during the third quarter of 2019.

At March 31, 2019 and December 31, 2018, we were in compliance with all financial covenants.

## Fiduciary Funds

As an intermediary, we hold funds, generally in a fiduciary capacity, for the account of third parties, typically as the result of premiums received from clients that are in transit to insurers and claims due to clients that are in transit from insurers. We report premiums, which are held on account of, or due from, clients as assets with a corresponding liability due to the insurers. Claims held by, or due to us, which are due to clients, are also shown as both Fiduciary assets and Fiduciary liabilities on our condensed consolidated balance sheets.

Fiduciary funds are generally required to be kept in regulated bank accounts subject to guidelines which emphasize capital preservation and liquidity; such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with clients and insurers, the Company is entitled to retain investment income earned on fiduciary funds in accordance with industry custom and practice and, in some cases, as supported by agreements with insureds.

At March 31, 2019 and December 31, 2018, we had fiduciary funds of \$3.5 billion and \$3.3 billion, respectively.

## Share Repurchase Program

The Company is authorized to repurchase shares, by way of redemption, and will consider whether to do so from time to time, based on many factors, including market conditions. There are no expiration dates for our repurchase plans or programs. At March 31, 2019, approximately \$399 million remained on the current repurchase authority. The maximum number of shares that could be repurchased based on the closing price of our ordinary shares on March 29, 2019 of \$175.65 was 2,271,829.

There are no expiration dates for the repurchase plans or programs. During the three months ended March 31, 2019, the Company had no share repurchase activity. As a result of our pending acquisition of TRANZACT, in the near term, we expect to repurchase shares primarily to offset dilution from our share-based compensation.

## Capital Commitments

Capital expenditures for fixed assets and software for internal use were \$57 million during the three months ended March 31, 2019. The Company estimates that there will be additional such expenditures of approximately \$190 million during the remainder of 2019. We expect cash from operations to adequately provide for these cash needs. There have been no material changes to our capital commitments since December 31, 2018.

## Dividends

Total cash dividends of \$77 million were paid during the three months ended March 31, 2019. In February 2019, the board of directors approved a quarterly cash dividend of \$0.65 per share (\$2.60 per share annualized rate), which was paid on April 15, 2019 to shareholders of record as of March 31, 2019.

## Off-Balance Sheet Arrangements and Contractual Obligations

### Off-Balance Sheet Transactions

As of January 1, 2019, in accordance with ASC 842, we recognized operating lease commitments on the condensed consolidated balance sheet, which were previously an off-balance sheet arrangement (see Note 12 — Leases for further information). Other than this change, see Part II, Item 7. 'Off-Balance Sheet Arrangements and Contractual Obligations' in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019, for a discussion pertaining to off-balance sheet transactions.

### Contractual Obligations

Material changes to our contractual obligations since we filed our Annual Report on Form 10-K with the SEC on February 27, 2019 are discussed in Note 9 — Debt.

### Non-GAAP Financial Measures

In order to assist readers of our condensed consolidated financial statements in understanding the core operating results that Willis Towers Watson's management uses to evaluate the business and for financial planning purposes, we present the following non-GAAP measures and their most directly comparable U.S. GAAP measure:

Most Directly Comparable U.S. GAAP Measure	Non-GAAP Measure
As reported change	Constant currency change
As reported change	Organic change
Income from operations	Adjusted operating income
Net income	Adjusted EBITDA
Net income attributable to Willis Towers Watson	Adjusted net income
Diluted earnings per share	Adjusted diluted earnings per share
Income from operations before income taxes	Adjusted income before taxes
Provision for income taxes/U.S. GAAP tax rate	Adjusted income taxes/tax rate
Net cash from operating activities	Free cash flow

The Company believes that these measures are relevant and provide useful information widely used by analysts, investors and other interested parties in our industry to provide a baseline for evaluating and comparing our operating performance, and in the case of free cash flow, our liquidity results.

Within the measures referred to as 'adjusted', we adjust for significant items which will not be settled in cash, or which we believe to be items that are not core to our current or future operations. Some of these items may not be applicable for the current quarter, however they are expected to be part of our full-year results. These items include the following:

- Transaction and integration expenses - Management believes it is appropriate to adjust for transaction and integration expenses when they relate to a specific significant program with a defined set of activities and costs that are not expected to continue beyond a defined period of time, or significant acquisition-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when the incurrence of these costs will have concluded.
- Gains and losses on disposals of operations - Adjustment to remove the gain or loss resulting from disposed operations.
- Pension settlement and curtailment gains and losses - Adjustment to remove significant pension settlement and curtailment gains and losses to better present how the Company is performing.
- Provisions for significant litigation - We will include provisions for litigation matters which we believe are not representative of our core business operations.

- Tax effects of internal reorganization - Relates to the U.S. income tax expense resulting from the completion of internal reorganizations of the ownership of certain businesses that reduced the investments held by our U.S.-controlled subsidiaries.

These non-GAAP measures are not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies. Non-GAAP measures should be considered in addition to, and not as a substitute for, the information contained within our condensed consolidated financial statements.

### ***Constant Currency Change and Organic Change***

We evaluate our revenue on an as reported (U.S. GAAP), constant currency and organic basis. We believe presenting constant currency and organic information provides valuable supplemental information regarding our comparable results, consistent with how we evaluate our performance internally.

- *Constant currency change* - Represents the year-over-year change in revenue excluding the impact of foreign currency fluctuations. To calculate this impact, the prior year local currency results are first translated using the current year monthly average exchange rates. The change is calculated by comparing the prior year revenue, translated at the current year monthly average exchange rates, to the current year as reported revenue, for the same period. We believe constant currency measures provide useful information to investors because they provide transparency to performance by excluding the effects that foreign currency exchange rate fluctuations have on period-over-period comparability given volatility in foreign currency exchange markets.
- *Organic change* - Excludes the impact of fluctuations in foreign currency exchange rates as described above and the period-over-period impact of acquisitions and divestitures on current-year revenue. We believe that excluding transaction-related items from our U.S. GAAP financial measures provides useful supplemental information to our investors, and it is important in illustrating what our core operating results would have been had we not included these transaction-related items, since the nature, size and number of these transaction-related items can vary from period to period.

The constant currency and organic change results, and a reconciliation from the reported results for consolidated revenue are included in the Consolidated Revenue section within this Form 10-Q. These measures are also reported by segment in the Segment Revenue section within this Form 10-Q.

A reconciliation of the reported changes to the constant currency and organic changes for the three months ended March 31, 2019 from the three months ended March 31, 2018 is as follows:

	Three Months Ended March 31,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	(\$ in millions)						
Revenue	\$ 2,312	\$ 2,292	1%	(4)%	5%	—%	5%

(i) Components of revenue change may not add due to rounding.

Adjusting for the impacts of foreign currency and acquisitions and disposals in the calculation of our organic activity, our revenue grew by 5% for the three months ended March 31, 2019. This organic increase in revenue was driven by strong performances in all segments.

### ***Adjusted Operating Income***

We consider adjusted operating income to be an important financial measure, which is used to internally evaluate and assess our core operations and to benchmark our operating results against our competitors.

Adjusted operating income is defined as income from operations adjusted for amortization, transaction and integration expenses and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results.

Reconciliations of income from operations to adjusted operating income for the three months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,	
	2019	2018
	(in millions)	
Income from operations	\$ 359	\$ 259
Adjusted for certain items:		
Amortization	127	141
Transaction and integration expenses	6	43
Adjusted operating income	<u>\$ 492</u>	<u>\$ 443</u>

Adjusted operating income increased for the three months ended March 31, 2019 to \$492 million, from \$443 million for the three months ended March 31, 2018. This increase was primarily due to lower operating expenses and organic revenue growth across all segments.

#### **Adjusted EBITDA**

We consider adjusted EBITDA to be an important financial measure, which is used internally to evaluate and assess our core operations, to benchmark our operating results against our competitors and to evaluate and measure our performance-based compensation plans.

Adjusted EBITDA is defined as net income adjusted for provision for income taxes, interest expense, depreciation and amortization, transaction and integration expenses, (gain)/loss on disposal of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results.

Reconciliations of net income to adjusted EBITDA for the three months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,	
	2019	2018
	(in millions)	
NET INCOME	\$ 293	\$ 221
Provision for income taxes	67	43
Interest expense	54	51
Depreciation	54	49
Amortization	127	141
Transaction and integration expenses	6	43
Loss on disposal of operations	—	9
Adjusted EBITDA	<u>\$ 601</u>	<u>\$ 557</u>

Adjusted EBITDA for the three months ended March 31, 2019 was \$601 million, compared to \$557 million for the three months ended March 31, 2018. This increase was primarily due to lower operating expenses and organic revenue growth across all segments.

#### **Adjusted Net Income and Adjusted Diluted Earnings Per Share**

Adjusted net income is defined as net income attributable to Willis Towers Watson adjusted for amortization, transaction and integration expenses, (gain)/loss on disposal of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results, the related tax effect of those adjustments and the tax effects of internal reorganizations. This measure is used solely for the purpose of calculating adjusted diluted earnings per share.

Adjusted diluted earnings per share is defined as adjusted net income divided by the weighted-average number of shares of common stock, diluted. Adjusted diluted earnings per share is used to internally evaluate and assess our core operations and to benchmark our operating results against our competitors.

Reconciliations of net income attributable to Willis Towers Watson to adjusted diluted earnings per share for the three months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,	
	2019	2018
	(\$ in millions)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	\$ 287	\$ 215
Adjusted for certain items:		
Amortization	127	141
Transaction and integration expenses	6	43
Loss on disposal of operations	—	9
Tax effect on certain items listed above (i)	(32)	(47)
Adjusted net income	<u>\$ 388</u>	<u>\$ 361</u>
Weighted-average shares of common stock — diluted	130	133
Diluted earnings per share	\$ 2.20	\$ 1.61
Adjusted for certain items (ii) :		
Amortization	0.97	1.06
Transaction and integration expenses	0.05	0.32
Loss on disposal of operations	—	0.07
Tax effect on certain items listed above (i)	(0.25)	(0.35)
Adjusted diluted earnings per share	<u>\$ 2.98</u>	<u>\$ 2.71</u>

(i) The tax effect was calculated using an effective tax rate for each item.

(ii) Per share values and totals may differ due to rounding.

Our adjusted diluted earnings per share increased for the three months ended March 31, 2019 as compared to the prior year primarily due to lower operating expenses and organic revenue growth across all segments.

#### ***Adjusted Income Before Taxes and Adjusted Income Taxes/Tax Rate***

Adjusted income before taxes is defined as income from operations before income taxes adjusted for amortization, transaction and integration expenses, (gain)/loss on disposal of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted income before taxes is used solely for the purpose of calculating the adjusted income tax rate.

Adjusted income taxes/tax rate is defined as the provision for income taxes adjusted for taxes on certain items of amortization, transaction and integration expenses, (gain)/loss on disposal of operations, the tax effects of internal reorganizations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results, divided by adjusted income before taxes. Adjusted income taxes is used solely for the purpose of calculating the adjusted income tax rate.

Management believes that the adjusted income tax rate presents a rate that is more closely aligned to the rate that we would incur if not for the reduction of pre-tax income for the adjusted items and the tax effects of our internal reorganization, which are not core to our current and future operations.

Reconciliations of income from operations before income taxes to adjusted income before taxes and provision for income taxes to adjusted income taxes for the three months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,	
	2019	2018
	(\$ in millions)	
INCOME FROM OPERATIONS BEFORE INCOME TAXES	\$ 360	\$ 264
Adjusted for certain items:		
Amortization	127	141
Transaction and integration expenses	6	43
Loss on disposal of operations	—	9
Adjusted income before taxes	\$ 493	\$ 457
Provision for income taxes	\$ 67	\$ 43
Tax effect on certain items listed above (i)	32	47
Adjusted income taxes	\$ 99	\$ 90
U.S. GAAP tax rate	18.8%	16.3%
Adjusted income tax rate	20.1%	19.7%

(i) The tax effect was calculated using an effective tax rate for each item.

Our U.S. GAAP tax rates were 18.8% and 16.3% for the three months ended March 31, 2019 and 2018, respectively. The increase in the U.S. GAAP tax rate for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 was primarily due to additional taxes on global intangible low-taxed income (GILTI).

Our adjusted income tax rates were 20.1% and 19.7% for the three months ended March 31, 2019 and 2018, respectively.

### Free Cash Flow

Free cash flow is defined as cash flows (used in)/from operating activities less cash used to purchase fixed assets and software for internal use. Free cash flow is a liquidity measure and is not meant to represent residual cash flow available for discretionary expenditures. Management believes that free cash flow presents the core operating performance and cash generating capabilities of our business operations.

Reconciliations of cash flows (used in)/from operating activities to free cash flow for the three months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,	
	2019	2018
	(in millions)	
Cash flows (used in)/from operating activities	\$ (47)	\$ 18
Less: Additions to fixed assets and software for internal use	(57)	(65)
Free cash flow	\$ (104)	\$ (47)

The decrease in free cash flows in 2019 primarily resulted from a shift in the timing of income tax payments and pension contributions and higher bonus payments in the first quarter of 2019.

### Critical Accounting Policies and Estimates

There were no material changes from the Critical Accounting Policies and Estimates disclosed in our 2018 Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have considered changes in our exposure to market risks during the three months ended March 31, 2019 and have determined that there have been no material changes to our exposure to market risks from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 27, 2019.

However, as described in our Form 10-K, we are exposed to interest rate risk. Specifically, as a result of our operating activities, we receive cash for premiums and claims which we deposit in short-term investments denominated in U.S. dollars and other currencies. We earn interest on these funds, which is included in our condensed consolidated financial statements as interest income. These funds are regulated in terms of access and the instruments in which they may be invested, most of which are short-term in maturity. At March 31, 2019, we held \$1.8 billion of fiduciary funds invested in interest-bearing accounts. If short-term interest rates increased or decreased by 25 basis points, interest earned on these invested fiduciary funds, and therefore our interest income recognized, would increase or decrease by approximately \$4 million on an annualized basis.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

As of March 31, 2019, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer ('CEO') and the Chief Financial Officer ('CFO'), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined by Exchange Act Rule 13a-15(e). Based upon that evaluation, the CEO and the CFO concluded that the Company's disclosure controls and procedures are effective in ensuring that the information required to be included in the Company's periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow for timely decisions regarding required disclosure.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in the Company's internal controls over financial reporting during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Limitations on the Effectiveness of Controls**

Management, including the CEO and CFO, does not expect that our disclosure controls and procedures will necessarily prevent all errors and all fraud. However, management does expect that the control system provides reasonable assurance that its objectives will be met. A control system, no matter how well designed and operated, cannot provide absolute assurance that the control system's objectives will be met. In addition, the design of such internal controls must take into account the costs of designing and maintaining such a control system. Certain inherent limitations exist in control systems to make absolute assurances difficult, including the realities that judgments in decision-making can be faulty, that breakdowns can occur because of a simple error or mistake, and that individuals can circumvent controls. The design of any control system is based in part upon existing business conditions and risk assessments. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in business conditions or deterioration in the degree of compliance with policies or procedures. As a result, they may require change or revision. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected. Nevertheless, the disclosure controls and procedures are designed to provide reasonable assurance of achieving their stated objectives, and the CEO and CFO have concluded that the disclosure controls and procedures are effective at a reasonable assurance level.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

From time to time, we are a party to various lawsuits, arbitrations or mediations that arise in the ordinary course of business. The disclosure called for by Part II, Item 1, regarding our legal proceedings is incorporated by reference herein from Part I, Item 1 Note 13 — Commitments and Contingencies - Legal Proceedings of the notes to the condensed consolidated financial statements in this Form 10-Q for the quarter ended March 31, 2019.

### **ITEM 1A. RISK FACTORS**

Except as described below, there are no material changes from risk factors as previously disclosed in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019. We urge you to read the risk factors contained in our Annual Report.

#### **Our pending acquisition of TRANZACT may create incremental business, regulatory and reputational risks.**

On March 30, 2019, the Company entered into an agreement to acquire TRANZACT, a U.S.-based direct-to-consumer health care organization that links individuals to US insurance carriers. The TRANZACT acquisition entails important risks, including the following, among others: the risk that we are unable to obtain requisite regulatory approvals or the satisfaction of other conditions to the consummation of the proposed transaction on the proposed terms and schedule, if at all; the risk that we are unable to successfully integrate TRANZACT'S operations and employees and realize its benefits, including the acceleration of our direct-to-consumer strategy at the times and to the extent anticipated; the potential impact of the consummation of the proposed transaction on relationships, including with employees, suppliers, clients and competitors; the risk of material changes in U.S. health care regulation; changes in general economic, business and political conditions, including changes in the financial markets; significant competition in the marketplace; and compliance with extensive government regulation. For a further discussion of risks relating to our Benefits and Delivery Administration segment, and with respect to acquisitions generally, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

During the three months ended March 31, 2019, no shares were issued by the Company without registration under the Securities Act of 1933, as amended.

#### **(c) Issuer Purchases of Equity Securities**

The Company is authorized to repurchase shares, by way of redemption, and will consider whether to do so from time to time, based on many factors, including market conditions. There are no expiration dates for these repurchase plans or programs.

There was no share repurchase activity during the three months ended March 31, 2019.

The maximum number of shares that may yet be purchased under the existing stock repurchase plan is 2,271,829. At March 31, 2019, approximately \$399 million remained on the current open-ended repurchase authority granted by the board. An estimate of the maximum number of shares under the existing authorities was determined using the closing price of our ordinary shares on March 29, 2019 of \$175.65. As a result of our pending acquisition of TRANZACT, in the near term, we expect to repurchase shares primarily to offset dilution from our share-based compensation.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION**

None.

## EXHIBIT INDEX

Exhibit Number	Description of Exhibit
4.1	<a href="#">Form of Indenture among Willis Towers Watson Public Limited Company, as issuer, Willis Towers Watson Sub Holdings Unlimited Company, Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Willis Towers Watson UK Holdings Limited, Trinity Acquisition plc and Willis Group Limited and Willis North America Inc., as guarantors, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-3 filed by the Company on March 11, 2019).</a>
10.1	<a href="#">Performance-Based Restricted Share Unit Award Agreement, dated February 26, 2019, by and between Willis Towers Watson Public Limited Company and John J. Haley†*</a>
31.1	<a href="#">Certification of the Registrant’s Chief Executive Officer, John J. Haley, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.*</a>
31.2	<a href="#">Certification of the Registrant’s Chief Financial Officer, Michael J. Burwell, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.*</a>
32.1	<a href="#">Certification of the Registrant’s Chief Executive Officer, John J. Haley, and Chief Financial Officer, Michael J. Burwell, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</a>
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

\* Filed or furnished herewith.

† Management contract or compensatory plan or arrangement.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Willis Towers Watson Public Limited Company  
(Registrant)

/s/ John J. Haley

Name: John J. Haley  
Title: Chief Executive Officer

May 3, 2019

Date

/s/ Michael J. Burwell

Name: Michael J. Burwell  
Title: Chief Financial Officer

May 3, 2019

Date

/s/ Susan D. Davies

Name: Susan D. Davies  
Title: Principal Accounting Officer and Controller

May 3, 2019

Date

**WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY  
2012 EQUITY INCENTIVE PLAN, AS AMENDED AND RESTATED**

**PERFORMANCE-BASED RESTRICTED SHARE UNIT AGREEMENT  
FOR OPERATING COMMITTEE MEMBERS**

**THIS PERFORMANCE-BASED RESTRICTED SHARE UNIT AWARD AGREEMENT** (this “Agreement”), is made by and between Willis Towers Watson Public Limited Company and any successor thereto (the “Company”) and the individual (the “Colleague”) who has signed or electronically accepted this Agreement (including the Schedules attached hereto) in the manner specified in the Colleague’s online account with the Company’s designated broker/stock plan administrator.

**WHEREAS**, the Company wishes to carry out the Plan (as hereinafter defined), the terms of which are hereby incorporated by reference and made a part of this Agreement; and

**WHEREAS**, the Committee (as defined in the Plan) has determined that it would be to the advantage and best interest of the Company and its shareholders to grant an award of Performance-Based Restricted Share Units (as hereinafter defined) provided for herein to the Colleague as an incentive for increased efforts during the Colleague’s employment with the Company, its Subsidiaries (as defined in the Plan) or its Designated Associate Companies (as defined in the Plan), and has advised the Company thereof and instructed the undersigned officer to prepare said Agreement.

**NOW, THEREFORE**, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Defined terms used in this Agreement shall have the meaning specified in the Plan or below. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.1 - Cause

“Cause” shall have the meaning ascribed to such term or similar term (*e.g.*, “Good Cause”) in the Colleague’s employment agreement, if any, with the Company, a Subsidiary or a Designated Associate Company, and, in the absence of an employment agreement or such definition in the employment agreement, it shall mean: (i) the Colleague’s continued and/or chronic failure to adequately and/or competently perform his material duties with respect to the Company or its Subsidiaries or Designated Associate Companies having been provided reasonable notice of such failure and a period of at least ten days after the Colleague’s receipt of such notice to cure and/or correct such performance failure, (ii) willful misconduct by the Colleague in connection with the Colleague’s employment which is injurious to the Company or its Subsidiaries or Designated Associate Companies (willful misconduct shall be understood to include, but not be limited to, any breach of the duty of loyalty owed by the Colleague to the Company or its Subsidiaries or Designated Associate Companies), (iii) conviction of any criminal act (other than minor road traffic violations not involving imprisonment), (iv) any breach of the Colleague’s restrictive covenants and other obligations as provided in the Colleague’s employment agreement (if any), or any other non-compete agreement and/or confidentiality agreement entered into between the Colleague and the Company or any of its Subsidiaries or Designated Associate Companies (other than an insubstantial, inadvertent and non-recurring breach), or (v) any material violation of any

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written Company policy after reasonable notice and an opportunity to cure such violation within ten (10) days after the Colleague's receipt of such notice.

#### Section 1.2 - Earned Date

"Earned Date" shall mean the date that the Committee determines the attainment level of the Performance Objectives.

#### Section 1.3 - Earned Performance Shares

"Earned Performance Shares" shall mean Shares subject to the PRSUs in respect of which the applicable Performance Objectives have been achieved and shall become eligible for vesting and payment as set out in Section 3.2.

#### Section 1.4 - Good Reason

"Good Reason" shall have the meaning ascribed to such term or similar term in the employment agreement, if any, with the Company, a Subsidiary or a Designated Associate Company; in the absence of an employment agreement or such term in the employment agreement, it shall mean that one or more of the following events has occurred without the Colleague's written consent: (i) a material adverse diminution in the Colleague's position, authority or responsibilities or the assignment to Colleague of duties or responsibilities which are materially inconsistent with the Colleague's position; provided, that, a material diminution in the foregoing shall not be deemed to have occurred solely as a result of the occurrence of a Change of Control or the Company ceasing to be a public company, so long as the position, authority or responsibilities of the Colleague with the Company (or the Subsidiary or Designated Associated Company employing the Colleague (the "Employer") or any successor is not otherwise materially diminished, (ii) a reduction in the Colleague's monthly base salary or target annual incentive plan percentage; or (iii) the Colleague is required to relocate the Colleague's office outside a radius of 50 miles from the Colleague's current office location. The Colleague may not resign or otherwise terminate the Colleague's employment for any reason set forth above as Good Reason unless the Colleague first notifies the Employer in writing describing such Good Reason within 90 days of the first occurrence of such circumstances, and, thereafter, such Good Reason is not corrected by the Employer within 30 days of the Colleague's written notice of such Good Reason, and the Colleague actually terminates employment within 90 days following the expiration of the Employer's 30-day cure period described above.

#### Section 1.5 - Grant Date

"Grant Date" shall mean the date set forth in a schedule to the Agreement or communicated to the Colleague through his online account with the Company's designated broker/stock plan administrator.

#### Section 1.6 - Legacy Company

"Legacy Company" shall mean Towers Watson & Co. or Willis Group Holdings Public Limited Company and any predecessor companies or affiliates of any of the foregoing.

#### Section 1.7 - LTIP

"Long-Term Incentive Program" or "LTIP" is a program adopted in calendar 2019 by the Committee under which equity awards and/or cash awards may be granted to certain eligible employees of the Company, its Subsidiaries or its Designated Associate Companies.

#### Section 1.8 - Nominal Value

“Nominal Value” means \$0.00030465 per Share.

#### Section 1.9 Performance-Based Restricted Share Units

“Performance-Based Restricted Share Units” or “PRSUs” shall mean a conditional right to receive Shares, pursuant to the terms of the Plan and this Agreement upon vesting and settlement, subject to the attainment of certain Performance Objectives and the Colleague’s continued employment through the Vesting Date.

#### Section 1.10 – Performance Objectives

“Performance Objectives” shall mean the performance objectives that are referenced in Section 3.1(a) and set forth in Schedule C to this Agreement.

#### Section 1.11 - Performance Period

“Performance Period” shall mean January 1, 2019 – December 31, 2021.

#### Section 1.12 - Plan

“Plan” shall mean the Willis Towers Watson Public Limited Company 2012 Equity Incentive Plan, as amended from time to time.

#### Section 1.13 - Qualifying Retirement

“Qualifying Retirement” shall mean a voluntary Termination of Service by the Colleague after the Colleague’s attainment of the age of 55 and the Colleague’s completion of 15 years of service with the Company, a Subsidiary or Designated Associate Company thereof or a Legacy Company, provided that the Committee has not determined that a basis exists for the Colleague’s Termination of Service for Cause at the time of such Termination of Service.

#### Section 1.14 Shares

“Shares” shall mean Ordinary Shares of the Company, Nominal Value per Share, which may be authorized but unissued.

#### Section 1.15 - Termination Date

Unless otherwise determined by the Committee, in its sole discretion, the “Termination Date” shall mean the later of (i) the last day of the Colleague’s active employment with the Company or its Subsidiaries or Designated Associate Companies or (ii) the last day of any notice period or garden leave, as provided for under the Colleague’s employment agreement or local law; provided, however, that in the case of United States taxpayers, the Termination Date shall mean a date that will allow the PRSUs to comply with Section 409A of the Code.

#### Section 1.16 - Vesting Date

“Vesting Date” shall mean the third anniversary of the Grant Date.

GRANT OF PERFORMANCE-BASED RESTRICTED SHARE UNITSSection 2.1 - Grant of the Performance-Based Restricted Share Units

Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement including any country-specific provisions set forth in Schedule A to this Agreement, and, if applicable, the restrictive covenants set forth in Schedule B to the Agreement, the Company hereby grants to the Colleague the target number of PRSUs specified in a schedule to the Agreement or as stated in the Colleague's online account with the Company's designated broker/stock plan administrator. In circumstances where the Colleague is required to enter into the Agreement of Restrictive Covenants and Other Obligations set forth in Schedule B, the Colleague agrees that the grant of PRSUs pursuant to this Agreement is sufficient consideration for the Colleague entering into such agreement.

Section 2.2 - PRSU Payment

In accordance with Section 7(d)(ii) of the Plan, the Shares to be issued upon vesting and settlement of the PRSUs must be fully paid up prior to issuance of Shares by payment of the Nominal Value per Share. The Committee shall ensure that payment of the Nominal Value for any Shares underlying the PRSUs is received by it on behalf of the Colleague at the time the PRSUs are settled from a non-Irish Subsidiary or other source and shall establish any procedures or protocols necessary to ensure that payment is timely received.

Section 2.3 - Employment or Service Rights

Subject to the terms of the Agreement of Restrictive Covenants and Other Obligations, where applicable, the rights and obligations of the Colleague under the terms of his office or employment with the Company or any Subsidiary or Designated Associate Company shall not be affected by his participation in the Plan or any right which he may have to participate in it. The PRSUs and the Colleague's participation in the Plan will not be interpreted to form an employment agreement or service contract with the Company or any Subsidiary or a Designated Associate Company and the terms of any separate employment agreement to which the Colleague is a party shall remain in effect and will control to the extent that there are any inconsistencies with this Agreement. The Colleague hereby waives any and all rights to compensation or damages in consequence of the Termination of Service for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to earn or vest in his PRSUs as a result of such Termination of Service. If, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Colleague shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

Section 2.4 - Adjustments in PRSUs Pursuant to Change of Control or Similar Event, etc.

Subject to Sections 12 and 13 of the Plan, in the event that the outstanding Shares subject to the PRSUs are, from time to time, changed into or exchanged for a different number or kind of Shares or other securities, by reason of a share split, spin-off, share or extraordinary cash dividend, share combination or reclassification, recapitalization or merger, Change of Control, or similar event, the Committee shall, in its absolute discretion, substitute or adjust proportionally (i) the number and kind of Shares subject to the PRSUs; or (ii) the terms and conditions of the PRSUs (including without limitation, any applicable Performance Objectives with respect thereto). An adjustment may have the effect of reducing the price at which Shares may be acquired to less than their Nominal Value (the "Shortfall"), but only if and to the extent that the Committee shall be authorized to capitalize from the reserves of the Company a sum equal to the Shortfall and to apply that sum in paying up that amount on the Shares. Any

such adjustment or determination made by the Committee shall be final and binding upon the Colleague, the Company and all other interested persons.

#### Section 2.5 – Tax Withholding

The Colleague acknowledges that, regardless of any action taken by the Employer the ultimate liability for all Tax-Related Items, is and remains the Colleague’s responsibility and may exceed the amount actually withheld by the Company or the Employer. The Colleague further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PRSUs, including, but not limited to, the grant, vesting or settlement of the PRSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PRSUs to reduce or eliminate the Colleague’s liability for Tax-Related Items or achieve any particular tax result. Further, if the Colleague is subject to Tax-Related Items in more than one jurisdiction, the Colleague acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Colleague agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

In this regard, the Colleague authorizes the Company and/or the Employer, or their respective agents, to satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon settlement of the PRSUs.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Colleague will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Colleague is deemed to have been issued the full number of Shares subject to the vested PRSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Colleague agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Colleague’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Colleague fails to comply with the Colleague’s obligations in connection with the Tax-Related Items.

#### Section 2.6 - Dividend Equivalents

On each date that a cash dividend is paid to holders of Shares from the Grant Date through the Vesting Date, an amount (the “Dividend Equivalent Amount”) equal to the cash dividend that is paid on each Share, multiplied by the total number of PRSUs and any Dividend Equivalent Units (as defined below) that remain unvested and outstanding as of the dividend payment record date, will be credited to the Colleague, and such credited amount will be converted into an additional number of PRSUs (“Dividend Equivalent Units”) determined by dividing the Dividend Equivalent Amount by the Fair Market Value of a Share on the date of the dividend payment. At the end of the Performance Period, the number of Dividend Equivalent Units will be adjusted to reflect the number of Dividend Equivalent Units that would have been credited to the Colleague as of the Grant Date if such calculations had been based on the number of Earned Performance Shares (such adjusted number, the “Earned Dividend Equivalent Units”). During the period beginning immediately following the last day of the Performance Period and

ending on the date the Earned Performance Shares are paid pursuant to Section 3.2(k) below, Dividend Equivalent Units will accrue on any Earned Performance Shares and any Earned Dividend Equivalent Units. Dividend Equivalent Units and Earned Dividend Equivalent Units will be subject to the same conditions as the underlying PRSUs with respect to which Dividend Equivalent Units and Earned Dividend Equivalent Units were paid, including without limitation, the vesting condition and the provisions governing time and form of settlement applicable to the underlying PRSUs. Unless expressly provided otherwise, as used elsewhere in this Agreement, references to PRSUs in this Agreement shall also include Dividend Equivalent Units and Earned Dividend Equivalent Units that have been credited to the Colleague pursuant to this Section 2.6.

#### Section 2.7 - Clawback Policy

The Company may cancel all or part of the PRSUs or require payment by the Colleague to the Company of all or part of any amount or Shares acquired by the Colleague upon vesting and settlement of the PRSUs pursuant to the Company's Clawback Policy as stated in Section 10 of the Plan.

### ARTICLE III

#### PERFORMANCE-BASED AND TIME-BASED VESTING REQUIREMENTS

##### Section 3.1 - Earned Performance Shares

Subject to Sections 3.1(a) through 3.1(c) below and the terms of the Colleague's employment agreement, if any, the Shares subject to the PRSUs shall become Earned Performance Shares and shall become eligible to vest in accordance with the provisions of Section 3.2 as of the Earned Date to the extent the Committee determines (and based on the level of attainment) that the Performance Objectives set forth in Schedule C to this Agreement are attained pursuant to Section 3.1(a).

(a) As of the Earned Date, the Committee shall determine the attainment level of the applicable Performance Objectives, and based on such determination, shall declare the number of Shares subject to the PRSUs that shall become Earned Performance Shares. Anything to the contrary in this Section 3.1 and Schedule C to this Agreement notwithstanding, the Committee retains sole discretion to determine the number of Shares subject to the PRSUs that will become Earned Performance Shares.

(b) The Colleague understands and agrees that the terms under which the PRSUs shall become Earned Performance Shares (as described in this Section 3.1 and in Schedule C) is confidential and the Colleague agrees not to disclose, reproduce or distribute such confidential information concerning the Company, except as required in the course of the Colleague's employment with the Company, its Subsidiaries or a Designated Associate Company, without the prior written consent of the Company. The Colleague's failure to abide by this condition may result in the immediate cancellation of the PRSUs.

(c) If there is a Change of Control prior to the end of the Performance Period, the Committee may, in its sole discretion, deem the Performance Objectives to be attained at the level determined by the Committee as to all or part of the unearned Shares underlying the PRSUs and deem them to be Earned Performance Shares; provided, however, that the Committee shall not have the authority to accelerate the performance goal vesting requirements or waive the forfeiture of to the extent any such acceleration would result in a violation of Section 409A of the Code.

(d) Any Shares subject to the PRSUs that are not declared by the Committee to be Earned Performance Shares on the Earned Date, except as otherwise provided under this Section 3.1, shall be forfeited immediately.

### Section 3.2 - Vesting/Settlement

(a) Subject to the Colleague's continued employment with the Company or any Subsidiary or Designated Associate Company through the Vesting Date and the other requirements in this Section 3.2, the Earned Performance Shares shall vest on the Vesting Date and become payable in accordance with Section 3.2(k) below.

(b) In the event of the Colleague's Termination of Service, any unvested Earned Performance Shares will be forfeited immediately by the Colleague, subject to, and except as otherwise specified in, and subject to the terms and conditions of the other subsections of this Section 3.2.

(c) In the event of the Colleague's Termination of Service on or after December 31, 2019 and prior to the Vesting Date due to a Qualifying Retirement, the Earned Performance Shares shall vest on the Vesting Date, subject to the Colleague's compliance with the restrictive covenants and other obligations contemplated under Article VI of this Agreement.

(d) In the event of the Colleague's Termination of Service prior to the Vesting Date for reasons other than a termination by the Employer for Cause, Good Reason resignation, or Qualifying Retirement, or as otherwise set forth in this Section 3.2, the Committee may, in its sole discretion, accelerate the vesting of all or a portion of the Earned Performance Shares. If no determination is made as of the Termination Date, then the Earned Performance Shares shall, to the extent not then vested, be immediately forfeited by the Colleague.

(e) In the event of the Colleague's (i) Termination of Service without Cause by the Company or (ii) Termination of Service by the Colleague for Good Reason, in each case, within the 24-month period following a Change of Control, any Earned Performance Shares shall fully vest.

(f) In the event of the Colleague's (i) Termination of Service without Cause by the Company or (ii) Termination of Service by the Colleague for Good Reason prior to a Change of Control or after the 24-month period following a Change of Control, one year of additional service credit will be applied to the Colleague's period of service. If after giving effect to this additional service credit, the Colleague would have been employed through the Vesting Date, the Colleague will vest in the PRSUs with respect to the Earned Performance Shares.

(g) Except as otherwise set forth in this Section 3.2, in the event of a Change of Control, the Committee shall have the sole discretion to accelerate the vesting of unvested Earned Performance Shares without regard to whether the Earned Performance Shares are assumed or substituted by a successor company.

(h) The Colleague agrees to execute and deliver or electronically accept, in the manner and within the period specified in the Colleague's online account with the Company's designated broker/stock plan administrator, the Agreement including any applicable schedules thereto.

(i) The Committee may, in its sole discretion, cancel the PRSUs if the Colleague fails to execute and deliver or electronically accept the Agreement and documents within the period set forth in Section 3.2(h).

(j) Notwithstanding anything to the contrary in Section 3.1 or Section 3.2, no PRSUs shall vest prior to the first anniversary of the Grant Date except in the case of the Colleague's Termination of Service resulting from death or Permanent Disability or in connection with a Change of Control.

(k) Earned Performance Shares that become vested on the Vesting Date shall be delivered on the Vesting Date or within 30 days thereafter. Earned Performance Shares that become vested on an

accelerated basis (i) on or prior to the last day of the Performance Period, shall be delivered within 30 days following the date on which the performance goal attainment level is determined, but in no event later than March 15, 2022 or (ii) following the last day of the Performance Period, shall be delivered within 30 days following the later of the date the performance goal attainment level is determined or the date of the vesting acceleration event.

(l) Notwithstanding the provisions of Section 3.2(k), if the PRSUs are considered non-qualified deferred compensation subject to Section 409A of the Code (“Deferred Compensation”) as determined in the sole discretion of the Company and the Colleague is a U.S. Taxpayer, the Earned Performance Shares that become vested shall be settled on a date within 30 days of the earliest to occur of (i) the Vesting Date, (ii) the Colleague’s “separation from service” within the meaning of Section 409A of the Code, (iii) the Colleague’s death and (iv) a “change in control event” within the meaning of U.S. Treas. Regs § 1.409A-3(i)(5). In addition, if the PRSUs are Deferred Compensation, the PRSUs are settled on or on a date that is by reference to the Colleague’s separation from service, and the Colleague is a U.S. Taxpayer and a “specified employee,” within the meaning of Section 409A of the Code, on the date the Colleague experiences a separation from service, then the PRSUs shall be settled on the first business day of the seventh month following the Colleague’s separation from service, or, if earlier, on the date of the Colleague’s death, to the extent such delayed payment is required in order to avoid a prohibited distribution under Section 409A of the Code.

### Section 3.3 - Conditions to Issuance of Shares

The Earned Performance Shares to be delivered hereunder shall be previously authorized but unissued Shares. Such Shares shall be fully paid. The Company shall not be required to deliver any certificates representing such Shares (or their electronic equivalent) allotted and issued upon the applicable date of the vesting of the PRSUs prior to fulfillment of all of the following conditions, and in any event, subject to Section 409A of the Code for United States taxpayers:

- (a) The obtaining of approval or other clearance from any state, federal, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable;
- (b) The Colleague has paid or made arrangements to pay the Tax-Related Items pursuant to Section 2.5; and
- (c) No fractional Shares shall be issued under this Agreement.

Without limiting the generality of the foregoing, the Committee may in the case of United States resident employees of the Company or any of its Subsidiaries require an opinion of counsel reasonably acceptable to it to the effect that any subsequent transfer of Shares acquired on the vesting of PRSUs does not violate the Exchange Act and may issue stop-transfer orders in the United States covering such Shares.

### Section 3.4 - Rights as Shareholder

The Colleague shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares that may be received upon the settlement of the PRSUs unless and until certificates representing such Shares or their electronic equivalent shall have been issued by the Company to the Colleague.

### Section 3.5 - Limitation on Obligations

The Company's obligation with respect to the PRSUs granted hereunder is limited solely to the delivery to the Colleague of Shares within the period when such Shares are due to be delivered hereunder, and in no event shall the Company become obligated to pay cash in respect of such obligation. The PRSUs shall not be secured by any specific assets of the Company or any of its Subsidiaries or Designated Associate Companies, nor shall any assets of the Company or any of its Subsidiaries or Designated Associate Companies be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement. In addition, the Company shall not be liable to the Colleague for damages relating to any delays in issuing the share certificates or its electronic equivalent to the Colleague (or his designated entities), any loss of the certificates, or any mistakes or errors in the issuance of the certificates (or the electronic equivalent) to the Colleague (or his designated entities) or in the certificates themselves.

## ARTICLE IV

### ADDITIONAL TERMS AND CONDITIONS OF THE PRSUs

#### Section 4.1 - Nature of Award

In accepting the PRSUs, the Colleague acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the PRSU award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future PRSU awards, or benefits in lieu of PRSU awards, even if PRSUs have been granted in the past;
- (c) all decisions with respect to future PRSUs or other grants, if any, will be at the sole discretion of the Company;
- (d) the Colleague's participation in the Plan is voluntary;
- (e) the PRSUs and any Shares acquired under the Plan, and the income and the value of same, are not intended to replace any pension rights or compensation under any pension arrangement;
- (f) the PRSUs and any Shares acquired under the Plan, and the income and the value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, dismissal, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- (g) unless otherwise agreed with the Company, the PRSUs and the Shares subject to the PRSUs, and the income and value of same, are not granted as consideration for, or in connection with, services the Colleague may provide as a director of any Subsidiary or affiliate;
- (h) the future value of the Shares underlying the PRSUs is unknown, indeterminable, and cannot be predicted with certainty;
- (i) no claim or entitlement to compensation or damages shall arise from forfeiture of the PRSUs or the underlying Shares resulting from the Colleague's Termination of Service (for any reason)

whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Colleague is employed or the terms of his or her employment agreement, if any);

(j) unless otherwise provided in the Plan or by the Company in its discretion, the PRSUs and the benefits evidenced by this Agreement do not create any entitlement to have the PRSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Change of Control or similar event affecting the Shares of the Company; and

(k) if the Colleague is providing services outside the United States, neither the Company, the Employer nor any Subsidiary or Designated Associate Company shall be liable for any foreign exchange rate fluctuation between the Colleague's local currency and the United States Dollar that may affect the value of the PRSUs or of any amounts due to the Colleague pursuant to the settlement of the PRSUs or the subsequent sale of any Shares acquired upon settlement.

#### Section 4.2 - No Advice Regarding Grant

The Company its Subsidiaries and Designated Associate Companies are not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Colleague's participation in the Plan, the issuance of Shares upon vesting of the PRSUs or sale of the Shares. The Colleague should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

### ARTICLE V

#### DATA PRIVACY NOTICE

#### Section 5.1 - Data Privacy

***The Company is located at 51 Lime Street, London, EC3M 7DQ, England and Wales and grants employees of the Company, Subsidiaries and Designated Associate Companies the opportunity to participate in the Plan, at the Company's sole discretion. If the Colleague would like to participate in the Plan, the Colleague understands that the Company will process the Colleague's Personal Data in accordance with the Global Employee Personal Information Protection Notice set forth in Schedule D to this Agreement.***

### ARTICLE VI

#### AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS

#### Section 6.1 - Restrictive Covenants and Other Obligations

In consideration of the grant of PRSUs, the Colleague shall enter into the Agreement of Restrictive Covenants and Other Obligations, a copy of which is attached hereto as Schedule B. In the event the Colleague does not sign and return or electronically accept the Agreement of Restrictive Covenants and Other Obligations in the manner specified within 45 days of the receipt of this Agreement, the Committee may, in its sole discretion, cancel the PRSUs. If no such agreement is required, Schedule B shall state none or not applicable.

### ARTICLE VII

#### MISCELLANEOUS

#### Section 7.1 - Administration

The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Colleague, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the PRSUs. In its absolute discretion, the Committee may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

#### Section 7.2 - PRSUs Not Transferable

Neither the PRSUs nor any interest or right therein or part thereof shall be subject to the debts, contracts or engagements of the Colleague or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 7.2 shall not prevent transfers made solely for estate planning purposes or under a will or by the applicable laws of inheritance.

#### Section 7.3 - Binding Effect

The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

#### Section 7.4 - Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company at the following address:

Willis Towers Watson plc  
c/o Matthew S. Furman  
General Counsel  
200 Liberty Street  
New York, NY 10281

and any notice to be given to the Colleague shall be at his address.

By a notice given pursuant to this Section 7.4, either party may hereafter designate a different address for notices to be given to him. Any notice that is required to be given to the Colleague shall, if the Colleague is then deceased, be given to the Colleague's personal representatives if such representatives have previously informed the Company of their status and address by written notice under this Section 7.4. Any notice shall have been deemed duly given when sent by facsimile or enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or the United Kingdom's Post Office or in the case of a notice given by an Colleague resident outside the United States of America or the United Kingdom, sent by facsimile or by a recognized international courier service.

#### Section 7.5 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

#### Section 7.6 - Applicability of Plan

The PRSUs and the Shares underlying the PRSUs shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the PRSUs and the underlying Shares. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

#### Section 7.7 - Amendment

This Agreement may be amended only by a document executed by the parties hereto, which specifically states that it is amending this Agreement.

#### Section 7.8 - Governing Law

This Agreement shall be governed by, and construed in accordance with the laws of Ireland without regard to its conflicts of law provisions; provided, however, that the Agreement of Restrictive Covenants and Other Obligations as set forth in Schedule B, if applicable, shall be governed by and construed in accordance with the laws specified in that agreement without regard to conflicts of law provisions.

#### Section 7.9 - Jurisdiction

The state and federal courts located in the County of New York, State of New York shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes, which may arise out of or in connection with this Agreement and, for such purposes, the parties hereto irrevocably and unconditionally submit to the exclusive jurisdiction of such courts; provided, however, where applicable that with respect to the Agreement of Restrictive Covenants and Other Obligations the courts specified in such agreements shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with that agreement.

#### Section 7.10 - Electronic Delivery and Acceptance

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Colleague hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party broker/stock plan administrator designated by the Company. Further, to the extent that this Agreement has been executed on behalf of the Company electronically, the Colleague accepts the electronic signature of the Company.

#### Section 7.11 - Choice of Language

By accepting the Agreement providing for the terms and conditions of the Colleague's grant, the Colleague confirms having read and understood the documents relating to this grant (the Plan and the Agreement) which were provided in English language. The Colleague accepts the terms of those documents accordingly.

#### Section 7.12 - Severability

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

#### Section 7.13 - Schedule A

The PRSUs shall be subject to any special provisions set forth in Schedule A for the Colleague's country of residence, if any. If the Colleague relocates to one of the countries included in Schedule A prior to the vesting of the PRSUs, the special provisions for such country shall apply to the Colleague, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. Schedule A constitutes part of this Agreement.

#### Section 7.14 - Imposition of Other Requirements

The Company reserves the right to impose other requirements on the PRSUs and the Shares acquired upon vesting of the PRSUs, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Colleague to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

#### Section 7.15 - Insider Trading / Market Abuse Laws

The Colleague acknowledges that, depending on the Colleague or the Colleague's broker's country of residence or where the Shares are listed, the Colleague may be subject to insider trading restrictions and/or market abuse laws, which may affect the Colleague's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (*e.g.*, PRSUs) or rights linked to the value of Shares under the Plan during such times as the Colleague is considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdictions of the Colleague's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Colleague placed before the Colleague possessed inside information. Furthermore, the Colleague could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Colleague acknowledges he is responsible for complying with any applicable restrictions and is encouraged to speak to his personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in the Colleague's country.

#### Section 7.16 - Foreign Asset/Account Reporting Requirements and Exchange Controls

The Colleague's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Colleague's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares, sale proceeds resulting from the sale of Shares acquired under the Plan) in a brokerage or bank account outside the Colleague's country. The Colleague may be required to report such accounts, assets or transactions to the tax or other authorities in the Colleague's country. The Colleague also may be required to repatriate sale proceeds or other funds received as a result of the Colleague's participation in the Plan to the Colleague's country through a designated bank or broker within a certain time after receipt. The Colleague acknowledges that it is his responsibility to be compliant with such regulations, and the Colleague should consult his personal legal advisor for any details.

#### Section 7.17 - Waiver

The Colleague acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Colleague or any other Participant of the Plan.

#### Section 7.18 - Counterparts

This Agreement may be executed in any number of counterparts (including by facsimile), each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

Section 7.19 - Code Section 409A

For purposes of United States taxpayers, it is intended that the terms of the PRSUs will comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto so as not to subject the Colleague to the payment of additional taxes and interest under Section 409A of the Code, and this Agreement will be interpreted, operated and administered in a manner that is consistent with this intent. In furtherance of this intent, the Committee may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, in each case, without the consent of the Colleague, that the Committee determines are reasonable, necessary or appropriate to comply with the requirements of Section 409A of the Code and related United States Department of Treasury guidance. In that light, the Company, its Subsidiaries and any Designated Associate Companies make no representation or covenant to ensure that the PRSUs that are intended to be exempt from, or compliant with, Section 409A of the Code are not so exempt or compliant or for any action taken by the Committee with respect thereto. Nothing in the Agreement shall provide a basis for any person to take action against the Company, its Subsidiaries or its Designated Associate Companies based on matters covered by Section 409A of the Code, including the tax treatment of any Shares or other payments made under the PRSUs granted hereunder, and the Company, its Subsidiaries and any Designated Associate Companies shall not under any circumstances have any liability to the Colleague or his estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Agreement, including taxes, penalties or interest imposed under Section 409A of the Code.

*By the Colleague's execution or electronic acceptance of this Agreement (including the Schedules attached hereto) in the manner specified in the Colleague's online account with the Company's designated broker/stock plan administrator, the Colleague and the Company have agreed that the PRSUs are granted under and governed by the terms and conditions of the Plan and this Agreement (including the Schedules attached hereto).*

**Signed for and on behalf of  
Willis Towers Watson Public Limited Company by:**

/s/ Matthew Furman  
Name: Matthew Furman  
Title: General Counsel

**Participant:**

Signature: /s/ John J. Haley  
Print Name: John J. Haley

## COUNTRY-SPECIFIC APPENDIX TO RESTRICTED SHARE UNIT AWARD AGREEMENT

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY  
2012 EQUITY INCENTIVE PLAN

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement or the Plan.

***Terms and Conditions***

This Schedule A includes additional terms and conditions that govern the Performance-Based Restricted Share Unit Award granted to the Colleague under the Willis Towers Watson Public Limited Company 2012 Equity Incentive Plan, as amended from time to time (the “Plan”) and the applicable Performance-Based Restricted Share Unit Agreement (the “Agreement”) if the Colleague resides in one of the countries listed below.

Notwithstanding Section 1.13 and 3.2(c) of the Agreement, if the Company receives a legal opinion that there has been a legal judgment and/or legal development in the Colleague’s jurisdiction that likely would result in the favorable treatment that applies to the PRSUs as a result of the Colleague’s retirement or reaching a certain age being unlawful and/or discriminatory, the favorable treatment contemplated under Section 1.13 and 3.2(c) shall not apply and Section 3.2 shall apply to the Colleague without giving effect to Section 3.2(c).

***Notifications***

This Schedule A also includes information based on the securities, exchange control and other laws in effect in the Colleague’s country as of January 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Colleague not rely on the information noted herein as the only source of information relating to the consequences of the Colleague’s participation in the Plan because the information may be out of date at the time the PRSUs vest under the Plan.

In addition, the information is general in nature. The Company is not providing the Colleague with any tax advice with respect to the PRSUs. The information provided below may not apply to the Colleague’s particular situation, and the Company is not in a position to assure the Colleague of any particular result. *Accordingly, the Colleague should seek appropriate professional advice as to how the tax or other laws in the Colleague’s country apply to the Colleague’s situation.*

Finally, if the Colleague is a citizen or resident of a country other than the one in which the Colleague is currently residing and/or working, transfers employment and/or residency after the Grant Date, or is considered a resident of another country for local law purposes, the terms and conditions contained herein for the country the Colleague is residing and/or working in at the time of grant may not be applicable to the Colleague, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Colleague. Similarly, the information contained herein may no longer be applicable in the same manner.

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## **IRELAND**

### *Terms and Conditions*

#### **PRSU Payment**

This provision supplements Section 2.2 of the Agreement:

Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the PRSUs do not provide any right for the Colleague to receive a cash payment and the PRSUs will be settled in Shares only.

### *Notifications*

#### **Director Reporting Obligation**

If the Colleague is a director, shadow director<sup>1</sup> or secretary of the Company or an Irish Subsidiary, he must notify the Company or the Irish Subsidiary in writing if the Colleague receives or disposes of an interest exceeding 1% of the Company (*e.g.*, PRSUs, Shares, etc.), if Colleague becomes aware of the event giving rise to the notification requirement, or if the Colleague becomes a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests will be attributed to the director, shadow director or secretary).

## **UNITED KINGDOM**

### *Terms and Conditions*

#### **PRSU Payment**

This provision supplements Section 2.2 of the Agreement:

Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the PRSUs do not provide any right for the Colleague to receive a cash payment and the PRSUs will be settled in Shares only.

#### **Tax Withholding**

The following provisions supplement Section 2.5 of the Agreement:

Without limitation to Section 2.5 of the Agreement, the Colleague agrees that he is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Colleague also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Colleague's behalf.

Notwithstanding the foregoing, if the Colleague is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the Colleague shall not be eligible for a loan from the

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<sup>1</sup> A shadow director is an individual who is not on the board of directors of the Company or an Irish Subsidiary but who has sufficient control so that the board of directors of the Company or Irish Subsidiary, as applicable, acts in accordance with the directions and instructions of the individual.

Employer to cover income tax. In the event that the Colleague is a director or executive officer and the income tax is not collected from or paid by him within ninety days of the end of the United Kingdom (“UK”) tax year in which the event giving rise to the income tax occurs, or such other period as required under UK law, the amount of any uncollected income tax may constitute a benefit to him on which additional income tax and National Insurance Contributions (“NICs”) may be payable. The Colleague will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for any employee NICs due on this additional benefit, which may be recovered from the Colleague by the Company or the Employer at any time thereafter by any of the means referred to in Section 2.5 of the Agreement.

## **UNITED STATES OF AMERICA**

### ***Notifications***

#### **Exchange Control Information**

Under the Foreign Account Tax Compliance Act (“FATCA”), United States taxpayers who hold Shares or rights to acquire Shares (*i.e.*, PRSUs) may be required to report certain information related to their holdings to the extent the aggregate value of the PRSUs/Shares exceeds certain thresholds (depending on the Colleague’s filing status) with the Colleague’s annual tax return. The Colleague should consult with his personal tax or legal advisor regarding any FATCA reporting requirements with respect to the PRSUs or any Shares acquired under the Plan.

**AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS FOR EMPLOYEES IN THE UNITED STATES**

This Agreement of Restrictive Covenants and Other Obligations for Employees in the United States (the “RCA”) is entered into by and between Willis Towers Watson Public Limited Company (the “Company”) and the participant (the “Participant”) to be effective as of the date the Participant signs or electronically accepts this RCA.

**RECITALS**

**Whereas**, Participant is employed by a Subsidiary of the Company;

**Whereas**, subject to approval by the Committee or the Company’s Share Award Committee, the Participant has been designated to receive a grant of performance-based restricted share units (“PRSUs” or “Awards”) under the Company’s 2012 Equity Incentive Plan (the “Plan”);

**Whereas**, any Award granted to the Participant is subject to the terms and conditions of the Plan, the award agreement evidencing the Participant’s Award (including any country specific terms thereto) and this RCA, and in consideration of the Award, the Participant shall enter into and acknowledge his or her agreement to the terms and conditions of the Plan, the award agreement and this RCA; and

**Whereas**, the Participant acknowledges and agrees that he or she desires to receive the Award and understands and agrees any Award is subject to the terms and conditions set forth in the Plan, the applicable award agreement and this RCA.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises contained herein and for other valuable consideration, in particular the Award, the receipt and sufficiency of which is hereby acknowledged in this recital and within Section 6.4 below, the Parties hereto agree, with the intent to be bound, as follows:

Section 1 - Recitals

The Recitals set forth above are an integral part of this RCA, and are incorporated herein by reference.

Section 2 - Definitions

- 2.1. “**Award**” shall have the meaning as set forth in the recitals.
  - 2.2. “**Business**” shall mean insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance, risk management consulting or other business performed by the Restricted Group.
  - 2.3. “**Committee**” shall have the same meaning as set forth in the Plan or the applicable award agreement.
  - 2.4. “**Competitor**” shall mean any business principally engaged in insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance, risk management consulting or other business which is either performed by the Restricted Group or is a business in which the Restricted Group has taken steps toward engaging.
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- 2.5. “**Confidential Information**” shall mean all trade secrets and non-public information concerning the financial data, strategic business plans, and other non-public, proprietary, and confidential information of the Restricted Group. Confidential Information includes, but is not limited to, the following information: identities of Relevant Clients and Relevant Prospects; identities of companies from which any Subsidiary obtains insurance coverage for Relevant Clients and Relevant Prospects; policy terms, conditions, rates and expiration dates pertaining to Relevant Clients and Relevant Prospects; risk characteristics of Relevant Clients and Relevant Prospects; and non-public information of the Restricted Group concerning insurance markets for particular risks. Confidential Information shall not include information that is within public domain, provided that Participant was not responsible, directly or indirectly, for such information entering the public domain without the Restricted Group’s consent.
- 2.6. “**Directly or indirectly**” shall mean the Participant acting either alone or jointly with or on behalf of or by means of or in concert with any other person, firm or company (whether as principal, partner, manager, employee, contractor, director, consultant, investor or similar capacity) or otherwise.
- 2.7. “**Employer**” shall mean the Subsidiary that employs the Participant. If the Company ever becomes an employer of the Participant, then the term Employer shall refer to the Company.
- 2.8. “**Employment Agreement**” shall mean the contractual terms and conditions which govern the employment of the Participant by Employer.
- 2.9. “**Key Personnel**” shall mean any person who is at the date the Participant ceases to be an employee of Employer or was (i) at any time during the period of twelve (12) months prior to that date employed by the Restricted Group, (ii) an employee with whom Participant had dealings, and (iii) employed by or engaged in the Business in a managerial capacity, or was an employee with insurance, reinsurance or other technical expertise.
- 2.10. “**Plan**” shall have the meaning set forth in the recitals.
- 2.11. “**Relevant Area**” shall mean the counties, parishes, districts, municipalities, cities, metropolitan regions, localities and similar geographic and political subdivisions, within and outside of the United States of America, in which the Employer, the Company or any of its Subsidiaries has carried on Business in which the Participant has been involved or concerned or working on at any time during the period of twelve (12) months prior to the date on which the Participant ceases to be employed by Employer.
- 2.12. “**Relevant Client**” shall mean any person, firm or company who or which at any time during the period of twelve (12) months prior to the date on which the Participant ceases to be employed by Employer is or was a client or customer of the Employer, the Company or any of its Subsidiaries or was in the habit and/or practice of dealing under contract with the Employer, the Company or any of its Subsidiaries and with whom or which the Participant had dealings related to the Business) or for whose relationship with the Employer, the Company or any of its Subsidiaries the Participant had responsibility at any time during the said period.
- 2.13. “**Relevant Period**” shall mean the period of twenty four (24) months following the date on which the Participant ceases to be employed by Employer.
- 2.14. “**Relevant Prospect**” shall mean any person, firm or company who or which at any time during the period of six (6) months prior to the date on which the Participant ceases to be employed by Employer was an active prospective client of the Employer, the Company or

any of its Subsidiaries with whom or with which the Participant had dealings related to the Business (other than in a minimal and non-material way).

- 2.15. “**Restricted Group**” shall mean the Company and its Subsidiaries, including the Employer, as in existence during the Participant’s employment with Employer and as of the date such employment ceases.
- 2.16. “**Subsidiary**” shall mean a direct and/or indirect subsidiary of the Company as well as any associate company which is designated by the Company as being eligible for participation in the Plan.

Section 3 - Non-Solicit and Other Obligations

- 3.1. The Participant acknowledges that by virtue of his or her management position and as an employee of Employer, the Participant has acquired and will acquire knowledge of Confidential Information of the Restricted Group and their Business. The Participant further acknowledges that the Confidential Information which the Restricted Group has provided and will provide to the Participant would give the Participant a significant advantage if the Participant were to directly or indirectly be engaged in any Business at a Competitor of the Restricted Group.
- 3.2. Without the Company’s prior written consent, the Participant shall not directly or indirectly, at any time during or after the Participant’s employment with any Employer, disclose any Confidential Information and shall use the Participant’s best efforts to prevent the taking or disclosure of any Confidential Information to a Competitor, or otherwise, except as reasonably may be required to be disclosed by the Participant in the ordinary performance of his or her duties for Employer or as required by law. Notwithstanding the foregoing, you understand that if you make a confidential disclosure of a trade secret of the Company or other Confidential Information to a government official or an attorney for the sole purpose of reporting a suspected violation of law, or in a court filing under seal, or otherwise engage in activities protected under whistleblower statutes, you shall not be held liable under this Agreement or under any federal or state trade secret law for such a disclosure or engaging of such activity and shall also not be required to notify the Company of any such disclosure or engaging of any such activity.
- 3.3. The Participant shall not, for the Relevant Period, directly or indirectly for a Competitor or otherwise:
- 3.3.1. within the Relevant Area, solicit any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;
  - 3.3.2. within the Relevant Area, accept, perform services for, or deal with any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;
  - 3.3.3. solicit for employment or entice away from the Restricted Group any Key Personnel; or
  - 3.3.4. employ or engage or endeavour to employ or engage any Key Personnel.
- 3.4. To the extent the Participant is a party to an Employment Agreement or other agreement with the Employer, the Company or any Subsidiary that contains post-employment covenants and restrictions, those post-employment covenants and restrictions shall be separate and apart and

independent from the covenants and restrictions set forth in Section 3.2 and Section 3.3 herein.

- 3.5. The Participant shall not directly or indirectly, at any time during or after the Participant's employment with any Employer, take any action or make any statement, written or oral, that disparages or criticizes the business or management of the Employer, the Company or any Subsidiary or any of its or their respective directors, officers, agents, employees, products or services. Nothing contained herein limits or restricts any rights Participant may have to engage in protected concerted activity under the National Labor Relations Act.
- 3.6. The Participant recognizes and agrees that the payment of damages will not be an adequate remedy for any breach by Participant of any of the covenants set forth in Section 3 of this RCA. Participant recognizes that irreparable injury will result to Company and/or its Subsidiaries in the event of any such breach and therefore Participant agrees that Company may, in addition to recovering damages, proceed in equity to enjoin Participant from violating any such covenant.
- 3.7. The Participant acknowledges that the provisions of this Section 3 are fair, reasonable and necessary to protect the goodwill and interests of the Restricted Group.

Section 4 - Governing Law & Jurisdiction

- 4.1. This RCA shall be governed by and construed in accordance with the laws of the state of New York, without regard to its conflicts of law principles.
- 4.2. Any suit, action or proceeding arising out of or relating to this RCA shall only be brought in the State and Federal Courts located in the County of New York, State of New York and the Parties hereto irrevocably and unconditionally submit accordingly to the exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. The Participant hereby irrevocably and unconditionally waives any objections he or she may now have or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this RCA in the foregoing courts. The Participant further acknowledges that for purposes of N.Y.C.P.L.R. 327(b) and N.Y. G.O.L. Section 5-1402, the value of the Plan is in excess of One Million Dollars (\$1,000,000) and the Participant hereby further irrevocably and unconditionally waives any claim that any such suit, action or proceeding brought in the foregoing courts has been brought in an inconvenient forum.

Section 5 - Consideration, Severability, Beneficiaries & Effect on other agreements

- 5.1. The Parties acknowledge that the provisions of this RCA are severable. If any part or provision of this RCA shall be determined by any court or tribunal to be invalid, then such partial invalidity shall not cause the remainder of this RCA to be or become invalid. If any provision hereof is held unenforceable on the basis that it exceeds what is reasonable for the protection of the goodwill and interests of the Restricted Group, but would be valid if part of the wording were modified or deleted, as permitted by applicable law, then such restriction or obligation shall apply with such deletions or modifications as may be necessary to make it enforceable.
- 5.2. The Participant acknowledges that he or she remains bound by any Employment Agreement or any other agreement currently in effect by and between the Participant, on the one hand, and the Employer, the Company or any Subsidiary, on the other hand, including but not

limited to any post-employment covenants and restrictions, and this RCA shall be in addition to, and not in place of any such agreements.

- 5.3. Nothing contained in this RCA constitutes a promise or agreement to employ the Participant for a guaranteed term or otherwise modify the terms and conditions of the Participant's employment with the Employer.

Section 6

– Miscellaneous

- 6.1. This RCA, and the provisions hereof, may not be modified, amended, terminated, or limited in any fashion except by written agreement signed by both parties hereto, which specifically states that it is modifying, amending or terminating this RCA.
- 6.2. The rights and remedies of the Restricted Group under this RCA shall inure to the benefit of any and all of its/their successors, assigns, parent companies, sister companies, subsidiaries and other affiliated corporations, and the successors and assigns of each of them.
- 6.3. The waiver by either party of any breach of this RCA shall not operate or be construed as a waiver of that party's rights on any subsequent breach.
- 6.4. The Participant acknowledges that the Award constitutes adequate consideration to support the covenants and promises made by the Participant within this RCA regardless of whether such Award is ultimately beneficial to Participant.
- 6.5. The Participant acknowledges and agrees that the Participant shall be obliged to draw the provisions of Section 3 of this RCA to the attention of any third party who may, at any time before or after the termination of the Participant's employment with Employer, offer to employ or engage him or her and for or with whom Participant intends to work within the Relevant Period.
- 6.6. The various section headings contained in this RCA are for the purpose of convenience only and are not intended to define or limit the contents of such sections.
- 6.7. This RCA may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same document. This RCA will be binding, notwithstanding that either party's signature is displayed only on a facsimile or electronic copy of the signature page.
- 6.8. Any provisions which by their nature survive termination of this RCA, including the obligations set forth in Section 3 and Section 4, shall survive termination of this RCA.
- 6.9. This RCA has been executed on behalf of the Company electronically and the Participant accepts the electronic signature of the Company.

*By the Participant's execution or electronic acceptance of this RCA in the manner specified in the Participant's online account with the Company's designated broker/stock plan administrator, the Participant and the Company have agreed to the terms and conditions of this RCA in connection with the Participant's Award.*

**Signed for and on behalf of  
Willis Towers Watson Public Limited Company by:**

/s/ Matthew Furman  
Name: Matthew Furman  
Title: General Counsel

**Participant:**

Signature: /s/ John J. Haley  
Print Name: John J. Haley

## PERFORMANCE GOALS FOR 2019 LTIP PRSUs

“**Performance Period**” means January 1, 2019 - December 31, 2021.

“**Adjusted Ending Share Value**” is the product of (i) the Ending Share Price, multiplied by (ii) the sum of one Ordinary Share, or the shares of the Peer Group, as applicable, plus the number of whole and fractional Ordinary Shares, or the shares of the Peer Group, as applicable, calculated based on deemed reinvestment of dividends in Ordinary Shares, or the shares of the Peer Group, as applicable, on the ex-dividend date.

“**Beginning Share Price**” shall mean the average closing price of the Ordinary Shares or the shares of the Peer Group, as applicable, for the 30 trading days ending on the first trading date of the Performance Period.

“**Ending Share Price**” shall mean the average of the closing price of the Ordinary Shares or the shares of the Peer Group, as applicable, for the last 30 trading days up to and including the last day of the Performance Period.

“**Ordinary Share**” means an ordinary share of the Company, nominal value \$0.000304635 per share.

“**Peer Group**” means the companies comprising the S&P 500 on the last day of the Performance Period.

“**Annualized Total Shareholder Return**” shall mean the quotient of (i) the Adjusted Ending Share Value minus the Beginning Share Price, divided by (ii) the Beginning Share Price. Annualized Total Shareholder Return expressed as a formula shall be as follows:

$$\text{Annualized Total Shareholder Return} = \frac{(\text{Adjusted Ending Share Value} - \text{Beginning Share Price})}{\text{Beginning Share Price}} \text{ multiplied by } (1/3)$$

The share prices and cash dividend payments reflected in the calculation of Annualized Total Shareholder Return shall be adjusted to reflect stock splits during the Performance Period.

The number of PRSUs that shall vest shall be equal to the product of (i) the target number of PRSUs, multiplied by (ii) the PSU Payout (as a percentage of Target # of Shares), with performance that is attained between the specified Performance Levels calculated based on linear interpolation.

<b>Annualized TSR Percentile Rank Relative to Peer Group</b>	<b>Performance Level</b>	<b>PSU Payout (as a percentage of the Target # of Shares)</b>
75th Percentile and Above	Maximum	200%
50th Percentile	Target	100%
25th Percentile	Threshold	50%
Below 25th Percentile	Below Threshold	0%

**WILLIS TOWERS WATSON**  
**Global Employee Personal Information Protection Notice**

**1. Introduction**

Willis Towers Watson operates as a global business through Willis Towers Watson PLC and its affiliated entities (together “the Willis Towers Watson Group”). The Willis Towers Watson Group values the trust of its employees worldwide and is committed to protecting their personal information.

The Willis Towers Watson Group operates in many different countries. Some of these countries have laws related to the collection, use, transfer and disclosure of the personal information of individuals, including our employees. The purpose of this Global Employee Personal Information Protection Notice (the “Notice”) is to give you information about what personal information the Willis Towers Watson Group collects, uses, transfers and discloses, and why. In some countries, the Notice may be supplemented by local employee privacy notices and such local notices will be drawn to your attention.

The Willis Towers Watson entity responsible for collecting and processing your personal data is the entity that employs you. You can check which entity employs you by checking your contract of employment or by asking your usual HR contact. In this Notice, the term "we" or "us" refers to that entity. The information that we collect about you as an employee allows us to administer your benefits, and helps to support routine Human Resources and operational processes, contingency planning, and internal talent searches.

**2. What Personal Information about You We collect, and how We collect Your Personal Information**

In the course of your employment, we may have collected or will collect information about you and your working relationship with us, your spouse, domestic/civil partner and/or dependents (“Dependents”). We refer to such information as “Personal Information”. For more specific information regarding what Personal Information about you we may collect, use, transfer and disclose, and the purposes for which it may be collected, used, transferred and disclosed, please see the Annex to this Notice. Local employee handbooks, office manuals, works council agreements and notices provided in your local office or on the Willis Towers Watson intranet site may provide additional details or information.

We normally collect your Personal Information directly from you, for example when you apply for a job with us, when you commence your role, and from time to time throughout your employment when we ask you to provide information. We may be required as a consequence of our relationship with you as your employer, or by law, to collect certain Personal Information about you. Failure to provide this information may prevent or delay the fulfilment of our obligations as an employer. We will inform you at the time your information is collected whether certain information is compulsory and the consequences of the failure to provide such information.

We also collect certain Personal Information about you from other sources, including:

- (a) background check information from employment screening agencies or publicly available registers, which may include information about criminal records (where allowed by law), or references obtained during recruitment;
  - (b) publicly available professional profiles on websites or social media (e.g. LinkedIn); and
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(c) information about your performance or conduct from other employees, clients or service providers you work with who may provide feedback about you or participate in performance evaluations or reviews.

### **3. The Legal Bases and purposes for which We use, transfer and disclose Your Personal Information**

We must have a legal basis to process your Personal Information. In most cases the legal basis will be one of the following:

- (a) to fulfil our contractual obligations to you in connection with your employment contract with us;
- (b) to comply with our legal obligations, for example obtaining proof of your identity to enable us to meet our anti-money laundering obligations, or obtaining proof of your right to work status to enable us to meet relevant obligations;
- (c) to comply with our legal obligations to you, for example health and safety obligations that we must comply with as your employer or to a third party (e.g. the taxation authorities);
- (d) to meet our legitimate interests, for example to manage our employees effectively, to protect us against theft or other crime, to allow you access to our technology and HR resources, and to conduct analytics that allows us to manage our workforce efficiently and plan recruitment activities. When we process personal information to meet our legitimate interests, we put in place robust safeguards to ensure that your privacy is protected and to ensure that our legitimate interests are not overridden by your interests or fundamental rights and freedoms; or
- (e) to protect your or another person's vital interests, for example by providing your health information to a doctor in a medical emergency.

We may obtain your explicit consent to collect and use certain types of Personal Information when we are required to do so by law (for example, when we process some categories of sensitive personal information). If we ask for your consent to process your personal information, you may withdraw your consent at any time by contacting [privacy@willistowerswatson.com](mailto:privacy@willistowerswatson.com).

The purposes for which we use your personal information are explained in more detail in the Annex to this Notice.

### **4. Monitoring tools, profiling and automated decision-making**

Some of the technology we use to protect company confidential information and ensure compliance with company policies monitors employee IT usage and employee communications and may automatically filter, record or block the sending of communications, or flag certain communications for further review, subject to meeting local legal requirements. For further information on this, please contact [privacy@willistowerswatson.com](mailto:privacy@willistowerswatson.com).

Subject to restrictions under local laws, we may also use technology (including third party solutions) to process your Personal Information in a manner that constitutes "profiling". This involves the use of software that is able to evaluate your personal aspects and predict risks or outcomes. We do this to assist in workforce management, for example we may use software to ensure our workforce is managed and utilised efficiently, to predict risks in staff retention, to detect problems in the workplace, and/or to ensure that employees are being compensated fairly.

Although we may use this type of technology to assist our decision-making, we do not make important decisions about employees (e.g. as to their compensation, dismissal or promotion) without a member of management and/or the HR team assessing all the circumstances.

## **5. Transfer of Personal Information**

Due to the global nature of Willis Towers Watson Group operations, we may disclose Personal Information to personnel and departments in other entities which are part of the Willis Towers Watson Group to fulfil the purposes described in this Notice. This may include transferring Personal Information to other countries (including countries other than where you are based that have a different data protection regime than is found in the country where you are based). If you are located in the European Economic Area (the “EEA”) this may include countries outside of the EEA. Some of these countries are recognized by the European Commission as providing an adequate level of protection according to EEA standards (the full list of these countries is available at [https://ec.europa.eu/info/law/law-topic/data-protection/data-transfers-outside-eu/adequacy-protection-personal-data-non-eu-countries\\_en](https://ec.europa.eu/info/law/law-topic/data-protection/data-transfers-outside-eu/adequacy-protection-personal-data-non-eu-countries_en)) while others are not. With regard to transfers to other countries that do not provide an adequate level of protection according to EEA standards, we have put in place adequate measures, such as standard contractual clauses adopted by the European Commission, to protect your information. You may obtain more information about these measures and the Willis Towers Watson Group’s Global Privacy Program by contacting [privacy@willistowerswatson.com](mailto:privacy@willistowerswatson.com).

Access to Personal Information within the Willis Towers Watson Group will be limited to those who have a need to know the information for the purposes described in the Annex to this Notice, and may include your managers and their designees, personnel in HR, IT, Compliance, Legal, Finance and Accounting and Internal Audit.

All personnel within the Willis Towers Watson Group will generally have access to your business contact information such as name, position, telephone number, postal address, email address and photograph.

From time to time, we and other entities within the Willis Towers Watson Group may need to make Personal Information available to other unaffiliated third parties. For a list of the categories of unaffiliated third parties, please see the Annex to this Notice. Some of the unaffiliated third parties will be located outside of your home jurisdiction, including in the United States and other jurisdictions that may not provide an adequate level of protection according to EEA standards. Third party service providers and professional advisors are required to protect the confidentiality and security of Personal Information, and only use Personal Information for the provision of services to Willis Towers Watson Group, and in compliance with applicable law.

## **6. Security**

Willis Towers Watson Group will take appropriate measures to protect Personal Information consistent with applicable privacy and data security laws and regulations, including requiring service providers to use appropriate measures to protect the confidentiality and security of **Personal Information**.

## **7. Data Retention**

Willis Towers Watson Group will keep your personal information for as long as you remain employed by us, and for a period of 10 years thereafter. We will only retain your personal information after this time if we are required to do so to comply with the law, or if there are outstanding claims or complaints that will reasonably require your personal information to be retained.

If there is any information that we are unable, for technical reasons, to delete entirely from our systems,

we will put in place appropriate measures to prevent any further processing or use of the data.

## **8. Access and correction requests, questions and complaints**

You have certain rights regarding your Personal Information, subject to local law. These include the right to:

- access your Personal Information;
- rectify the information we hold about you;
- erase your Personal Information;
- restrict our use of your Personal Information;
- object to our use of your Personal Information;
- receive your Personal Information in a usable electronic format and transmit it to a third party (right to data portability);
- withdraw your consent to any processing based on consent at any time; and
- lodge a complaint with your local data protection authority if you believe that we have not been able to assist with your complaint or concern.

If you have any questions about this Notice or if you would like to discuss or exercise your rights, please contact Human Resources or email [privacy@willistowerswatson.com](mailto:privacy@willistowerswatson.com).

If you wish to file a complaint about the way your information is processed, we encourage you to first contact your local Human Resources Representative, who will take all reasonable efforts to solve the issue. You have the right at all times to lodge a complaint with a data protection supervisory authority responsible for your country or region.

## **9. Employee's Obligations**

Please keep Personal Information up to date and inform us of any significant changes to Personal Information. You agree to inform your Dependents whose Personal Information you provide to us about the content of this Notice and to explain the use (including transfer and disclosure) of that Personal Information by us as set out in this Notice.

## **10. Changes to the Policy**

We may modify or update this Notice from time to time.

If we change this Notice, we will notify you of the changes. Where changes to this Notice will have a fundamental impact on the nature of the processing or otherwise have a substantial impact on you, we will give you sufficient advance notice so that you have the opportunity to exercise your rights (e.g. to object to the processing).

## **11. Contact**

The Willis Towers Watson entity that employs you is the controller responsible for processing your Personal Information in accordance with this Notice. Please contact your local Human Resources representative for further information on this entity and the appropriate means to contact them.

For questions or comments about this Notice, please contact Human Resources or email [privacy@willistowerswatson.com](mailto:privacy@willistowerswatson.com).

**Types of Personal Information We may collect, use, transfer and disclose:**

- Personal Details: Name, employee identification number, work and home contact details (email, phone numbers, physical address) language(s) spoken, gender, date of birth, national identification number, social security number, marital/civil partnership status, domestic partners, dependants, disability status, emergency contact information and photograph.
- Documentation Required under Immigration Laws: Citizenship, passport data, details of residency or work permit.
- Compensation and Payroll: Base salary, bonus, benefits, compensation type, salary step within assigned grade, details on stock options, stock grants and other awards, currency, pay frequency, effective date of current compensation, salary reviews, banking details, working time records (including vacation and other absence records, leave status, hours worked and department standard hours), pay data and termination date.
- Position: Description of current position, job title, management category, job code, salary plan, pay grade or level, job function(s) and subfunction(s), company name and code (legal employer entity), branch/unit/department, location, employment status and type, full-time/part-time, terms of employment, employment contract, work history, hire/re-hire and termination date(s) and reason, length of service, retirement eligibility, promotions and disciplinary records, date of transfers, and reporting manager(s) information.
- Talent Acquisition and Talent Management Information: Details contained in letters of application and resume/CV (previous employment background, education history, professional qualifications, language and other relevant skills, certification, certification expiration dates), information necessary to complete a background check, details on performance management ratings, development programs planned and attended, e-learning programs, performance and development reviews, willingness to relocate, driver's license information, and information used to populate employee biographies.
- Management Records: Details of any shares of common stock or directorships.
- System and Application Access Data: Information required to access company systems and applications such as System ID, LAN ID, email account, instant messaging account, mainframe ID, previous employee ID, previous manager employee ID, system passwords, employee status reason, branch state, country code, previous company details, previous branch details, and previous department details, and electronic content produced using Company systems.
- Sensitive Information: We may also collect certain types of sensitive information only when permitted by local law, such as health/medical information, place of birth, trade union membership information, religion, and race or ethnicity. We collect this information for specific purposes, such as health/medical information in order to accommodate a disability or illness and to provide benefits; religion or church affiliation in countries such as Germany where required for statutory tax deductions; and diversity-related Personal Information (such as gender, race or ethnicity) in order to comply with legal obligations and internal policies relating to diversity and anti-discrimination.
- Criminal records: Where permitted by law, we may collect information about criminal convictions during employee background checks.

Please be assured that, as explained in the following section, we will only use such sensitive information for the following purposes and as provided by law.

**The Purposes for which We may collect, use, transfer and disclose Personal Information:**

- Managing Workforce: Managing work activities and personnel generally, including recruitment, appraisals, performance management, promotions and succession planning, rehiring, administering salary, and payment administration and reviews, wages and other awards such as stock options,
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stock grants and bonuses, healthcare, pensions and savings plans, training, leave, managing sickness leave, promotions, transfers, secondments, honoring other contractual benefits, providing employment references, loans, performing workforce analysis and planning, performing employee surveys, performing background checks, managing disciplinary matters, grievances and terminations, reviewing employment decisions, making business travel arrangements, managing business expenses and reimbursements, planning and monitoring of training requirements and career development activities and skills, and creating and maintaining one or more internal employee directories.

- **Communications and Emergencies:** Facilitating communication with you, ensuring business continuity, providing references, protecting the health and safety of employees and others, safeguarding IT infrastructure, office equipment and other property, facilitating communication with you, your nominated contacts in an emergency.
- **Business Operations:** Operating and managing the IT and communications systems, ensuring the security of Company systems, networks and information, managing product and service development, improving products and services, managing company assets, allocating company assets and human resources, strategic planning, project management, business continuity, compilation of audit trails and other reporting tools, maintaining records relating to business activities, budgeting, financial management and reporting, communications, managing mergers, acquisitions, sales, re-organizations or disposals and integration with purchaser.
- **Compliance:** Complying with legal and other requirements, such as income tax and national insurance deductions, record-keeping and reporting obligations, conducting audits, compliance with government inspections and other requests from government or other public authorities, responding to legal process such as subpoenas, pursuing legal rights and remedies, for the purpose of observing our legal obligations, which include preventing business transactions with restricted parties and complying with relevant global trade control laws, defending litigation and managing any internal complaints or claims, conducting investigations and complying with internal policies and procedures.
- **Monitoring:** Monitoring compliance with internal policies and Code of Business Conduct, monitoring activity in public places by CCTV and monitoring of telephone, email, Internet, instant messaging and other company resources as detailed in our policies and permitted by local law, regulation and any applicable works councils agreements.

**The categories of unaffiliated third parties with whom Willis Towers Watson may share Personal Information:**

- **Professional Advisors:** Accountants, auditors, lawyers, insurers, bankers, and other outside professional advisors in all of the countries in which the Willis Towers Watson Group operates.
- **Service Providers:** Companies that provide products and services to the Willis Towers Watson Group such as payroll, pension scheme, benefits providers; human resources services, performance management, training, expense management, IT systems suppliers and support; third parties assisting with equity compensation programs, credit card companies, medical or health practitioners, trade bodies and associations, and other service providers.
- **Public and Governmental Authorities:** Entities that regulate or have jurisdiction over companies in the Willis Towers Watson Group such as regulatory authorities, law enforcement, public bodies, and judicial bodies (who may be located in other countries around the world).
- **Corporate Transaction:** A third party in connection with any proposed or actual reorganization, merger, sale, joint venture, assignment, transfer or other disposition of all or any portion of the Willis Towers Watson Group's business, assets or stock (including in connection with any bankruptcy or similar proceedings).

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14 AND 15d-14  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John J. Haley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Towers Watson Public Limited Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2019

/s/ John J. Haley

John J. Haley

Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14 AND 15d-14  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Burwell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Towers Watson Public Limited Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2019

/s/ Michael J. Burwell

Michael J. Burwell  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in his capacity as an officer of Willis Towers Watson Public Limited Company (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- The Quarterly Report of the Company on Form 10-Q for the period ended March 31, 2019, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2019

/s/ John J. Haley

John J. Haley

Chief Executive Officer

/s/ Michael J. Burwell

Michael J. Burwell

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Willis Towers Watson Public Limited Company and will be retained by Willis Towers Watson Public Limited Company and furnished to the Securities and Exchange Commission or its staff upon request.