UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark one)

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

For the fiscal year ended December 31, 2017

or

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

Commission File Number: 001-16503

Willis Towers Watson

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
(Exact name of registrant as specified in its charter)

Ireland	**98-0352587**
(Jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
c/o Willis Group Limited **51 Lime Street, London EC3M 7DQ, England**	**(011) 44-20-3124-6000**
(Address of principal executive offices)	*(Registrant's telephone number, including area code)*

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

Title of each Class	**Name of each exchange on which registered**
Ordinary Shares, nominal value $0.000304635 per share	**NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑
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 o
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definite proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of 'large accelerated filer', 'accelerated filer' and 'smaller reporting company' in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

Emerging growth company o

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. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ☑
The aggregate market value of the voting common equity held by non-affiliates of the Registrant, computed by reference to the last reported price at which the Registrant's common equity was sold on June 30, 2017 (the last day of the Registrant's most recently completed second quarter) was $18,544,137,403.
As of February 23, 2018, there were outstanding 132,216,177 ordinary shares, nominal value $0.000304635 per share, of the Registrant.

DOCUMENTS INCORPORATED BY REFERENCE

None.

WILLIS TOWERS WATSON

INDEX TO AMENDMENT No. 1 on FORM 10-K/A

For the year ended December 31, 2017

Explanatory Note

This Amendment No. 1 on Form 10-K/A (the 'Amendment') amends Willis Towers Watson Public Limited Company's (the 'Company') Annual Report on Form 10-K for the year ended December 31, 2017, as originally filed with the Securities and Exchange Commission on February 28, 2018 (the 'Original Filing'). The Company is filing this Amendment solely to include an additional paragraph in the opinion on the 2017 financial statements of its independent auditor, Deloitte and Touche LLP, describing their procedures performed in auditing the 2017 adjustments of the Company's reportable segment structure and adoption of ASU 2016-09 on a full retrospective basis to prior years, and their opinion on the appropriateness and proper application of such adjustments.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by the Company's principal executive officer and principal financial officer are filed as exhibits to this Amendment under Item 15 of Part IV hereof. We have also updated our XBRL information to be based on the 2017 taxonomy, and included these files in Item 15 Exhibits 101. In addition, new consents of Deloitte & Touche LLP and Deloitte LLP have been included in Item 15 Exhibits 23.1 and 23.2.

No other changes were made to the Original Filing. Except as stated herein, this Amendment does not reflect events occurring after the date of the Original Filing, nor does it modify or update any of the financial or other disclosures as presented in the Original Filing. Information not affected by this Amendment remains unchanged and reflects the disclosures made at the time the Original Filing was filed.

Certain Definitions

The following definitions apply throughout this Amendment No. 1 on Form 10-K/A 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
‘Gras Savoye’	GS & Cie Groupe SAS
‘Miller’	Miller Insurance Services LLP and its subsidiaries

PART II.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

WILLIS TOWERS WATSON

INDEX TO AMENDMENT No. 1 on FORM 10-K/A

For the year ended December 31, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Willis Towers Watson Public Limited Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Willis Towers Watson Public Limited Company and subsidiaries (the “Company”) as of December 31, 2017, the related consolidated statements of comprehensive income, changes in equity and cash flows for the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements of the Company for the year ended December 31, 2016 (the “2016 financial statements”), before the effects of the adjustments to retrospectively apply the changes in accounting discussed in Note 2 and before the effects of the retrospective adjustments to the disclosures for a change in composition of reportable segments discussed in Note 4 to the financial statements, were audited by other auditors whose report, dated March 1, 2017, expressed an unqualified opinion on those statements. We have also audited the adjustments to the 2016 financial statements to retrospectively apply the changes in accounting related to stock compensation as discussed in Note 2 and the retrospective adjustments to the disclosures for a change in the composition of reportable segments as discussed in Note 4 to the financial statements. In our opinion, such retrospective adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the Company other than with respect to the retrospective adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements taken as a whole.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2018 (not presented herein), expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ **Deloitte & Touche LLP**
Philadelphia, PA
February 28, 2018

We have served as the Company’s auditor since 2017.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Willis Towers Watson Public Limited Company
Dublin, Ireland

We have audited, before the effects of the adjustments to retrospectively apply the changes in accounting discussed in Note 2 and before the effects of the retrospective adjustments to the disclosures for a change in the composition of reportable segments discussed in Note 4 to the consolidated financial statements, the consolidated balance sheet of Willis Towers Watson Public Limited Company and subsidiaries (the "Company") as of December 31, 2016, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2016 and 2015 (the 2016 and 2015 consolidated financial statements before the effects of the adjustments discussed in Notes 2 and 4 to the consolidated financial statements are not presented herein). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such 2016 and 2015 consolidated financial statements, before the effects of the adjustments to retrospectively apply the changes in accounting discussed in Note 2 and before the effects of the retrospective adjustments to the disclosures for a change in the composition of reportable segments discussed in Note 4 to the consolidated financial statements, present fairly, in all material respects, the financial position of Willis Towers Watson Public Limited Company and subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the years ended December 31, 2016 and 2015, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review or apply any procedures to the adjustments to retrospectively apply the changes in accounting discussed in Note 2 or to the retrospective adjustments to the disclosures for a change in the composition of reportable segments discussed in Note 4 to the consolidated financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

/s/ **Deloitte LLP**
London, United Kingdom
March 1, 2017

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

	Years ended December 31,		
	2017	2016	2015
Revenues			
Commissions and fees	$ 8,116	$ 7,778	$ 3,809
Interest and other income	86	109	20
Total revenues	8,202	7,887	3,829
Costs of providing services			
Salaries and benefits	4,745	4,646	2,303
Other operating expenses	1,534	1,551	718
Depreciation	203	178	95
Amortization	581	591	76
Restructuring costs	132	193	126
Transaction and integration expenses	269	177	84
Total costs of providing services	7,464	7,336	3,402
Income from operations	738	551	427
Interest expense	188	184	142
Other expense/(income), net	61	27	(55)
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	489	340	340
Benefit from income taxes	(100)	(96)	(33)
INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	589	436	373
Interest in earnings of associates, net of tax	3	2	11
NET INCOME	592	438	384
Income attributable to non-controlling interests	(24)	(18)	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 568	$ 420	$ 373
EARNINGS PER SHARE (i)			
Basic earnings per share	$ 4.21	$ 3.07	$ 5.49
Diluted earnings per share	$ 4.18	$ 3.04	$ 5.41
Cash dividends declared per share (i)	$ 2.12	$ 1.92	$ 3.28
NET INCOME	$ 592	$ 438	$ 384
Other comprehensive income/(loss), net of tax:			
Foreign currency translation	$ 295	$ (353)	$ (133)
Defined pension and post-retirement benefits	14	(439)	180
Derivative instruments	75	(75)	(28)
Other comprehensive income/(loss), net of tax, before non-controlling interests	384	(867)	19
Comprehensive income/(loss) before non-controlling interests	976	(429)	403
Comprehensive (income)/loss attributable to non-controlling interests	(37)	2	(1)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 939	$ (427)	$ 402

(i) Basic and diluted earnings per share and cash dividends declared per share, for the year ended December 31, 2015 have been retroactively adjusted to reflect the reverse stock split on January 4, 2016. See Note 3 — Merger, Acquisitions and Divestitures for further details.

See accompanying notes to the consolidated financial statements

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

	December 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 1,030	$ 870
Fiduciary assets	12,155	10,505
Accounts receivable, net	2,246	2,080
Prepaid and other current assets	430	337
Total current assets	15,861	13,792
Fixed assets, net	985	839
Goodwill	10,519	10,413
Other intangible assets, net	3,882	4,368
Pension benefits assets	764	488
Other non-current assets	447	353
Total non-current assets	16,597	16,461
TOTAL ASSETS	$ 32,458	$ 30,253
LIABILITIES AND EQUITY		
Fiduciary liabilities	$ 12,155	$ 10,505
Deferred revenue and accrued expenses	1,711	1,481
Short-term debt and current portion of long-term debt	85	508
Other current liabilities	804	876
Total current liabilities	14,755	13,370
Long-term debt	4,450	3,357
Liability for pension benefits	1,259	1,321
Deferred tax liabilities	615	864
Provision for liabilities	558	575
Other non-current liabilities	544	532
Total non-current liabilities	7,426	6,649
TOTAL LIABILITIES	22,181	20,019
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NON-CONTROLLING INTEREST	28	51
EQUITY (i)		
Additional paid-in capital	10,538	10,596
Retained earnings	1,104	1,452
Accumulated other comprehensive loss, net of tax	(1,513)	(1,884)
Treasury shares, at cost, 17,519 in 2017 and 795,816 in 2016, and 40,000 shares, €1 nominal value, in 2017 and 2016	(3)	(99)
Total Willis Towers Watson shareholders’ equity	10,126	10,065
Non-controlling interests	123	118
Total equity	10,249	10,183
TOTAL LIABILITIES AND EQUITY	$ 32,458	$ 30,253

(i) Equity includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 132,139,581 (2017) and 137,075,068 (2016); Outstanding 132,139,581 (2017) and 136,296,771 (2016); (b) Ordinary shares, €1 nominal value; Authorized and Issued 40,000 shares in 2017 and 2016; and (c) Preference shares, $0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2017 and 2016.

See accompanying notes to the consolidated financial statements

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

	Years ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME	$ 592	$ 438	$ 384
Adjustments to reconcile net income to total net cash from operating activities:			
Depreciation	252	178	95
Amortization	581	591	76
Net periodic benefit of defined benefit pension plans	(91)	(93)	(78)
Provision for doubtful receivables from clients	17	36	5
Benefit from deferred income taxes	(285)	(244)	(99)
Share-based compensation	67	123	64
Non-cash foreign exchange loss/(gain)	77	(28)	73
Net gain on disposal of operations and fixed and intangible assets and gain on re-measurement of equity interests	(13)	—	(90)
Other, net	(57)	27	(8)
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:			
Accounts receivable	(64)	(101)	(155)
Fiduciary assets	(1,167)	(249)	(508)
Fiduciary liabilities	1,167	249	508
Other assets	(128)	(233)	(5)
Other liabilities	(51)	174	(61)
Provisions	(35)	65	43
Net cash from operating activities	862	933	244
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Additions to fixed assets and software for internal use	(300)	(218)	(146)
Capitalized software costs	(75)	(85)	—
Acquisitions of operations, net of cash acquired	(13)	476	(857)
Net disposals of operations	57	(1)	44
Other, net	(4)	23	16
Net cash (used in)/from investing activities	(335)	195	(943)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Net borrowings/(payments) on revolving credit facility	642	(237)	469
Senior notes issued	649	1,606	—
Proceeds from issuance of other debt	32	404	592
Debt issuance costs	(9)	(14)	(5)
Repayments of debt	(734)	(1,901)	(166)
Repurchase of shares	(532)	(396)	(82)
Proceeds from issuance of shares	61	63	131
Payments for share cancellation related to legal settlement	(177)	—	—
Payments of deferred and contingent consideration related to acquisitions	(65)	(67)	—
Cash paid for employee taxes on withholding shares	(18)	(13)	(1)
Dividends paid	(277)	(199)	(277)
Acquisitions of and dividends paid to non-controlling interests	(51)	(21)	(21)
Net cash (used in)/from financing activities	(479)	(775)	640
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	48	353	(59)
Effect of exchange rate changes on cash and cash equivalents	112	(15)	(44)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	870	532	635
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,030	$ 870	$ 532

See accompanying notes to the consolidated financial statements

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

	Shares outstanding (i)	Additional paid-in capital	Retained earnings	Treasury shares	AOCL (ii)	Total WTW shareholders' equity	Non-controlling interests	Total equity	Redeemable Non-controlling interest (iii)	Total
Balance as of January 1, 2015	67,460	$ 1,524	$ 1,530	$ (3)	$ (1,066)	$ 1,985	$ 22	$ 2,007	$ 59	
Shares repurchased	(646)	—	(82)	—	—	(82)	—	(82)	—	
Net income	—	—	373	—	—	373	8	381	3	$ 384
Dividends	—	—	(224)	—	—	(224)	(11)	(235)	(5)	
Other comprehensive income/(loss)	—	—	—	—	29	29	(6)	23	(4)	$ 19
Issuance of shares under employee stock compensation plans	1,811	128	—	—	—	128	—	128	—	
Share-based compensation	—	64	—	—	—	64	—	64	—	
Additional non-controlling interests	—	(53)	—	—	—	(53)	118	65	—	
Foreign currency translation	—	9	—	—	—	9	—	9	—	
Balance as of December 31, 2015	68,625	$ 1,672	$ 1,597	$ (3)	$ (1,037)	$ 2,229	$ 131	$ 2,360	$ 53	
Shares repurchased	(3,170)	—	(300)	(96)	—	(396)	—	(396)	—	
Net income	—	—	420	—	—	420	11	431	7	$ 438
Dividends	—	—	(265)	—	—	(265)	(9)	(274)	(5)	
Other comprehensive loss	—	—	—	—	(847)	(847)	(16)	(863)	(4)	$ (867)
Issuance of shares under employee stock compensation plans	1,342	66	—	—	—	66	—	66	—	
Issuance of shares for acquisitions	69,500	8,686	—	—	—	8,686	—	8,686	—	
Replacement share-based compensation awards issued on acquisition	—	37	—	—	—	37	—	37	—	
Share-based compensation	—	123	—	—	—	123	—	123	—	
Additional non-controlling interests	—	7	—	—	—	7	1	8	—	
Foreign currency translation	—	5	—	—	—	5	—	5	—	
Balance as of December 31, 2016	136,297	$ 10,596	$ 1,452	$ (99)	$ (1,884)	$ 10,065	$ 118	$ 10,183	$ 51	

(Continued)

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

	Shares outstanding (i)	Additional paid-in capital	Retained earnings	Treasury shares	AOCL (ii)	Total WTW shareholders' equity	Non-controlling interests	Total equity	Redeemable Non-controlling interest (iii)	Total
Adoption of ASU 2016-16 (See Note 2)	—	—	(3)	—	—	(3)	—	(3)	—	
Shares repurchased	(3,797)	—	(532)	—	—	(532)	—	(532)	—	
Shares canceled	(1,415)	(177)	(96)	96	—	(177)	—	(177)	—	
Net income	—	—	568	—	—	568	16	584	8	$ 592
Dividends	—	—	(285)	—	—	(285)	(15)	(300)	(3)	
Other comprehensive income	—	—	—	—	371	371	7	378	6	$ 384
Issuance of shares under employee stock compensation plans	1,055	62	—	—	—	62	—	62	—	
Share-based compensation	—	67	—	—	—	67	—	67	—	
Acquisition of non-controlling interests	—	—	—	—	—	—	(3)	(3)	(34)	
Foreign currency translation	—	(10)	—	—	—	(10)	—	(10)	—	
Balance as of December 31, 2017	132,140	$ 10,538	$ 1,104	$ (3)	$ (1,513)	$ 10,126	$ 123	$ 10,249	$ 28	

(i) The nominal value of the ordinary shares and the number of ordinary shares issued in the year ended December 31, 2015 have been retroactively adjusted to reflect the reverse stock split on January 4, 2016. See Note 3 —Merger, Acquisitions and Divestitures for further details.
(ii) Accumulated other comprehensive loss, net of tax ('AOCL').
(iii) The non-controlling interest is related to Max Matthiessen Holding AB.

See accompanying notes to the consolidated financial statements

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. Willis Towers Watson has more than 43,000 employees and services clients in more than 140 countries and territories. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. We believe our broad perspective allows us to see the critical intersections between talent, assets and ideas - the dynamic formula that drives business performance.

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 investment advice to help our clients 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 determine the best means of managing risk and negotiating and placing insurance with insurance carriers through our global distribution network. We operate the largest private Medicare exchange in the United States ('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.

The Merger with Towers Watson that closed on January 4, 2016 affects the comparability between 2015 and the later periods presented. See Note 3 — Merger, Acquisitions and Divestitures for additional information.

Note 2 — Basis of Presentation, Significant Accounting Policies and Recent Accounting Pronouncements

Significant Accounting Policies

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of Willis Towers Watson and those of our majority-owned and controlled subsidiaries. Intercompany accounts and transactions have been eliminated.

We determine whether we have a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity ('VIE'). Variable interest entities are entities that lack one or more of the characteristics of a voting interest entity and therefore require a different approach in determining which party involved with the VIE should consolidate the entity. With a VIE, either the entity does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties, or the equity holders, as a group, do not have the power to direct the activities that most significantly impact its financial performance, the obligation to absorb expected losses of the entity, or the right to receive the expected residual returns of the entity. The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and is required to consolidate the VIE.

Voting interest entities are entities that have sufficient equity and provide equity investors voting rights that give them the power to make significant decisions related to the entity's operations. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. Accordingly, we consolidate our voting interest entity investments in which we hold, directly or indirectly, more than 50% of the voting rights.

Use of Estimates — These consolidated financial statements conform to accounting principles generally accepted in the United States of America ('U.S. GAAP'), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Estimates are used when accounting for revenue recognition, the selection of useful lives of fixed and intangible assets, impairment testing, valuation of billed and unbilled receivables from clients, discretionary compensation, income taxes, pension assumptions, incurred but not reported claims, legal reserves and goodwill and intangible assets.

Going Concern — Management evaluates at each annual and interim period whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. Management's evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the consolidated financial statements are issued. Management has concluded that there are no conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date of these financial statements.

Fair Value of Financial Instruments — The carrying values of our cash and cash equivalents, accounts receivable, accrued expenses, revolving lines of credit and term loans approximate their fair values because of the short maturity and liquidity of those instruments. We consider the difference between carrying value and fair value to be immaterial for our senior notes. The fair value of our senior notes are considered Level 2 financial instruments as they are corroborated by observable market data. See Note 11 — Fair Value Measurements for additional information about our measurements of fair value.

Investments in Associates — Investments are accounted for using the equity method of accounting, included within other non-current assets in the consolidated balance sheets, if the Company has the ability to exercise significant influence, but not control, over the investee. Significant influence is generally deemed to exist if the Company has an equity ownership in the voting stock of the investee between 20 and 50 percent, although other factors, such as representation on the board of directors and the impact of commercial arrangements, are considered in determining whether the equity method of accounting is appropriate. Under the equity method of accounting, the investment is carried at the cost of acquisition, plus the Company's equity in undistributed net income since acquisition, less any dividends received since acquisition.

The Company periodically reviews its investments in associates for which fair value is less than cost to determine if the decline in value is other than temporary. If the decline in value is judged to be other than temporary, the cost basis of the investment is written down to fair value. The amount of any write-down is included in the consolidated statements of comprehensive income.

Common Shares Split — On January 4, 2016, the Company effected a 1 to 2.6490 reverse share split to shareholders of record as of January 4, 2016. All share and per share information has been retroactively adjusted to reflect the reverse share split and show the new number of shares. See Note 3 — Merger, Acquisitions and Divestitures for additional information about our Merger and reverse share split.

Cash and Cash Equivalents — Cash and cash equivalents primarily consist of time deposits with original maturities of 90 days or less. Willis Limited, our U.K. brokerage subsidiary regulated by the Financial Conduct Authority, is currently required to maintain $140 million in unencumbered and available financial resources, of which at least $79 million must be in cash, for regulatory purposes. Term deposits and certificates of deposits with original maturities greater than 90 days are considered to be short-term investments. There is no restricted cash included in our cash and cash equivalents balance, as these amounts are included in fiduciary assets.

Fiduciary Assets and Liabilities — Fiduciary funds represent unremitted premiums received from insureds and unremitted claims or refunds received from insurers. Fiduciary funds are generally required to be kept in certain 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 insureds 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. The period for which the Company holds such funds is dependent upon the date the insured remits the payment of the premium to the Company, or the date the Company receives refunds from the insurers, and the date the Company is required to forward such payment to the insurer, or insured, respectively. In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. Such advances are made from fiduciary funds and are reflected in the consolidated balance sheets as fiduciary assets. Fiduciary liabilities represent the obligations to remit fiduciary funds and fiduciary receivables to insurers or insureds. Certain of our health and welfare benefits administration outsourcing agreements require us to hold funds on behalf of clients to pay obligations on their behalf. These amounts are included in fiduciary assets and fiduciary liabilities on the consolidated balance sheets.

Accounts Receivable — Accounts receivable includes both billed and unbilled receivables and is stated at estimated net realizable values. Provision for billed receivables is recorded, when necessary, in an amount considered by management to be sufficient to meet probable future losses related to uncollectible accounts. Accrued and unbilled receivables are stated at net realizable value which includes an allowance for accrued and unbillable amounts. See Note 14 — Supplementary Information for Certain Balance Sheet Accounts for additional information about our accounts receivable.

Income Taxes — The Company recognizes deferred tax assets and liabilities for the estimated future tax consequences of events attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating and capital loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted rates in effect for the year in which the differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the consolidated statement of comprehensive income in the period in which the change is enacted. Deferred tax assets are reduced through the establishment of a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realized. The Company adjusts valuation allowances to measure deferred tax assets at the amounts considered realizable in future periods if the Company's facts and assumptions change. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and the results of recent financial operations. We place more reliance on evidence that is objectively verifiable.

Positions taken in the Company's tax returns may be subject to challenge by the taxing authorities upon examination. The Company recognizes the benefit of uncertain tax positions in the financial statements when it is more likely than not that the position will be sustained on the basis of the technical merits of the position assuming the tax authorities have full knowledge of the position and all relevant facts. Recognition also occurs upon either the lapse of the relevant statute of limitations, or when positions are effectively settled. The benefit recognized is the largest amount of tax benefit that is greater than 50 percent likely to be realized on settlement with the tax authority. The Company adjusts its recognition of uncertain tax benefits in the period in which new information is available impacting either the recognition or measurement of its uncertain tax positions. Such adjustments are reflected as increases or decreases to income taxes in the period in which they are determined.

The Company recognizes interest and penalties relating to unrecognized tax benefits within income taxes. See Note 6 — Income Taxes for additional information regarding the Company's income taxes.

Foreign Currency — Transactions in currencies other than the functional currency of the entity are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at the rates of exchange prevailing at the balance sheet date and the related transaction gains and losses are reported as income or expense in the consolidated statements of comprehensive income. Certain intercompany loans are determined to be of a long-term investment nature. The Company records transaction gains and losses from re-measuring such loans as other comprehensive income in the consolidated statements of comprehensive income.

Upon consolidation, the results of operations of subsidiaries and associates whose functional currency is other than the U.S. dollar are translated into U.S. dollars at the average exchange rates and assets and liabilities are translated at year-end exchange rates. Translation adjustments are presented as a separate component of other comprehensive income in the financial statements and are included in net income only upon sale or liquidation of the underlying foreign subsidiary or associated company.

Derivatives — The Company uses derivative financial instruments for other than trading purposes to alter the risk profile of an existing underlying exposure. Interest rate swaps have been used to manage interest risk exposures. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income and expenses. The fair values of derivative contracts are recorded in other assets and other liabilities. The effective portions of changes in the fair value of derivatives that qualify for hedge accounting as cash flow hedges are recorded in other comprehensive income. Amounts are reclassified from other comprehensive income into earnings when the hedged exposure affects earnings. If the derivative is designated and qualifies as an effective fair value hedge, the changes in the fair value of the derivative and of the hedged item associated with the hedged risk are both recognized in earnings. The amount of hedge ineffectiveness recognized in earnings is based on the extent to which an offset between the fair value of the derivative and hedged item is not achieved. Changes in fair value of derivatives that do not qualify for hedge accounting, together with any hedge ineffectiveness on those that do qualify, are recorded in other operating expenses or interest expense as appropriate.

The Company evaluates whether its contracts include clauses or conditions which would be required to be separately accounted for at fair value as embedded derivatives. See Note 9 — Derivative Financial Instruments for additional information about the Company's derivatives.

Commitments, Contingencies and Provisions for Liabilities — The Company establishes provisions against various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors and omissions in the ordinary course of business. Such provisions cover claims that have been reported but not paid and also unasserted claims and related legal fees. These provisions are established based on actuarial estimates together with individual case reviews and are believed to be adequate in light of current information and legal advice. In certain cases, where a range of loss exists, we accrue the minimum amount in the range if no amount within the range is a better estimate than any other amount. To the extent such losses can be recovered under the Company's insurance programs, estimated recoveries are recorded when losses for insured events are recognized and the recoveries are likely to be realized. Significant management judgment is required to estimate the amounts of such unasserted claims and the related insurance recoveries. The Company analyzes its litigation exposure based on available information, including consultation with outside counsel handling the defense of these matters, to assess its potential liability. These contingent liabilities are not discounted. See Note 13 — Commitments and Contingencies and Note 14 — Supplementary Information for Certain Balance Sheet Accounts for additional information about our commitments, contingencies and provisions for liabilities.

Share-Based Compensation — The Company has equity-based compensation plans that provide for grants of restricted stock units and stock options to employees and non-employee directors of the Company.

The Company expenses equity-based compensation, which is included in Salaries and benefits in the consolidated statements of comprehensive income, primarily on a straight-line basis over the requisite service period. The significant assumptions underlying our expense calculations include the fair value of the award on the date of grant, the estimated achievement of any performance targets and estimated forfeiture rates. The awards under equity-based compensation are classified as equity and included as a component of equity on the Company's consolidated balance sheets, as the ultimate payment of such awards will not be achieved through use of the Company's cash or other assets. See Note 17 — Share-based Compensation for additional information about the Company's share-based compensation.

Fixed Assets — Fixed assets are stated at cost less accumulated depreciation. Expenditures for improvements are capitalized; repairs and maintenance are charged to expense as incurred. Depreciation is computed primarily using the straight-line method based on the estimated useful lives of assets.

Depreciation on internally developed software is amortized over the estimated useful life of the asset ranging from 3 to 10 years. Buildings include assets held under capital leases and are depreciated over the lesser of 50 years, the asset lives or the lease terms. Depreciation on leasehold improvements is calculated over the lesser of the useful lives of the assets or the remaining lease terms. Depreciation on furniture and equipment is calculated based on a range of 3 to 10 years. Land is not depreciated.

Long-lived assets are tested for recoverability whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. An impairment loss is recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Recoverability is determined based on the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. Long-lived assets and certain identifiable intangible assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. See Note 7 — Fixed Assets for additional information about our fixed assets.

Operating Leases —Rentals payable on operating leases are charged on a straight-line basis to Other operating expenses in the consolidated statements of comprehensive income over the lease term. See Note 13 — Commitments and Contingencies for additional information about our operating leases.

Goodwill and Other Intangible Assets — In applying the acquisition method of accounting for business combinations, amounts assigned to identifiable assets and liabilities acquired were based on estimated fair values as of the date of acquisition, with the remainder recorded as goodwill. Intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over their estimated useful lives and are reviewed for impairment if indicators of impairment arise. Intangible assets with indefinite lives are tested for impairment annually as of October 1, and whenever indicators of impairment exist. The fair values of intangible assets are compared with their carrying values, and an impairment loss would be recognized for the amount by which a carrying amount exceeds its fair value.

Acquired intangible assets are amortized over the following periods:

	Amortization basis	**Expected life (years)**
Client relationships	In line with underlying cash flows	5 to 20
Software	In line with underlying cash flows or straight-line basis	4 to 7
Product	In line with underlying cash flows	17.5
Trademark and trade name	Straight-line basis	14 to 25
Favorable agreements	Straight-line basis	7
Management contracts	Straight-line basis	18

Goodwill is tested for impairment annually as of October 1, and whenever indicators of impairment exist. Goodwill is tested at the reporting unit level, and the Company had nine reporting units as of October 1, 2017. In the first step of the impairment test, the fair value of each reporting unit is compared with its carrying value, including goodwill. If the carrying value of a reporting unit exceeds its fair value, the amount of an impairment loss, if any, is calculated in the second step of the impairment test by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. The Company's goodwill impairment tests for the years ended December 31, 2017 and 2016 have not resulted in any impairment charges. See Note 8 — Goodwill and Other Intangible Assets for additional information about our goodwill and other intangible assets.

Pensions — The Company has multiple defined benefit pension and defined contribution plans. The net periodic cost of the Company's defined benefit plans are measured on an actuarial basis using various methods and actuarial assumptions. The most significant assumptions are the discount rates (calculated from the 2016 fiscal year and forward using the granular approach to calculating service and interest cost) and the expected long-term rates of return on plan assets. Other material assumptions include rates of participant mortality, the expected long-term rates of compensation and pension increases and rates of employee termination. Gains and losses occur when actual experience differs from actuarial assumptions. If such gains or losses exceed ten percent of the greater of plan assets or plan liabilities, the Company amortizes those gains or losses over the average remaining service period or average remaining life expectancy, as appropriate, of the plan participants. In accordance with U.S. GAAP, the Company records on its consolidated balance sheets the funded status of its pension plans based on the projected benefit obligation.

Contributions to the Company's defined contribution plans are recognized as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either other assets or other liabilities in the consolidated balance sheets. See Note 12 — Retirement Benefits for additional information about our pensions.

Revenue Recognition — Revenues include insurance commissions, fees in lieu of commission, fees for consulting services rendered, hosted and delivered software, survey sales, interest and other income.

Revenue recognized in excess of billings is recorded as unbilled accounts receivable. Cash collections in excess of revenue recognized are recorded as deferred revenue until the revenue recognition criteria are met. Client reimbursable expenses, including those relating to travel, other out-of-pocket expenses and any third-party costs, are included in revenue, and an equivalent amount of reimbursable expenses is included in other operating expenses as a cost of revenue. Taxes collected from customers and remitted to government authorities are recorded net and are excluded from revenue.

Commissions and fees

Commissions revenue. Brokerage commissions and fees negotiated in lieu of commissions are recognized at the later of the policy inception date or when the policy placement is complete. In situations in which our fees are not fixed and determinable due to the uncertainty of the commission fee per policy, we recognize revenue as the fees are determined. Commissions on additional premiums and adjustments are recognized when approved by or agreed between the parties and collectability is reasonably assured.

Consulting revenue. The majority of our consulting revenues consists of fees earned from providing consulting services. We recognize revenues from these consulting engagements when hours are worked, either on a time-and-expense basis or on a fixed-fee basis, depending on the terms and conditions defined at the inception of an engagement with a client. We have engagement letters with our clients that specify the terms and conditions upon which the engagements are based. These terms and conditions can only be changed upon agreement by both parties. Individual billing rates are principally based on a multiple of salary and compensation costs.

Revenues for fixed-fee arrangements are based upon the proportional performance method to the extent estimates can be made of the remaining work required under the arrangement. If we do not have sufficient information to estimate proportional performance, we recognize the fees straight-line over the contract period. We typically have four types of fixed-fee arrangements: annual recurring projects, projects of a short duration, stand-ready obligations and non-recurring system projects.

- *Annual recurring projects* and *projects of short duration.* These projects are typically straightforward and highly predictable in nature. As a result, the project manager and financial staff are able to identify, as the project status is reviewed and bills are prepared monthly, the occasions when cost overruns could lead to the recording of a loss accrual.
- *Stand-ready obligations.* Where we are entitled to fees (whether fixed or variable based on assets under management or a per-participant per-month basis) regardless of the hours, we generally recognize this revenue on either a straight-line basis or as the variable fees are calculated.
- *Non-recurring system projects.* These projects are longer in duration and subject to more changes in scope as the project progresses. Certain software or outsourced administration contracts generally provide that if the client

terminates a contract, we are entitled to an additional payment for services performed through termination designed to recover our up-front cost of implementation.

Revenue recognition for fixed-fee engagements is affected by a number of factors that change the estimated amount of work required to complete the project such as changes in scope, the staffing on the engagement and/or the level of client participation. The periodic engagement evaluations require us to make judgments and estimates regarding the overall profitability and stage of project completion that, in turn, affect how we recognize revenue. We recognize a loss on an engagement when estimated revenues to be received for that engagement are less than the total estimated costs associated with the engagement. Losses are recognized in the period in which the loss becomes probable and the amount of the loss is reasonably estimable.

Hosted software. We have developed various software programs and technologies that we provide to clients in connection with consulting services. In most instances, such software is hosted and maintained by us and ownership of the technology and rights to the related code remain with us. We defer costs for software developed to be utilized in providing services to a client, but for which the client does not have the contractual right to take possession, during the implementation stage. We recognize these deferred costs from the go live date, signaling the end of the implementation stage, until the end of the initial term of the contract with the client. We determined that the system implementation and customized ongoing administrative services are one combined service. Revenue is recognized over the service period, after the go live date, on a straight-line basis. As a result, we do not recognize revenue during the implementation phase of an engagement.

Delivered software. We deliver software under arrangements with clients who take possession of our software. The maintenance associated with the initial software fees is a fixed percentage which enables us to determine the stand-alone value of the delivered software separate from the maintenance. We recognize the initial software fees as software is delivered to the client, and we recognize the maintenance fees ratably over the contract period based on each element's relative fair value. For software arrangements in which initial fees are received in connection with mandatory maintenance for the initial software license to remain active, we determined that the initial maintenance period is substantive. Therefore, we recognize the fees for the initial license and maintenance bundle ratably over the initial contract term, which is generally one year. Each subsequent renewal fee is recognized ratably over the contractually stated renewal period.

Surveys. We collect, analyze and compile data in the form of surveys for our clients who have the option of participating in the survey. The surveys are published online via a web tool that provides simplistic functionality. We have determined that the web tool is inconsequential to the overall arrangement. We record the survey revenues when the results are delivered online and made available to our clients who have a contractual right to the data. If the data is updated more frequently than annually, we recognize the survey revenues ratably over the contractually stated period.

Interest and other income

Interest income. Interest income is recognized as earned.

Other Income. Other income includes gains on disposal of intangible assets, which primarily arise from settlements through enforcing non-compete agreements in the event of losing accounts through producer defection or the disposal of books of business.

Recent Accounting Pronouncements

Not yet adopted

In May 2014, the Financial Accounting Standards Board ('FASB') issued Accounting Standard Update ('ASU') No. 2014-09, *Revenue From Contracts With Customers*. The new standard supersedes most current revenue recognition guidance and eliminates most industry-specific guidance. The ASU is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. Additional ASUs have since been issued which provide further guidance, examples and technical corrections for the implementation of ASU No. 2014-09. All related guidance has been codified into, and is now known as, Accounting Standards Codification ('ASC') 606. The guidance was effective for the Company at the beginning of its 2018 fiscal year, with early adoption permitted.

As a result of analyzing our various revenue streams to determine the full impact this standard will have on our revenue recognition, cost deferral, systems and processes, the Company has determined the following:

- The Company has adopted the standard using the modified retrospective approach on January 1, 2018, and has applied the new standard only to contracts that are not completed as of the transition date.

- Certain revenue streams have accelerated revenue recognition timing. In particular, the revenue recognition for our Individual Marketplace (formerly Retiree & Access Exchanges) has moved from monthly ratable recognition over the policy period, to the recognition upon placement of the policy. Consequently, the Company will now recognize the majority of one calendar year of expected commissions during its fourth quarter of the preceding calendar year. Therefore, at the adoption date, we have reflected an adjustment to retained earnings for the portion of the revenue that would otherwise have been recognized during our 2018 calendar year since our earnings process was largely completed during the fourth quarter of 2017.

  Additionally, the revenue recognition for proportional treaty broking commissions has moved from recognition upon the receipt of the monthly or quarterly statements, to the recognition of an estimate of expected commissions upon the policy effective date. Since the majority of revenue recognized historically based on these monthly or quarterly statements was received over a two-year period, we will reflect an adjustment to retained earnings at the adoption date for the portion of revenue that would otherwise have been recognized during our 2018 calendar year related to policies effective in 2017 or prior.

- Revenue recognition for certain other revenue streams has changed from recognizing revenue at a point in time to recognizing revenue over time. Specifically, certain arrangements in our Health and Benefits broking business will now be recognized evenly over the year to reflect the nature of the ongoing obligations to our customers as well as receipt of the monthly commissions. These contracts are monthly or annual in nature and are considered complete as of the transition date. Therefore, no retained earnings adjustment is required.

- Our accounting for deferred costs will change. First, for those portions of the business that previously deferred costs (related to system implementation activities), the length of time over which we amortize those costs will extend to a longer estimated contract term. For 2017 calendar year and prior, these costs were amortized over a typical period of 3-5 years in accordance with the initial stated terms of the customer agreements. Second, other types of arrangements with associated costs now meet the criteria for cost deferral under ASC 606. This guidance will now apply to our broking arrangements and certain consulting engagements. We have calculated a retained earnings adjustment to reflect this cumulative change for contracts not complete as of the transition date.

Although we are still finalizing the impact to retained earnings as of January 1, 2018, we expect the total range of adjustment, before the effect of taxes, to be an increase to retained earnings of $375 million to $475 million.

In preparation for the additional disclosure requirements that will be included in our quarterly and annual filings beginning with our calendar year 2018 first quarter filing, we have implemented additional tools and technologies to support our revenue recognition and data collection processes.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, 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. The ASU becomes effective for the Company at the beginning of its 2019 calendar year, at which time the Company will adopt it, although early adoption is permitted. While the Company continues to assess the impact of the ASU to its consolidated financial statements, the majority of its leases are currently considered operating leases and will be capitalized as a lease asset on its balance sheet with a related lease liability for the obligated lease payments.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which amends guidance on presentation and classification of eight specific cash flow issues with the objective of reducing diversity in practice. The ASU became effective for the Company at the beginning of its 2018 calendar year, at which time the Company adopted it. Consistent with the transition guidance, the Company will reflect the new guidance as of the beginning of 2018 in our first quarter Form 10-Q. The Company is still assessing the impact of this ASU, but it believes the impact on its financial statements will be immaterial.

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. The amendments in this ASU should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017, and the Company is still evaluating when to adopt this ASU. The Company does not expect an immediate impact to its 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, 2017.

In March 2017, the FASB issued ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires entities to (1) disaggregate the current service-cost component from the other components of net benefit cost (the ‘other components’) and present it in the income statement with other current compensation costs for related employees and (2) present the other components elsewhere in the income statement and outside of income from operations if that subtotal is presented. In addition, the ASU requires entities to disclose the income statement lines that contain the other components if they are not presented or included in appropriately described separate lines. The ASU became effective for the Company on January 1, 2018, at which time the Company adopted it, and will apply the standard retrospectively beginning in its 2018 first quarter Form 10-Q. The Company has determined that, while the classification of some components of net benefit cost will change within the accompanying consolidated statement of comprehensive income, there is no material impact on its consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Stock Compensation - Scope of Modification Accounting*, which provides guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The ASU requires that an entity should account for the effects of a modification unless the fair value (or calculated value or intrinsic value, if used), vesting conditions and classification (as equity or liability) of the modified award are all the same as for the original award immediately before the modification. The ASU became effective for the Company on January 1, 2018, at which time the Company adopted it, and should be applied prospectively to an award modified on or after the adoption date. There is no immediate impact to the accompanying consolidated financial statements, until such time as an award may be modified in 2018 or forward.

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 becomes effective for the Company on January 1, 2019. Early adoption is permitted, and any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently assessing when it will adopt this standard, and the impact that this standard will have on its 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*, which allows for a reclassification from accumulated other comprehensive income 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 the Tax Cuts and Jobs Act. The amendments within this ASU also require certain disclosures about stranded tax effects. The ASU becomes effective for the Company on January 1, 2019. Early adoption is permitted, and any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently assessing when it will adopt this standard, and the impact that this standard will have on its consolidated financial statements.

Adopted

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The ASU became effective for the Company on January 1, 2017. In accordance with the prospective adoption of the recognition of excess tax benefits and deficiencies in the consolidated statements of comprehensive income, we recognized a $7 million tax benefit in provision for income taxes during the year ended December 31, 2017. In addition, we elected to prospectively adopt the amendment to present excess tax benefits on share-based compensation as an operating activity, resulting in the recognition of a $7 million excess tax benefit as an operating activity in the consolidated statement of cash flows for the year ended December 31, 2017. We elected to continue to estimate expected forfeitures. We also retrospectively adopted the amendment to present cash payments to tax authorities in connection with shares withheld to meet statutory tax withholding requirements as a financing activity. As a result, these $13 million and $1 million uses of cash were reclassified from net cash from operating activities to net cash used in financing activities in the consolidated statement of cash flows for the years ended December 31, 2016, and December 31, 2015, respectively.

In October 2016, the FASB issued ASU No. 2016-16, *Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory*, which amends guidance regarding the recognition of current and deferred income taxes for intra-entity asset transfers. Current U.S. GAAP prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. The ASU states that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in this ASU should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company elected to early adopt this standard on January 1, 2017, and recorded a cumulative reduction to retained earnings of $3 million.

Note 3 — Merger, Acquisitions and Divestitures

Merger

On January 4, 2016, pursuant to the Agreement and Plan of Merger, dated June 29, 2015, as amended on November 19, 2015, between Willis, Towers Watson, and Citadel Merger Sub, Inc., a wholly-owned subsidiary of Willis formed for the purpose of facilitating this transaction ('Merger Sub'), Merger Sub merged with and into Towers Watson, with Towers Watson continuing as the surviving corporation and as a wholly-owned subsidiary of Willis.

Towers Watson was a leading global professional services firm operating throughout the world, dating back more than 100 years. The Merger allows the combined firm to go to market with complementary strategic product and services offerings.

At the effective time of the Merger (the 'Effective Time'), each issued and outstanding share of Towers Watson common stock (the 'Towers Watson shares'), was converted into the right to receive 2.6490 validly issued, fully paid and nonassessable ordinary shares of Willis (the 'Willis ordinary shares'), $0.000115 nominal value per share, other than any Towers Watson shares owned by Towers Watson, Willis or Merger Sub at the Effective Time and the Towers Watson shares held by stockholders who are entitled to and who properly exercised dissenter's rights under Delaware law.

Immediately following the Merger, Willis effected (i) a consolidation (i.e., a reverse stock split under Irish law) of Willis ordinary shares whereby every 2.6490 Willis ordinary shares were consolidated into one Willis ordinary share ($0.000304635 nominal value per share) and (ii) an amendment to its constitution and other organizational documents to change its name from Willis Group Holdings Public Limited Company to Willis Towers Watson Public Limited Company.

On December 29, 2015, the third business day immediately prior to the closing date of the Merger, Towers Watson declared and paid a pre-merger special dividend of $10.00 per share of its common stock, and approximately $694 million in the aggregate based on approximately 69 million Towers Watson shares issued and outstanding at December 29, 2015.

On December 30, 2015, all Towers Watson treasury stock was canceled.

The Merger was accounted for using the acquisition method of accounting, with Willis considered the accounting acquirer of Towers Watson.

The table below presents the final calculation of aggregate Merger consideration**.**

		January 4, 2016
Number of shares of Towers Watson common stock outstanding as of January 4, 2016		69 million
Exchange ratio		2.6490
Number of Willis Group Holdings shares issued (prior to reverse stock split)		184 million
Willis Group Holdings price per share on January 4, 2016	$	47.18
Fair value of 184 million Willis ordinary shares	$	8,686
Value of equity awards assumed		37
Aggregate Merger consideration	$	8,723

A summary of the fair values of the identifiable assets acquired, and liabilities assumed, of Towers Watson at January 4, 2016 are summarized in the following table.

	January 4, 2016
Cash and cash equivalents	$ 476
Accounts receivable, net	825
Other current assets	82
Fixed assets, net	204
Goodwill	6,783
Intangible assets	3,991
Pension benefits assets	67
Other non-current assets	115
Deferred tax liabilities	(1,151)
Liability for pension benefits	(923)
Other current liabilities (i)	(667)
Other non-current liabilities (ii)	(331)
Long term debt, including current portion (iii)	(740)
Net assets acquired	8,731
Non-controlling interests acquired	(8)
Allocated aggregate Merger consideration	$ 8,723

(i) Includes $348 million in accounts payable, accrued liabilities and deferred revenue, $308 million in employee-related liabilities and $11 million in other current liabilities.

(ii) Includes acquired contingent liabilities of $242 million. See Note 13 — Commitments and Contingencies for a discussion of our material acquired contingencies related to Legacy Towers Watson.

(iii) Represents both debt due upon change of control of $400 million borrowed under Towers Watson's term loan ($188 million) and revolving credit facility ($212 million) and a draw down under a new term loan of $340 million. The $400 million debt was repaid by Willis' borrowings under the 1-year term loan facility on January 4, 2016. The $340 million new term loan partially funded the $694 million Towers Watson pre-merger special dividend.

The purchase price allocation as of the date of acquisition was based on a valuation of the assets acquired and liabilities assumed in the acquisition. The purchase price allocation was complete as of December 31, 2016.

Goodwill was calculated as the difference between the aggregate Merger consideration and the acquisition date fair value of the net assets acquired, and represents the value of the Legacy Towers Watson assembled workforce and the future economic benefits that we expect to realize as a result of the Merger. None of the goodwill recognized on the transaction is tax deductible.

The acquired intangible assets are attributable to the following categories:

	Valuation Methodology	Amortization Basis	Fair Value	Expected Life (Years)
Customer relationships	Multiple period excess earnings	In line with underlying cash flows	$ 2,221	15.0
Software - income approach	Multiple period excess earnings	In line with underlying cash flows or straight-line basis	567	6.4
Software - cost approach	Cost of reproduction	Straight-line basis	108	4.9
Product	Multiple period excess earnings	In line with underlying cash flows	42	17.5
IPR&D (i)	Multiple period excess earnings or cost of reproduction	n/a	39	n/a
Trade name	Relief from royalty	Straight-line basis	1,003	25.0
Favorable lease agreements	Market approach	Straight-line basis	11	6.5
			$ 3,991	

(i) Represents individual in-process research and development ('IPR&D') software components not placed into service as of the acquisition date. These assets were subsequently placed into service during the three months ended March 31, 2017, were reclassified into finite-lived software intangible assets, and are being amortized in line with underlying cash flows or on a straight-line basis.

The following pro forma financial information is unaudited and is intended to reflect the impact of the Merger on Willis Towers Watson's consolidated financial statements as if the Merger had taken place on January 1, 2015 and presents the results of operations of Willis Towers Watson based on the historical financial statements of Willis and Towers Watson after giving effect to the Merger and pro forma adjustments. Pro forma adjustments are included only to the extent they are (i) directly attributable to the Merger, (ii) factually supportable and (iii) with respect to the consolidated statement of comprehensive income, expected to have a continuing impact on the combined results. The accompanying unaudited pro forma financial information is presented for illustrative purposes only and has not been adjusted to give effect to certain expected financial benefits of the Merger, such as revenue synergies, tax savings and cost synergies, or the anticipated costs to achieve these benefits, including the cost of integration activities. The unaudited pro forma results are not indicative of what would have occurred had the Merger taken place on the indicated date.

	Years ended December 31,	
	As reported	Pro Forma (Unaudited)
	2016	2015
Total revenues	$ 7,887	$ 7,492
Net income attributable to Willis Towers Watson	$ 420	$ 640
Diluted earnings per share	$ 3.04	$ 4.64

The above pro forma financial information for the year ended December 31, 2015 does not include pro forma adjustments for the Gras Savoye or other acquisitions as their revenues and results of operations were immaterial to the consolidated financial statements.

Revenues attributable to Towers Watson for the year ended December 31, 2016 were $3.6 billion. Net income attributable to Towers Watson for the year ended December 31, 2016 was $111 million.

Acquired Share-Based Compensation Plans

In connection with the Merger, we assumed certain stock options and restricted stock units ('RSUs') issued under the Towers Watson & Co. 2009 Long Term Incentive Plan ('LTIP'), the Liazon Corporation 2011 Equity Incentive Plan, and the Extend Health, Inc. 2007 Equity Incentive Plan.

Stock Options. The outstanding unvested employee stock options were converted into 592,486 Willis Towers Watson stock options using the conversion ratios stated in the Merger agreement for the number of options. The fair value of the stock options was calculated using the Black-Scholes model with a volatility and risk-free interest rate over the expected term of each group of options and Willis Towers Watson's closing share price on the date of acquisition. We determined the fair value of the portion of the outstanding options related to pre-acquisition employee service using the straight-line expense methodology from the date of grant to the acquisition date to be $7 million, which was added to the transaction consideration. The fair value of the remaining portion of options related to the post-acquisition employee services was $13 million, and will be recognized over the future vesting periods.

Restricted Stock Units. The outstanding unvested RSUs were converted into 597,307 Willis Towers Watson RSUs using the conversion ratios as stated in the Merger agreement. The fair value of these RSUs was calculated using Willis Towers Watson's closing share price on the date of acquisition. We determined the fair value of the portion of the outstanding RSUs related to pre-acquisition employee service using the straight-line expense methodology from the date of grant to the acquisition date to be $30 million, which was added to the transaction consideration. The fair value of the remaining portion of RSUs related to the post-acquisition employee services was $32 million, and will be recognized over the future vesting periods.

Gras Savoye Acquisition

On December 29, 2015, Legacy Willis completed the transaction to acquire substantially all of the remaining 70% of the outstanding share capital of Gras Savoye, the leading insurance broker in France, for total consideration of €544 million ($592 million) of which $582 million in cash was paid at closing. Additionally, the previously held equity interest in Gras Savoye was re-measured to a fair value of €221 million ($241 million) giving a total fair value on a 100% basis of €765 million ($833 million).

The union combines the Company's global insurance broking footprint with Gras Savoye's particularly strong presence in France, Central and Eastern Europe, and across Africa. Gras Savoye's expertise in high-growth markets and industry sectors complements the Company's global strengths, creating value for clients.

The Company funded the cash consideration with a 1-year term loan. The term loan was repaid in its entirety on May 26, 2016, from the proceeds from the issuance of new senior notes discussed in Note 10 — Debt to these consolidated financial statements.

Deferred consideration is payable on the first and second anniversary of the acquisition. In December 2017, the Company made final consideration payments of $3 million. The discounted fair value of the deferred consideration at December 31, 2016 was $4 million. None of the goodwill recognized on the transaction is tax deductible.

The following table presents the Company's allocation of the purchase price to the assets acquired and liabilities assumed based on their fair values:

	December 29, 2015
Cash and cash equivalents	$ 87
Fiduciary assets	625
Accounts receivable, net	89
Goodwill	584
Intangible assets	440
Other assets	56
Fiduciary liabilities	(625)
Deferred revenue and accrued expenses	(80)
Short and long-term debt	(80)
Net deferred tax liabilities	(87)
Other liabilities	(179)
Net assets acquired	830
Decrease in paid-in capital for purchase of non-controlling interest	43
Non-controlling interest acquired	(40)
Purchase price allocation	$ 833

The purchase price allocation as of the date of acquisition was based on a valuation and was subject to revision within the purchase price allocation period as more detailed analysis was completed and additional information about the value of assets acquired and liabilities assumed became available. During the year ended December 31, 2016, the assessment outlined above was updated to reflect the final estimates of the fair value of assets and liabilities acquired. The purchase price allocation is final.

The acquired intangible assets are attributable to the following categories:

	Valuation Methodology	Amortization Basis	Fair Value	Expected Life (Years)
Customer relationships	Multiple period excess earnings	In line with underlying cash flows	$ 339	20
Software and other intangibles	Cost of reproduction	Straight-line basis	66	5
Trade name	Relief from royalty	Straight-line basis	35	14
			$ 440	

Miller Insurance Services LLP Acquisition

On May 31, 2015, Legacy Willis completed the transaction to acquire an 85 percent interest in Miller, a leading London wholesale specialist insurance broking firm, for total consideration of $401 million, including cash consideration of $232 million.

Deferred consideration is payable at the first, second and third anniversaries of the acquisition. Contingent consideration is payable at the third anniversary of the acquisition and is contingent on meeting certain earnings before interest, taxes, depreciation and amortization ('EBITDA') performance targets. At December 31, 2017, the discounted fair values of the deferred consideration related to the third anniversary and contingent consideration were $38 million and $40 million, respectively. At December 31, 2016, the discounted fair values of the deferred consideration related to the second and third anniversaries and contingent consideration were $69 million and $26 million, respectively.

The Company recognized assets and liabilities acquired of $1.1 billion and $844 million, respectively. Included within the acquired assets are identifiable intangible assets of $231 million and goodwill of $184 million.

The purchase price allocation as of the date of acquisition was based on a valuation of the assets acquired, liabilities assumed, and contingent consideration associated with the acquisition. There were no material revisions to the purchase price allocation during the year ended December 31, 2016, as the purchase price allocation is final.

Divestitures

Related Party Transaction - In the third quarter of 2017, the Company divested its Global Wealth Solutions business through a sale to an employee of the business. As part of that transaction, we financed a $50 million note payable from the employee to purchase the business. The note amortizes over 10 years, bears interest at a weighted-average rate of 3% and is guaranteed by $3 million in assets. Following the sale, employees of this business are no longer employees of the Company, and the purchasing employee is no longer considered a related party. The current and non-current portions of the note receivable are included in the tables found in Note 14 — Supplementary Information for Certain Balance Sheet Accounts to these consolidated financial statements as Other current assets and Other non-current assets.

Cumulative Divestiture Impact - Including the divestiture of Global Wealth Solutions, we sold five businesses during the second half of 2017. For the year ended December, 31, 2017, the total gain recognized related to business disposals was $13 million, which was recorded in Other expense/(income), net on the accompanying consolidated statements of comprehensive income. Results from these disposals prior to the sales represented $54 million of revenue and $13 million of operating income for the year ended December 31, 2017.

Note 4 — 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') - formerly known as Exchange Solutions [i]

(i) This segment and the businesses within the segment were renamed to better reflect the nature of the services we offer.

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, the method 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-bonus, pre-tax basis.

Beginning in 2017, we made certain changes that affect our segment results. These changes, which are detailed in the Form 8-K filed with the SEC on April 7, 2017, include the following:

- First, to better align our business within our segments, we moved Max Matthiessen, which specializes in pension investment advice, to Investment, Risk and Reinsurance from Human Capital and Benefits; and moved Fine Art, Jewellery and Specie, which is a specialty broker, to Corporate Risk and Broking from Investment, Risk and Reinsurance.

- Second, we recast operating income to better reflect the new segment reporting basis. As part of the further integration of our Willis Towers Watson businesses, we updated our corporate expense allocations to standardize our methodologies and allocate those expenses which are directly related to the business segment operations. Additionally, we revised the presentation of certain adjustments which arose from the purchase accounting for the Merger. Due to the long-term nature of these adjustments, which impact fixed assets and internally-developed software, we aligned the presentation within the respective segments and consolidated operating income, thereby eliminating a reconciling adjustment.

The prior period comparatives reflected in the tables below have been retroactively adjusted to reflect our current segment presentation.

Under the segment structure and for internal and segment reporting, Willis Towers Watson segment revenues include commissions and fees, interest and other income. U.S. GAAP revenues include amounts that were directly incurred on behalf of our clients and reimbursed by them (reimbursable expenses), which are removed from segment revenues. Segment commissions and fees excludes interest and other income. Segment operating income excludes certain costs, including (i) amortization of intangibles; (ii) restructuring costs; (iii) certain transaction and integration expenses; (iv) certain litigation provisions; (v) significant pension settlement and curtailment gains or losses; and (vi) to the extent that the actual expense based upon which allocations are made differs from the forecast/budget amount, a reconciling item will be created between internally allocated expenses and the actual expense that we report for U.S. GAAP purposes.

During 2016, segment revenues and operating income both include revenue that was deferred by Towers Watson at the time of the Merger, and eliminated due to purchase accounting. The impact of the elimination from purchase accounting (which is the reduction to 2016 consolidated revenues and operating income) has been included in the reconciliation to our consolidated results in order to provide the actual revenues that the segments would have recognized on an unadjusted basis.

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

The table below presents segment commissions and fees, segment interest and other income, segment revenues, and segment operating income for our reportable segments for the years ended December 31, 2017, 2016, and 2015.

	Years ended December 31,														
	HCB			CRB			IRR			BDA			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Segment commissions and fees	$ 3,163	$ 3,100	$ 583	$ 2,625	$ 2,519	$ 2,332	$ 1,505	$ 1,475	$ 895	$ 729	$ 652	$ —	$ 8,022	$ 7,746	$ 3,810
Segment interest and other income	29	17	1	23	28	17	30	59	1	—	2	—	82	106	19
Segment revenues	$ 3,192	$ 3,117	$ 584	$ 2,648	$ 2,547	$ 2,349	$ 1,535	$ 1,534	$ 896	$ 729	$ 654	$ —	$ 8,104	$ 7,852	$ 3,829
Segment operating income	$ 781	$ 728	$ 119	$ 488	$ 463	$ 457	$ 365	$ 383	$ 207	$ 152	$ 119	$ —	$ 1,786	$ 1,693	$ 783

The table below presents a reconciliation of the information reported by segment to the consolidated amounts reported for the years ended December 31, 2017, 2016, and 2015, respectively:

	Years ended December 31,		
	2017	2016	2015
Revenues:			
Total segment revenues	$ 8,104	$ 7,852	$ 3,829
Fair value adjustment to deferred revenue	—	(58)	—
Reimbursable expenses and other	98	93	—
Total revenues	$ 8,202	$ 7,887	$ 3,829
Total segment operating income	$ 1,786	$ 1,693	$ 783
Fair value adjustment for deferred revenue	—	(58)	—
Amortization	(581)	(591)	(76)
Restructuring costs	(132)	(193)	(126)
Transaction and integration expenses (i)	(269)	(177)	(73)
Provision for Stanford and other significant litigation	(11)	(50)	(70)
Pension settlement and curtailment gains and losses	(36)	—	—
Unallocated, net (ii)	(19)	(73)	(11)
Income from operations	738	551	427
Interest expense	188	184	142
Other expense/(income), net	61	27	(55)
Income from operations before income taxes and interest in earnings of associates	$ 489	$ 340	$ 340

(i) Includes transaction and integration expenses related to the Merger and the acquisition of Gras Savoye.

(ii) 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.

None of the Company's customers represented a significant amount of the Company's consolidated commissions and fees for the years ended December 31, 2017, 2016 and 2015.

Below are our revenues and long-lived assets for Ireland, our country of domicile, countries with significant concentrations, and all other foreign countries for each of the years ended December 31, 2017, 2016 and 2015:

	Revenues			Long-Lived Assets (i)		
	2017	2016	2015	2017	2016	2015
Ireland	$ 107	$ 92	$ 64	$ 127	$ 114	$ 124
United States	3,821	3,395	1,597	9,988	11,400	1,759
United Kingdom	1,815	2,236	1,055	3,173	2,431	2,426
Rest of World	2,459	2,164	1,113	3,263	2,466	1,951
Total Foreign Countries	8,095	7,795	3,765	16,424	16,297	6,136
	$ 8,202	$ 7,887	$ 3,829	$ 16,551	$ 16,411	$ 6,260

(i) Long-Lived Assets do not include deferred tax assets.

Note 5 — Restructuring Costs

The Company has two major elements of the restructuring costs included in its consolidated financial statements, which are the Operational Improvement Program, completed as of the end of 2017, and the Business Restructure Program, which was fully accrued and completed by the end of 2016.

Operational Improvement Program - In April 2014, Legacy Willis announced a multi-year operational improvement program designed to strengthen its client service capabilities and to deliver future cost savings. The main elements of the program, which were completed by the end of 2017, included: moving more than 3,500 support roles from higher cost locations to facilities in lower cost locations; net workforce reductions in support positions; lease consolidation in real estate; and information technology systems simplification and rationalization.

The Company recognized restructuring costs of $134 million, $145 million, and $126 million for the years ended December 31, 2017, 2016, and 2015, respectively, related to the Operational Improvement Program. The Company has spent a cumulative amount of $441 million on restructuring charges for this program.

Business Restructure Program - In the second quarter of 2016, we began planning targeted staffing reductions in certain portions of the business due to a reduction in business demand or change in business focus (hereinafter referred to as the Business Restructure Program). The main element of the program included workforce reductions, and was completed in 2016. During the year ended December 31, 2017, the Company recognized a $2 million reversal of expense related to an estimate of previously incurred termination benefits. The Company recognized restructuring costs of $48 million for the year ended December 31, 2016.

An analysis of total restructuring costs recognized in the consolidated statements of comprehensive income, and the costs by segment, and costs attributable to corporate functions, for the years ended December 31, 2017, 2016 and 2015 are as follows:

	HCB	CRB	IRR	BDA	Corporate	Total
Year ended December 31, 2017						
Termination benefits	$ —	$ 25	$ 4	$ —	$ 17	$ 46
Professional services and other [(i)]	3	63	6	—	14	86
Total	$ 3	$ 88	$ 10	$ —	$ 31	$ 132
Year ended December 31, 2016						
Termination benefits	$ 33	$ 26	$ 6	$ 1	$ 2	$ 68
Professional services and other [(i)]	4	81	4	—	36	125
Total	$ 37	$ 107	$ 10	$ 1	$ 38	$ 193
Year ended December 31, 2015						
Termination benefits	$ 2	$ 24	$ 7	$ —	$ 3	$ 36
Professional services and other [(i)]	1	57	2	—	30	90
Total	$ 3	$ 81	$ 9	$ —	$ 33	$ 126

(i) Other includes salary and benefits, premises, and other expenses incurred to support the ongoing management and facilitation of the programs.

An analysis of the total cumulative restructuring costs recognized for the Operational Improvement Program from its commencement to December 31, 2017 by segment is as follows:

	HCB	CRB	IRR	BDA	Corporate	Total
2014						
Termination benefits	$ —	$ 15	$ 1	$ —	$ —	$ 16
Professional services and other [(i)]	—	3	—	—	17	20
2015						
Termination benefits	$ 2	$ 24	$ 7	$ —	$ 3	$ 36
Professional services and other [(i)]	1	57	2	—	30	90
2016						
Termination benefits	$ 1	$ 18	$ 3	$ —	$ 1	$ 23
Professional services and other [(i)]	1	81	4	—	36	122
2017						
Termination benefits	$ —	$ 25	$ 4	$ —	$ 19	$ 48
Professional services and other [(i)]	3	63	6	—	14	86
Total						
Termination benefits	$ 3	$ 82	$ 15	$ —	$ 23	$ 123
Professional services and other [(i)]	5	204	12	—	97	318
Total	$ 8	$ 286	$ 27	$ —	$ 120	$ 441

(i) Other includes salary and benefits, premises, and other expenses incurred to support the ongoing management and facilitation of the program.

The changes in the Company's liability under the Operational Improvement Program from its commencement to December 31, 2017, are as follows:

	Termination Benefits	Professional Services and Other	Total
Balance at January 1, 2014	$ —	$ —	$ —
Charges incurred	16	20	36
Cash payments	(11)	(14)	(25)
Balance at December 31, 2014	5	6	11
Charges incurred	36	90	126
Cash payments	(26)	(85)	(111)
Balance at December 31, 2015	15	11	26
Charges incurred	23	122	145
Cash payments	(31)	(115)	(146)
Balance at December 31, 2016	7	18	25
Charges incurred	48	86	134
Cash payments	(41)	(97)	(138)
Balance at December 31, 2017	$ 14	$ 7	$ 21

Restructuring costs related to the Business Restructuring Program for the year ended December 31, 2016 by segment are as follows:

	HCB	CRB	IRR	BDA	Corporate	Total
			(in millions)			
2016						
Termination benefits	$ 32	$ 8	$ 3	$ 1	$ 1	$ 45
Professional services and other [(i)]	3	—	—	—	—	3
Total	$ 35	$ 8	$ 3	$ 1	$ 1	$ 48

(i) Other includes salary and benefits, premises, and other expenses incurred to support the ongoing management and facilitation of the program.

The changes in the Company’s liability under the Business Restructure Program from its commencement to December 31, 2017, are as follows:

	Termination Benefits	Professional Services and Other	Total
Balance at January 1, 2016	$ —	$ —	$ —
Charges incurred	45	3	48
Cash payments	(19)	(3)	(22)
Balance at December 31, 2016	$ 26	$ —	$ 26
Adjustment to prior charges incurred	(2)	—	(2)
Cash payments	(23)	—	(23)
Balance at December 31, 2017	$ 1	$ —	$ 1

Note 6 — Income Taxes

Impact of U.S. Tax Reform

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (hereafter ‘U.S. Tax Reform’). U.S. Tax Reform makes broad and complex changes to the U.S. tax code, including, but not limited to: (1) requiring a one-time transition tax on certain unremitted earnings of foreign subsidiaries that may be payable over eight years; (2) bonus depreciation that will allow for a full expensing of qualified property; (3) reduction of the federal corporate tax rate from 35% to 21%; (4) a new provision designed to tax global intangible low-taxed income (‘GILTI’), which allows for the possibility of using foreign tax credits (‘FTCs’) and a deduction of up to 50% to offset the income tax liability (subject to some limitations); (5) a new limitation on deductible interest expense; (6) limitations on the deductibility of certain executive compensation; (7) limitations on the use of FTCs to reduce the U.S. income tax liability; (8) the creation of the base erosion anti-abuse tax (‘BEAT’), a new minimum tax; and (9) a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries.

Also on December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (‘SAB 118’), which provides guidance on accounting for the tax effects of the U.S. Tax Reform. SAB 118 provides for a measurement period that should not extend beyond one year from the U.S. Tax Reform enactment date for companies to complete the accounting under ASC 740, *Income Taxes* (‘ASC 740’). In accordance with SAB 118, a company must reflect the income tax effects of those aspects of U.S. Tax Reform for which the accounting under ASC 740 is complete. Adjustments to incomplete and unknown amounts will be recorded and disclosed prospectively during the measurement period. To the extent that a company’s accounting for certain income tax effects of U.S. Tax Reform is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of U.S. Tax Reform.

At December 31, 2017, there are no material elements of U.S. Tax Reform for which the Company’s accounting is complete. While the Company's accounting for the following elements of U.S. Tax Reform is incomplete, the Company was able to make reasonable estimates of certain effects. Accordingly, the Company recorded provisional adjustments for the following significant items:

Reduction of the federal corporate tax rate – Beginning January 1, 2018, the Company's U.S. income will be taxed at a 21% federal corporate tax rate. Under ASC 740, deferred tax assets and liabilities must be recalculated as of the enactment date using current tax laws and rates expected to be in effect when the deferred tax items reverse in future periods, which is 21%. Consequently, the Company has recorded a provisional decrease in its net deferred tax liabilities of $208 million, with a corresponding deferred income tax benefit of $208 million. While the Company is able to make a reasonable estimate of the impact of the reduction in the federal corporate tax rate, it may be affected by other analyses related to U.S. Tax Reform that could result in other adjustments to U.S. federal deferred tax balances, including analysis of tax amounts in other comprehensive income and any future guidance issued.

One-time transition tax – The one-time transition tax is based on the Company's total post-1986 earnings and profits ('E&P') that it previously deferred from U.S. income taxes. The Company recorded a provisional amount for the one-time transition tax liability for its foreign subsidiaries owned by U.S. corporate shareholders, resulting in an increase in U.S. Federal income tax expense of $70 million and state income tax expense of $2 million. The Company has a significant number of foreign subsidiaries and therefore has not yet completed its calculation of the total post-1986 E&P as well as non-U.S. income taxes paid for these foreign subsidiaries. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets, including trade receivables, based on estimates. The Company expects to revise its estimates of E&P, non-U.S. income taxes and cash balances throughout 2018 when actual results are available. In addition, guidance may be released which could also impact these estimates.

Indefinite reinvestment assertion – Beginning in 2018, U.S. Tax Reform provides a 100% deduction for dividends received from 10-percent owned foreign corporations by U.S. corporate shareholders, subject to a one-year holding period. Although dividend income is now exempt from U.S. federal tax for U.S. corporate shareholders, companies must still account for the tax consequences of outside basis differences and other tax impacts of their investments in non-U.S. subsidiaries. As a result of U.S. Tax Reform we have analyzed our global working capital and cash requirements and the potential tax liabilities attributable to a repatriation and have determined that we may repatriate up to $219 million, the majority of which was previously deemed indefinitely reinvested. For those investments from which we were able to make a reasonable estimate of the tax effects of such repatriation, we have recorded a provisional estimate for foreign withholding and state income taxes of $1 million. In addition, we re-measured the existing deferred tax liability accrued on certain acquired Towers Watson subsidiaries and released the deferred tax liability relating to the outside basis difference. This resulted in an income tax benefit of $76 million as these foreign earnings were subject to the one-time transition tax which reduced the outside basis difference.

Bonus Depreciation – While the Company has not completed its determination of all capital expenditures that qualify for immediate expensing for the year ended December 31, 2017, the Company recorded a provisional tax deduction of $40 million based on its current intent to fully expense all qualifying expenditures. The Company will analyze the dates all capital expenditures were placed in service or acquired and consider any future guidance within the next twelve months to finalize the deduction. This resulted in an increase of approximately $14 million to the Company's U.S. federal current income taxes receivable and a corresponding increase in its net deferred tax liabilities of approximately $14 million.

Executive compensation – Starting with compensation paid in 2018, Section 162(m) will limit the Company from deducting compensation, including performance-based compensation, in excess of $1 million paid to anyone who, starting in 2018, serves as the Chief Executive Officer or Chief Financial Officer, or who is among the three most highly compensated executive officers. The only exception to this rule is for compensation that is paid pursuant to a binding contract in effect on November 2, 2017 that would have otherwise been deductible under the prior Section 162(m) rules. Accordingly, any compensation paid in the future pursuant to new compensation arrangements entered into after November 2, 2017, even if performance-based, will count towards the $1 million deduction limit if paid to a covered executive. The Company recorded a provisional income tax expense of $8 million relating to our compensation plans not qualifying for the binding contract exception. We are in the process of obtaining additional information needed to complete our analysis of the binding contract requirement on the various compensation plans to determine the full impact of the law change. In addition, guidance may be released which could also impact our estimates.

The Company's accounting for the following law changes of U.S. Tax Reform is incomplete, and it is not yet able to make reasonable estimates of the effects. Therefore, no provisional adjustment was recorded.

GILTI – U.S. Tax Reform creates a new requirement that certain income (i.e., GILTI) earned by controlled foreign corporations ('CFCs') must be included currently in the gross income of the CFCs' U.S. shareholder. GILTI is the excess of the shareholder's 'net CFC tested income' over the net deemed tangible income return, which is currently defined as the excess of (1) 10 percent of the aggregate of the U.S. shareholder's pro rata share of the qualified business asset investment of each CFC with respect to which it is a U.S. shareholder over (2) the amount of certain interest expense taken into account in the determination of net CFC-tested income. Because of the complexity of the new GILTI tax rules, the Company is continuing to evaluate this provision of U.S. Tax Reform and the application of ASC 740. Under U.S. GAAP, the Company is allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the ‘period cost method’) or (2) factoring such amounts into a company’s measurement of its deferred taxes (the ‘deferred method’). The Company’s selection of an accounting policy with respect to the new GILTI tax rules will depend, in part, on analyzing its global income of its CFCs to determine whether it expects to have future U.S. inclusions in taxable income related to GILTI and, if so, what the impact is expected to be. Because whether the Company expects to have future U.S. inclusions in taxable income related to GILTI depends on not only its current structure and estimated future results of global operations but also its intent and ability to modify its structure and/or its business, the Company is not yet able to reasonably estimate the effect of this provision of U.S. Tax Reform. Therefore, it has not made any adjustments related to potential GILTI tax in its consolidated financial statements and has not made a policy decision.

Valuation allowances – The Company must assess whether valuation allowances assessments are affected by various aspects of U.S. Tax Reform (e.g., limitation on net interest expense in excess of 30% of adjusted taxable income). As of December 31, 2017, no changes to valuation allowances have been recorded as a result of U.S. Tax Reform.

Provision for income taxes

An analysis of income/(loss) before income taxes by taxing jurisdiction is shown below:

	Years ended December 31,		
	2017	2016	2015
Ireland	$ (23)	$ (27)	$ (61)
U.S.	(198)	(311)	(67)
U.K.	31	123	65
Other jurisdictions	679	555	403
Total	$ 489	$ 340	$ 340

The components of the income tax provision for/(benefit from) income from operations include:

	Years ended December 31,		
	2017	2016	2015
Current tax expense/(benefit):			
U.S. federal taxes	$ 65	$ 35	$ 14
U.S. state and local taxes	7	14	1
U.K. corporation tax	14	28	—
Other jurisdictions	99	71	51
Total current tax expense	185	148	66
Deferred tax expense/(benefit):			
U.S. federal taxes	(268)	(214)	(113)
U.S. state and local taxes	6	(5)	(3)
U.K. corporation tax	(9)	10	14
Other jurisdictions	(14)	(35)	3
Total deferred tax benefit	(285)	(244)	(99)
Total benefit from income taxes	$ (100)	$ (96)	$ (33)

The U.S. federal current tax expense includes the impact of a one-time transition tax expense of $70 million related to U.S. Tax Reform which the Company intends to elect to pay over an eight year period without interest. The Company currently estimates that $6 million of this transition tax liability will be paid within the next twelve months.

Effective tax rate reconciliation

The reported income tax provision for /(benefit from) operations differs from the amounts that would have resulted had the reported income before income taxes been taxed at the U.S. federal statutory rate. The principal reasons for the differences between the amounts provided and those that would have resulted from the application of the U.S. federal statutory tax rate are as follows:

	Years ended December 31,		
	2017	**2016**	**2015**
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	$ 489	$ 340	$ 340
U.S. federal statutory income tax rate	35%	35%	35%
Income tax expense at U.S. federal tax rate	171	119	119
Adjustments to derive effective tax rate:			
Non-deductible expenses and dividends	68	15	32
Non-deductible acquisition costs	11	1	9
Disposal of non-deductible goodwill	11	2	3
Gain on re-measurement of equity interests	—	—	(20)
Impact of change in rate on deferred tax balances	—	(15)	(5)
Effect of foreign exchange and other differences	3	6	(1)
Non-deductible Venezuelan foreign exchange loss	2	4	11
Changes in valuation allowances	13	(74)	(104)
Net tax effect of intra-group items	(97)	(98)	(30)
Tax differentials of non-U.S. jurisdictions	(69)	(80)	(42)
Tax differentials of U.S. state taxes and local taxes	(6)	14	(2)
Impact of U.S. Tax Reform	(204)	—	—
Other items, net	(3)	10	(3)
Benefit from income taxes	$ (100)	$ (96)	$ (33)

In connection with our initial analysis of U.S. Tax Reform, the Company has recorded a provisional net tax benefit of $204 million in 2017, which consists of a net benefit of $208 million due to the reduction of the federal corporate tax rate and re-measurement of our net U.S. deferred tax liabilities primarily related to acquisition-based intangibles and a $76 million benefit relating to the release of a deferred tax liability we had previously recorded on the accumulated earnings of certain Towers Watson subsidiaries. These net benefit items are offset by provisional expenses of $8 million recognized as a write-off of a deferred tax asset the Company had previously recorded on executive compensation as well as the U.S. federal and state income tax expense of $72 million associated with the one-time transition tax on foreign earnings of our subsidiaries.

Willis Towers Watson plc is a non-trading holding company tax resident in Ireland where it is taxed at the statutory rate of 25%. The provision for income tax on operations has been reconciled above to the U.S. federal statutory tax rate of 35% due to significant operations in the U.S.

Deferred income taxes

Deferred income tax assets and liabilities reflect the effect of temporary differences between the assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. We recognize deferred tax assets if it is more likely than not that a benefit will be realized.

Deferred income tax assets and liabilities included in the consolidated balance sheets at December 31, 2017 and 2016 are comprised of the following:

	December 31,	
	2017	2016
Deferred tax assets:		
Accrued expenses not currently deductible	$ 131	$ 286
Net operating losses	145	116
Capital loss carryforwards	28	28
Accrued retirement benefits	339	467
Deferred compensation	69	83
Stock options	24	36
Financial derivative transactions	18	12
Gross deferred tax assets	754	1,028
Less: valuation allowance	(162)	(134)
Net deferred tax assets	$ 592	$ 894
Deferred tax liabilities:		
Cost of intangible assets, net of related amortization	$ 929	$ 1,431
Cost of tangible assets, net of related depreciation	56	73
Prepaid retirement benefits	114	85
Accrued revenue not currently taxable	62	119
Deferred tax liabilities	$ 1,161	$ 1,708
Net deferred tax liabilities	$ 569	$ 814

During December 2017, the Company re-measured its U.S. deferred tax assets and liabilities as a result of U.S. Tax Reform to the newly enacted federal tax rate, which is 21%. The net deferred income tax assets are included in other non-current assets and the net deferred tax liabilities are included in deferred tax liabilities in our consolidated balance sheets.

	December 31,	
	2017	2016
Balance sheet classifications:		
Other non-current assets	$ 46	$ 50
Deferred tax liabilities	615	864
Net deferred tax liability	$ 569	$ 814

At December 31, 2017, we had U.S. federal and non-U.S. net operating loss carryforwards amounting to $289 million of which $237 million can be indefinitely carried forward under local statutes. The remaining $52 million of net operating loss carryforwards will expire, if unused, in varying amounts from 2018 through 2037. In addition, we had U.S. state net operating loss carryforwards of $1.5 billion, which will expire in varying amounts from 2018 to 2037.

Management believes, based on the evaluation of positive and negative evidence, including the future reversal of existing taxable temporary differences, it is more likely than not that the Company will realize the benefits of net deferred tax assets of $592 million, net of the valuation allowance. During 2017 the Company increased its valuation allowance by $28 million primarily due to state net operating losses as it is more likely than not that such losses will not be realized in the foreseeable future. During 2016 the Company released a U.S. valuation allowance of $69 million relating to accrued interest not deductible as a result of deferred tax liabilities recorded for the Merger. The future reversal of the deferred tax liabilities serve as a source of income to recognize the deferred tax asset for accrued interest not deductible. During 2015 the Company released a U.S. valuation allowance of $91 million due to an increase in actual and forecast U.S. earnings.

At December 31, 2017 and 2016, the Company had valuation allowances of $162 million and $134 million, respectively, to reduce its deferred tax assets to estimated realizable value. The valuation allowance at December 31, 2017 relates to deferred tax assets for U.K. capital loss carryforwards of $28 million, which have an unlimited carryforward period but can only be utilized against capital gains and U.S. and non-U.S. net operating losses of $80 million and $34 million, respectively. The valuation allowance at December 31, 2016 relates to deferred tax assets for U.K. capital loss carryforwards of $28 million, which have an unlimited carryforward period and U.S. and non-U.S. net operating losses of $78 million and $28 million, respectively.

An analysis of our valuation allowance is shown below.

	Years ended December 31,		
	2017	2016	2015
Balance at beginning of year	$ 134	$ 187	$ 280
Additions charged against/(credited to) to costs and expenses	35	—	—
Additions charged against/(credited to) to other accounts	—	21	2
Deductions	(7)	(74)	(95)
Balance at end of year	$ 162	$ 134	$ 187

In 2017, the amount charged to tax expense in the table above differs from the 2017 rate reconciliation of $13 million because a portion of the valuation allowance increase is related to the U.S. federal corporate tax rate reduction impact on the U.S. state valuation allowance and is included in the impact of U.S. Tax Reform. The amount charged to tax expense in the table above for 2016 differs from the effect of $74 million disclosed in the 2016 rate reconciliation primarily because the movement in this table includes the effects of acquisition accounting, which does not impact tax expense.

The Company recognizes deferred tax balances related to the undistributed earnings of subsidiaries when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. In 2016 we began accruing deferred taxes on the cumulative earnings of certain acquired Towers Watson subsidiaries. The historical cumulative earnings of our other subsidiaries have been reinvested indefinitely.

As a result of U.S. Tax Reform, we have analyzed our global working capital and cash requirements and the potential tax liabilities attributable to a repatriation and have determined that we may repatriate up to $219 million, the majority of which was previously deemed indefinitely reinvested. For those investments from which we were able to make a reasonable estimate of the tax effects of such repatriation, we have recorded a provisional estimate for foreign withholding taxes and state income taxes of $1 million. In addition, we re-measured the existing deferred tax liability accrued on certain acquired Towers Watson subsidiaries and released the deferred tax liability relating to the outside basis difference. This resulted in an income tax benefit of $76 million as these foreign earnings were subject to the one-time transition tax which reduced the outside basis difference.

The cumulative earnings related to amounts reinvested indefinitely as of December 31, 2017 were approximately $6.8 billion. 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.

Uncertain tax positions

At December 31, 2017, the amount of unrecognized tax benefits associated with uncertain tax positions, determined in accordance with ASC 740-10, excluding interest and penalties, was $59 million. A reconciliation of the beginning and ending balances of the liability for unrecognized tax benefits is as follows:

	2017	2016	2015
Balance at beginning of year	$ 56	$ 22	$ 19
Increases related to acquisitions	—	33	8
Increases related to tax positions in prior years	2	1	1
Decreases related to tax positions in prior years	(5)	(9)	(6)
Decreases related to settlements	—	(1)	—
Decreases related to lapse in statute of limitations	(2)	(1)	—
Increases related to current year tax positions	9	11	2
Cumulative translation adjustment and other adjustments	(1)	—	(2)
Balance at end of year	$ 59	$ 56	$ 22

The liability for unrecognized tax benefits for the years ended December 31, 2017, 2016 and 2015 can be reduced by $3 million, $4 million and nil, respectively, of offsetting deferred tax benefits associated with timing differences, foreign tax credits and the federal tax benefit of state income taxes. If these offsetting deferred tax benefits were recognized, there would have been a favorable impact on our effective tax rate. There are no material balances that would result in adjustments to other tax accounts.

Interest and penalties related to unrecognized tax benefits are included as a component of income tax expense. At December 31, 2017, we had cumulative accrued interest of $5 million. At December 31, 2016, the cumulative accrued interest was $4 million. Penalties accrued in 2017 were $2 million and immaterial in 2016.

Tax expense for the years ended December 31, 2017 and 2016 included immaterial interest benefits.

The Company believes that the outcomes which are reasonably possible within the next 12 months may result in a reduction in the liability for unrecognized tax benefits in the range of $4 million to $6 million, excluding interest and penalties.

The Company and its subsidiaries file income tax returns in various tax jurisdictions in which it operates.

Willis North America Inc. is not currently under examination by the U.S. Internal Revenue Service ('IRS'). We have ongoing state income tax examinations in certain states for tax years ranging from fiscal year ended June 30, 2012 through calendar year ended December 31, 2015. The statute of limitations in certain states extends back to the fiscal year ended June 30, 2012 as a result of changes to taxable income resulting from prior year federal tax examinations.

All U.K. tax returns have been filed timely and are in the normal process of being reviewed by HM Revenue & Customs. The Company is not currently subject to any material examinations in other jurisdictions. A summary of the tax years that remain open to tax examination in our major tax jurisdictions are as follows:

	Open Tax Years (fiscal year ending in)
U.S. — federal	2014 and forward
U.S. — various states	2012 and forward
U.K.	2010 and forward
Ireland	2013 and forward
France	2010 and forward
Germany	2002 and forward
Canada - federal	2010 and forward

Note 7 — Fixed Assets

The following table reflects changes in the net carrying amount of the components of fixed assets for the year ended December 31, 2017 and 2016:

	Furniture, equipment and software	Leasehold improvements	Land and buildings	Total
Cost: at January 1, 2016	$ 724	$ 272	$ 95	$ 1,091
Additions	265	44	2	311
Acquisitions	109	95	—	204
Disposals	(28)	(8)	—	(36)
Foreign exchange	(61)	(21)	(7)	(89)
Cost: at December 31, 2016	1,009	382	90	1,481
Additions	303	91	—	394
Disposals	(61)	(21)	—	(82)
Foreign exchange	49	16	4	69
Cost: at December 31, 2017	$ 1,300	$ 468	$ 94	$ 1,862
Depreciation: at January 1, 2016	$ (393)	$ (94)	$ (41)	$ (528)
Depreciation expense	(119)	(55)	(4)	(178)
Disposals	17	5	—	22
Foreign exchange	31	7	4	42
Depreciation: at December 31, 2016	(464)	(137)	(41)	(642)
Depreciation expense (i)	(199)	(47)	(6)	(252)
Disposals	37	14	—	51
Foreign exchange	(26)	(6)	(2)	(34)
Depreciation: at December 31, 2017	$ (652)	$ (176)	$ (49)	$ (877)
Net book value:				
At December 31, 2016	$ 545	$ 245	$ 49	$ 839
At December 31, 2017	$ 648	$ 292	$ 45	$ 985

(i) Depreciation expense included here does not equal the depreciation expense on the statement of comprehensive income for the year ended December 31, 2017 due to the inclusion of $49 million which has been classified as transaction and integration expenses.

Included within land and buildings are the following assets held under capital leases:

	December 31, 2017	December 31, 2016
Capital leases	$ 31	$ 32
Accumulated depreciation	(14)	(12)
	$ 17	$ 20

Depreciation related to capital leases was $2 million for each of the years ended December 31, 2017, 2016 and 2015.

Note 8 — Goodwill and Other Intangible Assets

Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair market value of identifiable net assets at the dates of acquisition. Goodwill is not amortized but is subject to impairment testing annually and whenever facts or circumstances indicate that the carrying amounts may not be recoverable. Goodwill is allocated to our reporting units primarily based on the original purchase price allocation for acquisitions within the reporting units, or relative fair value when an acquisition covers multiple reporting units. When a business entity is sold, goodwill is allocated to the disposed entity based on the relative fair value of that entity compared with the fair value of the reporting unit in which it was included.

The components of goodwill are outlined below for the years ended December 31, 2017 and 2016:

	HCB	CRB	IRR	BDA	Total
Balance at December 31, 2015					
Goodwill, gross	$ 986	$ 2,212	$ 1,031	$ —	$ 4,229
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2015	856	1,850	1,031	—	3,737
Purchase price allocation adjustments	8	5	(7)	—	6
Goodwill acquired during the period (i)	3,458	—	770	2,557	6,785
Goodwill disposed of during the period	—	(5)	—	—	(5)
Foreign exchange	(40)	(34)	(36)	—	(110)
Balance at December 31, 2016					
Goodwill, gross	$ 4,412	$ 2,178	$ 1,758	$ 2,557	$ 10,905
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2016	4,282	1,816	1,758	2,557	10,413
Goodwill reassigned in segment realignment (ii)	(113)	13	100	—	—
Goodwill acquired during the period	—	8	—	—	8
Goodwill disposed of during the period	(31)	(5)	(27)	—	(63)
Foreign exchange	74	67	20	—	161
Balance at December 31, 2017					
Goodwill, gross	4,342	2,261	1,851	2,557	11,011
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2017	$ 4,212	$ 1,899	$ 1,851	$ 2,557	$ 10,519

(i) Goodwill acquired consists primarily of goodwill recognized from the Merger.

(ii) Represents the reallocation of goodwill related to certain businesses which were realigned among the segments as of January 1, 2017. See Note 4 — Segment Information for further information.

Other Intangible Assets

The following table reflects changes in the net carrying amount of the components of finite-lived intangible assets for the year ended December 31, 2017:

	Balance at December 31, 2016	Intangible assets acquired	Intangible assets disposed	Amortization (ii)	Foreign Exchange	Balance at December 31, 2017
Client relationships	$ 2,655	$ 13	$ (44)	$ (379)	$ 97	$ 2,342
Management contracts	54	—	—	(4)	6	56
Software (i)	570	36	—	(150)	17	473
Trademark and trade name	1,006	—	(1)	(44)	5	966
Product	33	—	—	(3)	3	33
Favorable agreements	11	1	—	(2)	—	10
Other	3	—	—	(1)	—	2
Total amortizable intangible assets	$ 4,332	$ 50	$ (45)	$ (583)	$ 128	$ 3,882

(i) All in-process research and development intangible assets acquired as part of the Merger on January 4, 2016 of $39 million ($36 million at the date placed into service due to changes in foreign currency exchange rates) have been placed into service during the year ended December 31, 2017 and have been included as intangible assets acquired in this presentation.

(ii) Amortization associated with favorable lease agreements is recorded in Other operating expenses in the consolidated statements of comprehensive income.

The following table reflects changes in the net carrying amount of the components of finite-lived intangible assets for the year ended December 31, 2016:

	Balance as of December 31, 2015	Purchase price allocation adjustments	Intangible assets acquired	Intangible assets disposed	Amortization (ii)	Foreign Exchange	Balance as of December 31, 2016
Client relationships	$ 920	2	$ 2,222	$ (5)	$ (395)	$ (89)	$ 2,655
Management contracts	62	—	—	—	(4)	(4)	54
Software (i)	77	(13)	675	—	(142)	(27)	570
Trademark and trade name	50	1	1,003	—	(45)	(3)	1,006
Product	—	—	42	—	(3)	(6)	33
Favorable agreements	2	—	11	—	(2)	—	11
Other	4	—	—	—	(2)	1	3
Total amortizable intangible assets	$ 1,115	(10)	$ 3,953	$ (5)	$ (593)	$ (128)	$ 4,332

(i) In-process research and development intangible assets acquired as part of the Merger on January 4, 2016 of $39 million ($36 million at December 31, 2016) had not yet been placed in service and are not included in this presentation.

(ii) Amortization associated with favorable agreements is recorded in Other operating expenses in the consolidated statements of comprehensive income.

We recorded amortization related to our finite-lived intangible assets, exclusive of the amortization of our favorable lease agreements, of $581 million, $591 million, and $76 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Our acquired unfavorable lease liabilities were $26 million and $29 million as of December 31, 2017 and December 31, 2016, respectively, and are recorded in other non-current liabilities in the consolidated balance sheet.

The following table reflects the carrying value of finite-lived intangible assets and liabilities at December 31, 2017 and December 31, 2016:

	December 31, 2017		December 31, 2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Client relationships	$ 3,462	$ (1,120)	$ 3,396	$ (741)
Management contracts	68	(12)	62	(8)
Software	764	(291)	711	(141)
Trademark and trade name	1,055	(89)	1,051	(45)
Product	39	(6)	36	(3)
Favorable agreements	14	(4)	13	(2)
Other	6	(4)	6	(3)
Total finite-lived assets	$ 5,408	$ (1,526)	$ 5,275	$ (943)
Unfavorable agreements	$ 34	$ (8)	$ 34	$ (5)
Total finite-lived intangible liabilities	$ 34	$ (8)	$ 34	$ (5)

The weighted average remaining life of amortizable intangible assets and liabilities at December 31, 2017 was 14.3 years.

The table below reflects the future estimated amortization expense for amortizable intangible assets and the rent offset resulting from amortization of the net lease intangible assets and liabilities for the next five years and thereafter:

Year ending December 31,	Amortization	Rent offset
2018	$ 535	$ (4)
2019	479	(2)
2020	426	(3)
2021	348	(2)
2022	289	(2)
Thereafter	1,795	(3)
Total	$ 3,872	$ (16)

Note 9 — Derivative Financial Instruments

We are exposed to certain interest rate and 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 interest and 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 2 — Basis of Presentation, Significant Accounting Policies and Recent Accounting Pronouncements, Note 11 — Fair Value Measurements and Note 16 — Accumulated Other Comprehensive Loss.

Interest Rate Risk - Investment Income

As a result of the Company's operating activities, the Company holds fiduciary funds. The Company earns interest on these funds, which is included in the Company's consolidated financial statements in interest and other income. These funds are regulated in terms of access as are the instruments in which they may be invested, most of which are short-term in nature.

During 2015, in order to manage interest rate risk arising from these financial assets, the Company entered into interest rate swaps to receive a fixed rate of interest and pay a variable rate of interest. These derivatives, with total notional amounts of $300 million, were designated as hedging instruments at December 31, 2017 and December 31, 2016 and had net fair value liabilities of $1 million and nil, respectively.

Foreign Currency Risk

Certain non-U.S. subsidiaries receive revenues and incur expenses in currencies other than their functional currency, and as a result, the foreign subsidiary's functional currency revenues will fluctuate as the currency rates change. Additionally, the forecast Pounds sterling expenses of our London brokerage market operations may exceed their Pounds sterling revenues, and they may also hold a significant net Pounds sterling asset or liability position in the 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 December 31, 2017 and December 31, 2016 had total notional amounts of $937 million and $945 million, respectively, and net fair value liabilities of $21 million and $110 million, respectively.

At December 31, 2017, the Company estimates, based on current interest and exchange rates, there will be $26 million of net derivative losses on forward exchange rates, interest rate swaps, and treasury locks reclassified from accumulated other comprehensive income/(loss) into earnings within the next twelve months as the forecast transactions affect earnings. At December 31, 2017, our longest outstanding maturity was 2.9 years.

The effects of the material derivative instruments that are designated as hedging instruments on the consolidated statements of comprehensive income for the years ended December 31, 2017, 2016 and 2015 are as follows:

	Gain/(loss) recognized in OCI (effective portion)			Location of (loss)/gain reclassified from OCI into income (effective portion)	(Loss)/gain reclassified from OCI into income (effective portion)			Location of (loss)/gain recognized in income (ineffective portion and amount excluded from effectiveness testing)	(Loss)/gain recognized in income (ineffective portion and amount excluded from effectiveness testing)		
	2017	2016	2015		2017	2016	2015		2017	2016	2015
Foreign exchange contracts	$ 39	$ (127)	$ (38)	Other expense/(income), net	$ (53)	$ (42)	$ 4	Interest expense	$ (1)	$ (1)	$ 1

We also enter into foreign currency transactions, primarily to hedge certain intercompany loans. These derivatives are not generally designated as hedging instruments and at December 31, 2017 and December 31, 2016, we had notional amounts of $971 million and $630 million, respectively, and had a net fair value asset of $3 million, and a net fair value liability of $8 million, respectively.

The effects of derivatives that have not been designated as hedging instruments on the consolidated statements of comprehensive income for the years ended December 31, 2017, 2016 and 2015 are as follows:

Derivatives not designated as hedging instruments:	Location of gain/(loss) recognized in income	Gain/(loss) recognized in income		
		2017	2016	2015
Foreign exchange contracts	Other expense/(income), net	$ 11	$ (3)	$ (3)

Note 10 — Debt

Short-term debt and current portion of long-term debt consists of the following:

	December 31,	
	2017	2016
6.200% senior notes due 2017	$ —	$ 394
Current portion of 7-year term loan facility	—	22
Current portion of term loan due 2019	85	85
Short-term borrowing under bank overdraft arrangement	—	5
Other debt	—	2
	$ 85	$ 508

Long-term debt consists of the following:

	December 31,	
	2017	2016
Revolving $1.25 billion credit facility	$ 884	$ —
Revolving $800 million credit facility	—	238
7-year term loan facility	—	196
Term loan due 2019	84	169
7.000% senior notes due 2019	186	186
5.750% senior notes due 2021	497	496
3.500% senior notes due 2021	447	446
2.125% senior notes due 2022 [(i)]	644	565
4.625% senior notes due 2023	248	247
3.600% senior notes due 2024	645	—
4.400% senior notes due 2026	544	543
6.125% senior notes due 2043	271	271
	$ 4,450	$ 3,357

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

Guarantees

All direct obligations under the 6.200% (repaid during 2017), 7.000% and 3.600% senior notes are issued by Willis North America Inc. and guaranteed by Willis Towers Watson, Willis Netherlands Holdings B.V., Willis Investment U.K. Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited, Willis Towers Watson Sub Holdings Unlimited Company and Willis Towers Watson UK Holdings Limited. See Note 21 — Financial Information for Parent Guarantor, Other Guarantor Subsidiaries and Non-Guarantor Subsidiaries.

All direct obligations under the 5.750% senior notes are issued by the Company and guaranteed by Trinity Acquisition plc, Willis Netherlands Holdings B.V., Willis Investment U.K. Holdings Limited, TA I Limited, Willis North America Inc., Willis Group Limited, Willis Towers Watson Sub Holdings Unlimited Company and Willis Towers Watson UK Holdings Limited. See Note 22 — Financial Information for Parent Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries.

All direct obligations under the 4.625%, 6.125%, 3.500%, 4.400%, and 2.125% senior notes are issued by Trinity Acquisition plc and guaranteed by Willis Towers Watson, Willis Netherlands Holdings B.V., Willis Investment U.K. Holdings Limited, TA I Limited, Willis North America Inc., Willis Group Limited, Willis Towers Watson Sub Holdings Unlimited Company and Willis Towers Watson UK Holdings Limited. See Note 23 — Financial Information for Issuer, Parent Guarantor, Other Guarantor Subsidiaries and Non-Guarantor Subsidiaries.

Revolving Credit Facility

$1.25 billion revolving credit facility

On March 7, 2017, Trinity Acquisition plc (see Note 23 for further information) entered into a $1.25 billion amended and restated revolving credit facility (the ‘RCF’), that will mature on March 7, 2022. The RCF replaced the previous $800 million revolving credit facility (see below for further information). Amounts outstanding under the RCF shall bear interest at LIBOR plus a margin of 1.00% to 1.75%, or alternatively, the base rate plus a margin of 0.00% to 0.75%, based upon the Company’s guaranteed senior unsecured long-term debt rating.

Borrowings of $409 million and €45 million against the RCF were used to repay all outstanding borrowings against the previous $800 million revolving credit facility and the 7-year term loan due July 23, 2018.

Additionally, on March 28, 2017, $407 million was used to repay the 6.200% senior notes due 2017, including accrued interest.

$800 million revolving credit facility

Drawings under the previous $800 million revolving credit facility bore interest at LIBOR plus a margin of 1.25% to 2.00%, or alternatively the base rate plus a margin of 0.25% to 1.00% based upon the Company’s guaranteed senior unsecured long-term debt rating; a 1.375% margin applied while the Company’s debt rating remained BBB/Baa3. At December 31, 2016, $238 million was outstanding under this revolving credit facility.

WSI revolving credit facility

Willis Securities Inc. (‘WSI’) maintained a $400 million revolving credit facility. The WSI revolving credit facility expired on April 28, 2017. As of December 31, 2017 and 2016, there were no borrowings outstanding under the WSI revolving credit facility.

Senior Notes

3.600% senior notes due 2024

On May 16, 2017, Willis North America Inc. (see Note 21 for further information) issued $650 million of 3.600% senior notes due 2024 (‘2024 senior notes’). The effective interest rate of the 2024 senior notes is 3.614%, which includes the impact of the discount upon issuance. The 2024 senior notes will mature on May 15, 2024, and interest accrues on the 2024 senior notes from May 16, 2017 and will be paid in cash on May 15 and November 15 of each year. The net proceeds from this offering, after deducting underwriter discounts and commissions and estimated offering expenses, were $644 million, and were used to pay down amounts outstanding under the RCF and for general corporate purposes.

2.125% senior notes due 2022

On May 26, 2016, Trinity Acquisition plc issued €540 million ($609 million) of 2.125% senior notes due 2022 (‘2022 senior notes’). The 2022 senior notes are fully and unconditionally guaranteed by Willis Towers Watson. The effective interest rate of these senior notes is 2.154%, which includes the impact of the discount upon issuance. The 2022 senior notes will mature on May 26, 2022. Interest accrues on the notes from May 26, 2016 and will be paid in cash on May 26 of each year. The net proceeds from this offering, after deducting underwriter discounts and commissions and estimated offering expenses, were €535 million ($600 million). We used the net proceeds of this offering to repay Tranche A of the previous 1-year term loan facility, which matured in 2016, and related accrued interest.

3.500% senior notes due 2021 and 4.400% senior notes due 2026

On March 22, 2016, Trinity Acquisition plc issued $450 million of 3.500% senior notes due 2021 (‘2021 senior notes’) and $550 million of 4.400% senior notes due 2026 (‘2026 senior notes’). The 2021 senior notes and the 2026 senior notes are fully and unconditionally guaranteed by the Company. The effective interest rates of these senior notes are 3.707% and 4.572%, respectively, which includes the impact of the discount upon issuance. The 2021 senior notes and the 2026 senior notes will mature on September 15, 2021 and March 15, 2026, respectively. Interest accrues on the notes from March 22, 2016 and will be paid in cash on March 15 and September 15 of each year. The net proceeds from these offerings, after deducting underwriter discounts and commissions and estimated offering expenses, were $988 million. We used the net proceeds of these offerings to: (i) repay $300 million principal under the prior $800 million revolving credit facility and related accrued interest, which was drawn to repay our previously issued 4.125% senior notes on March 15, 2016; (ii) repay $400 million principal on Tranche B of the previous 1-year term loan facility and related accrued interest; and (iii) pay down a portion of the remaining principal amount outstanding under the previous $800 million revolving credit facility and related accrued interest.

4.625% senior notes due 2023 and 6.125% senior notes due 2043

On August 15, 2013, the Company issued $250 million of 4.625% senior notes due 2023 and $275 million of 6.125% senior notes due 2043. The effective interest rates of these senior notes are 4.696% and 6.154%, respectively, which include the impact of the discount upon issuance. The proceeds were used to repurchase other previously issued senior notes.

5.750% senior notes due 2021

In March 2011, the Company issued $500 million of 5.750% senior notes due 2021. The effective interest rate of this senior note is 5.871%, which includes the impact of the discount upon issuance. The proceeds were used to repurchase and redeem other previously issued senior notes.

7.000% senior notes due 2019

In September 2009, Willis North America Inc. issued $300 million of 7.000% senior notes due 2019. The effective interest rates of these senior notes are 7.081%, which include the impact of the discount upon issuance. A portion of the proceeds were used to repurchase and redeem other previously issued senior notes. In August 2013, $113 million of the 7.000% senior notes due 2019 were repurchased.

Term Loan Facilities

7-year term loan facility

The 7-year term loan facility expiring 2018 bore interest at the same rate applicable to the previous $800 million revolving credit facility and was repayable in quarterly installments of $6 million with a final repayment of $186 million due in the third quarter of 2018. During 2017, we repaid in full and terminated the 7-year term loan with proceeds from borrowings against our $1.25 billion revolving credit facility.

Term loan due December 2019

On January 4, 2016, we acquired a $340 million term loan in connection with the Merger. On November 20, 2015, Towers Watson Delaware Inc. entered into a four-year amortizing term loan agreement for up to $340 million with a consortium of banks to help fund the pre-Merger special dividend. On December 28, 2015, Towers Watson Delaware Inc. borrowed the full $340 million.

The interest rate on the term loan is based on the Company's choice of one, two, three or six-month LIBOR plus a spread of 1.25% to 1.75%, or alternatively the bank base rate plus 0.25% to 0.75%. The spread to each index is dependent on the Company's consolidated leverage ratio. The weighted-average interest rate on this term loan for the year ended December 31, 2017 was 2.33%. The term loan amortizes at a rate of $21 million per quarter, beginning in March 2016, with a final maturity date of December 2019. The Company has the right to prepay a portion or all of the outstanding term loan balance on any interest payment date without penalty. At December 31, 2017, the balance outstanding on the term loan was $170 million, before reduction of $1 million in debt issuance fees.

Additional Information Regarding Fully Repaid Term Loan Facility and Senior Notes

1-year term loan facility

On November 20, 2015, Legacy Willis entered into a 1-year term loan facility. The 1-year term loan had two tranches: Tranche A was for €550 million, of which €544 million ($592 million) was drawn on December 19, 2015 and used to finance the acquisition of Gras Savoye. Tranche B was for $400 million and was drawn on January 4, 2016 and used to re-finance debt held by Legacy Towers Watson which became due on acquisition. Tranche A was repaid in its entirety on May 26, 2016 from the proceeds from the issuance of our 2022 senior notes discussed above. Tranche B was repaid in its entirety on March 22, 2016 from a portion of the proceeds from the issuance of our senior notes discussed above. The amount outstanding as of December 31, 2015 was $592 million, gross of $5 million in debt fees related to the 1-year term loan facility.

4.125% senior notes due 2016

In March 2011, the Company issued $300 million of 4.125% senior notes due 2016. The effective interest rate of the senior notes was 4.240%, which included the impact of the discount upon issuance. The proceeds were used to repurchase and redeem other previously issued senior notes.

6.200% senior notes due 2017

On March 28, 2007, we issued $600 million of 10 year senior notes at 6.200%. The effective interest rate of these senior notes was 6.253%. In August 2013, $206 million of the 6.200% senior notes were repurchased. The final balance was repaid on March 28, 2017 from the RCF as discussed above.

Covenants

The terms of our current financings also include certain limitations. For example, the agreements relating to the debt arrangements and credit facilities generally contain numerous operating and financial covenants, including requirements to maintain minimum ratios of consolidated EBITDA to consolidated cash interest expense and maximum levels of consolidated funded indebtedness in relation to consolidated EBITDA, in each case subject to certain adjustments. The operating restrictions and financial covenants in our credit facilities do, and any future financing agreements may, limit our ability to finance future operations or capital needs or to engage in other business activities. At December 31, 2017 and 2016, we were in compliance with all financial covenants.

Debt Maturity

The following table summarizes the maturity of our debt, interest on senior notes and excludes any reduction for debt issuance costs:

	2018	2019	2020	2021	2022	Thereafter	Total
Senior notes	$ —	$ 187	$ —	$ 950	$ 644	$ 1,725	$ 3,506
Interest on senior notes	147	144	134	107	82	464	1,078
Term loans	85	85	—	—	—	—	170
RCF	—	—	—	—	884	—	884
Total	$ 232	$ 416	$ 134	$ 1,057	$ 1,610	$ 2,189	$ 5,638

Interest Expense

The following table shows an analysis of the interest expense for the years ended December 31:

	Years ended December 31,		
	2017	2016	2015
Senior notes	$ 148	$ 139	$ 114
Term loans	8	17	5
RCF	17	10	6
WSI revolving credit facility	1	2	2
Other (i)	14	16	15
Total interest expense	$ 188	$ 184	$ 142

(i) Other primarily includes debt issuance costs, interest expense on capitalized leases and accretion on deferred and contingent consideration.

Note 11 — 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 interest rate swaps and 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 interest rate environment or 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 EBITDA growth for the acquired business.

The following tables present our assets and liabilities measured at fair value on a recurring basis at December 31, 2017 and December 31, 2016:

	Balance Sheet Location	Fair Value Measurements on a Recurring Basis at December 31, 2017 Level 1	Level 2	Level 3	Total
Assets:					
Available-for-sale securities:					
Mutual funds / exchange traded funds	Prepaid and other current assets and other non-current assets	$ 40	$ —	$ —	$ 40
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 18	$ —	$ 18
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 51	$ 51
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 37	$ —	$ 37

	Balance Sheet Location	Fair Value Measurements on a Recurring Basis at December 31, 2016 Level 1	Level 2	Level 3	Total
Assets:					
Available-for-sale securities:					
Mutual funds / exchange traded funds	Prepaid and other current assets and other non-current assets	$ 37	$ —	$ —	$ 37
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 15	$ —	$ 15
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 55	$ 55
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 133	$ —	$ 133

(i) See Note 9 — Derivative Financial Instruments for further information on our derivative instruments.

(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 rate used on our material contingent consideration calculations was 9.64% and 10.76% at December 31, 2017 and December 31, 2016, 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)	**December 31, 2017**
Balance at December 31, 2016	$ 55
Obligations assumed	—
Net sales	(7)
Payments	(10)
Realized and unrealized gains	9
Foreign exchange	4
Balance at December 31, 2017	$ 51

There were no significant transfers between Levels 1, 2 or 3 during the years ended December 31, 2017 and 2016.

Fair value information about financial instruments not measured at fair value

The following tables present our liabilities not measured at fair value on a recurring basis at December 31, 2017 and 2016:

	December 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Short-term debt and current portion of long-term debt	$ 85	$ 85	$ 508	$ 513
Long-term debt	$ 4,450	$ 4,706	$ 3,357	$ 3,504

The carrying values of our revolving lines of credit and term loans approximate their fair values. 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 12 — 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 plans ('PRW') plans throughout the world. The majority of our plan assets and obligations are in the United States and the United Kingdom. We have also included disclosures related to defined benefit plans in certain other countries, including Canada, France, Germany, Ireland and the Netherlands. Together, these disclosed funded and unfunded plans represent 99% of Willis Towers Watson's pension and PRW obligations and are disclosed herein.

On January 4, 2016, in connection with the Merger, we acquired additional defined benefit pension, PRW, and defined contribution plans. Total plan assets of approximately $3.7 billion and projected benefit obligations of approximately $4.6 billion were acquired. The funded status for each of the acquired plans has been included in the values of identifiable assets acquired, and liabilities assumed in Note 3 — Merger, Acquisitions and Divestitures and are recorded as $67 million in pension benefits assets and $923 million in liability for pension benefits.

As part of these obligations, in the United States, the United Kingdom and Canada, we have non-qualified plans that provide for the additional pension benefits that would be covered under the qualified plan in the respective country were it not for statutory maximums. The non-qualified plans are unfunded.

The significant plans within each grouping are described below:

United States

Legacy Willis – This plan was frozen in 2009. Approximately one-quarter of the Legacy Willis employees in the United States have a frozen accrued benefit under this plan.

Willis Towers Watson Plan – Substantially all U.S. employees are eligible to participate in this plan. Benefits are provided under a stable value pension plan design. The original stable value design came into effect on January 1, 2012. As of July 1, 2017, existing plan participants earn benefits without having to make employee contributions, and all newly eligible employees are required to contribute 2% of pay to participate in the plan.

United Kingdom

Legacy Willis – This plan covers approximately one third of the Legacy Willis employees in the United Kingdom. The plan is now closed to new entrants. New employees in the United Kingdom are offered the opportunity to join a defined contribution plan.

Legacy Towers Watson – Benefit accruals earned under the Legacy Watson Wyatt defined benefit plan (predominantly pension benefits) ceased on February 28, 2015, although benefits earned prior to January 1, 2008 retain a link to salary until the employee leaves the Company. Benefit accruals earned under the legacy Towers Perrin defined benefit plan (predominantly lump sum benefits) were frozen on March 31, 2008. All participants now accrue defined contribution benefits.

Legacy Miller – The plan provides retirement benefits based on members' salaries at the point at which they ceased to accrue benefits under the scheme.

Other

<u>Canada (Legacy Towers Watson)</u> – Participants accrue qualified and non-qualified benefits based on a career average benefit formula. Additionally, participants can choose to make voluntary contributions to purchase enhancements to their pension.

<u>France (Legacy Gras Savoye)</u> – The mandatory retirement indemnity plan is a termination benefit which provides lump sum benefits at retirement. There is no vesting before the retirement date and the benefit formula is determined through the collective bargaining agreement and the labor code. All employees with permanent employment contracts are eligible.

<u>Germany (Legacy Willis)</u> – The defined benefit plan population consists of retirees receiving annuities and three participants with deferred vested benefits. Other employees and former employees participate in defined contribution arrangements.

<u>Germany (Legacy Towers Watson)</u> – Effective January 1, 2011, all new participants participate in a defined contribution plan. Participants hired prior to this date continue to participate in various defined contribution and defined benefit arrangements according to legacy plan formulas. The legacy defined benefit plans are primarily account-based, with some long-service participants continuing to accrue benefits according to grandfathered final-average-pay formulas.

<u>Ireland (Legacy Willis)</u> – The defined benefit plans provide pension benefits for approximately one third of legacy Willis employees in Ireland. The defined benefit plans are now closed to new entrants.

<u>Ireland (Legacy Towers Watson)</u> – Benefit accruals earned under the scheme's defined benefit plan ceased on May 1, 2015. Benefits earned prior to this date retain a link to salary until the employee leaves the Company.

<u>Netherlands (Legacy Towers Watson)</u> – Benefits under the plan used to accrue on a final pay basis on earnings up to a maximum amount each year. The benefit accrual under the final pay plan stopped at December 31, 2010. The accrued benefits will receive conditional indexation each year.

Post-retirement Welfare Plan

We provide certain healthcare and life insurance benefits for retired participants. The principal plans cover participants in the U.S. who have met certain eligibility requirements. Our principal post-retirement benefit plans are primarily unfunded. Retiree medical benefits provided under our U.S. post-retirement benefit plans were closed to new hires effective January 1, 2011. Life insurance benefits under the plans were frozen with respect to service, eligibility and amounts as of January 1, 2012 for active participants.

Amounts Recognized in our Consolidated Financial Statements

The following schedules provide information concerning the defined benefit pension plans and PRW plan as of and for the years ended December 31, 2017 and 2016:

	2017				2016			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Change in Benefit Obligation								
Benefit obligation, beginning of year	$ 4,169	$ 3,899	$ 732	$ 113	$ 976	$ 2,881	$ 184	$ —
Service cost	66	32	20	—	59	24	19	1
Interest cost	139	93	17	4	137	114	18	3
Employee contributions	6	1	—	6	—	1	—	7
Actuarial losses	293	2	5	14	151	852	61	4
Settlements	(16)	(138)	(1)	—	—	(12)	(61)	—
Benefits paid	(181)	(93)	(29)	(14)	(166)	(130)	(24)	(14)
Business combinations	—	—	—	—	3,012	842	530	112
Transfers in	—	—	1	—	—	—	1	—
Foreign currency changes	—	369	77	—	—	(673)	4	—
Benefit obligation, end of year	$ 4,476	$ 4,165	$ 822	$ 123	$ 4,169	$ 3,899	$ 732	$ 113
Change in Plan Assets								
Fair value of plan assets, beginning of year	$ 3,280	$ 4,360	$ 467	$ 4	$ 749	$ 3,478	$ 158	$ —
Actual return on plan assets	464	290	42	—	153	782	26	—
Employer contributions	101	66	34	6	91	106	39	7
Employee contributions	6	1	—	6	—	1	—	7
Settlements	(16)	(138)	(1)	—	—	(12)	(58)	—
Benefits paid	(181)	(93)	(29)	(14)	(166)	(130)	(24)	(14)
Business combinations	—	—	—	—	2,453	906	321	4
Transfers in	—	—	1	—	—	—	1	—
Foreign currency adjustment	—	424	48	—	—	(771)	4	—
Fair value of plan assets, end of year	$ 3,654	$ 4,910	$ 562	$ 2	$ 3,280	$ 4,360	$ 467	$ 4
Funded status at end of year	$ (822)	$ 745	$ (260)	$ (121)	$ (889)	$ 461	$ (265)	$ (109)
Accumulated Benefit Obligation	$ 4,476	$ 4,165	$ 790	$ 123	$ 4,169	$ 3,899	$ 696	$ 113
Components on the Consolidated Balance Sheet								
Pension benefits assets	$ —	$ 754	$ 17	$ —	$ —	$ 478	$ 10	$ —
Current liability for pension benefits	$ (40)	$ —	$ (6)	$ (5)	$ (47)	$ —	$ (7)	$ (3)
Non-current liability for pension benefits	$ (782)	$ (9)	$ (271)	$ (116)	$ (842)	$ (17)	$ (268)	$ (106)
	$ (822)	$ 745	$ (260)	$ (121)	$ (889)	$ 461	$ (265)	$ (109)

Amounts recognized in accumulated other comprehensive loss as of December 31, 2017 and 2016 consist of:

	2017				2016			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Net actuarial loss	$ 663	$ 909	$ 79	$ 19	$ 603	$ 918	$ 80	$ 4
Net prior service gain	—	(142)	—	—	—	(147)	—	—
Accumulated other comprehensive loss	$ 663	$ 767	$ 79	$ 19	$ 603	$ 771	$ 80	$ 4

The following table presents the projected benefit obligation and fair value of plan assets for our plans that have a projected benefit obligation in excess of plan assets as of December 31, 2017 and 2016:

	2017			2016		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 4,476	$ 10	$ 758	$ 4,169	$ 843	$ 686
Fair value of plan assets at end of year	$ 3,654	$ —	$ 481	$ 3,280	$ 825	$ 411

The following table presents the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for our plans that have an accumulated benefit obligation in excess of plan assets as of December 31, 2017 and 2016.

	2017			2016		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 4,476	$ 10	$ 758	$ 4,169	$ 843	$ 686
Accumulated benefit obligation at end of year	$ 4,476	$ 10	$ 726	$ 4,169	$ 843	$ 650
Fair value of plan assets at end of year	$ 3,654	$ —	$ 481	$ 3,280	$ 825	$ 411

The components of the net periodic benefit income and other amounts recognized in other comprehensive (income)/loss for the years ended December 31, 2017, 2016 and 2015 for the defined benefit pension and PRW plans are as follows:

	2017				2016				2015			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Components of net periodic benefit (income)/cost:												
Service cost	$ 66	$ 32	$ 20	$ —	$ 59	$ 24	$ 19	$ 1	$ —	$ 33	$ 3	$ —
Interest cost	139	93	17	4	137	114	18	3	41	107	3	—
Expected return on plan assets	(245)	(284)	(30)	—	(240)	(253)	(27)	—	(57)	(230)	(3)	—
Amortization of unrecognized prior service credit	—	(18)	—	—	—	(19)	—	—	—	(18)	—	—
Amortization of unrecognized actuarial loss	13	53	2	—	12	42	—	—	11	36	1	—
Settlement	1	37	1	—	—	—	5	—	—	—	—	—
Curtailment gain	—	—	—	—	—	—	—	—	—	(5)	—	—
Net periodic benefit (income)/cost	$ (26)	$ (87)	$ 10	$ 4	$ (32)	$ (92)	$ 15	$ 4	$ (5)	$ (77)	$ 4	$ —
Other changes in plan assets and benefit obligations recognized in other comprehensive loss/(income):												
Net actuarial loss/(gain)	$ 74	$ (4)	$ (7)	$ 14	$ 238	$ 323	$ 62	$ 4	$ (16)	$ 59	$ (5)	$ —
Amortization of unrecognized actuarial loss	(13)	(53)	(2)	—	(12)	(42)	—	—	(11)	(36)	(1)	—
Prior service gain	—	—	—	—	—	—	—	—	—	(215)	—	—
Amortization of unrecognized prior service credit	—	18	—	—	—	19	—	—	—	18	—	—
Settlement	(1)	(37)	(1)	—	—	—	(8)	—	—	—	—	—
Curtailment loss	—	—	—	—	—	—	—	—	—	18	—	—
Total recognized in other comprehensive loss/(income)	60	(76)	(10)	14	226	300	54	4	(27)	(156)	(6)	—
Total recognized in net periodic benefit (income)/cost and other comprehensive loss/(income)	$ 34	$ (163)	$ —	$ 18	$ 194	$ 208	$ 69	$ 8	$ (32)	$ (233)	$ (2)	$ —

During the year ended December 31, 2017, as a result of past changes in UK legislation and the low interest rate environment, the amount of transfer payments from the Legacy Willis UK pension plan exceeded the plan's service and interest cost. This triggers settlement accounting which requires immediate recognition of a portion of the obligations associated with the plan transfers. Consequently, the Company recognized a non-cash expense of $36 million.

During fiscal year 2016, we adopted the granular approach to calculating service and interest cost. This was treated as a change in accounting estimate, and resulted in a credit of $51 million included in our total net periodic benefit income reflected above.

On March 6, 2015, Legacy Willis announced to members of the U.K. defined benefit pension plan that, effective from June 30, 2015, future salary increases would not be pensionable (the 'salary freeze'). Legacy Willis recognized the salary freeze as a plan amendment at the announcement date. The impact of the salary freeze reduced the plan's projected benefit obligation by approximately $215 million and created a prior service credit which is recognized in other comprehensive income and then amortized to the consolidated statement of comprehensive income over the remaining expected service life of active employees.

The estimated net actuarial loss and prior service gain for the defined benefit plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are:

	For the Year Ended December 31, 2018			
	U.S.	U.K	Other	PRW
Estimated net actuarial loss	$ 11	$ 47	$ 2	$ 1
Prior service gain	$ —	$ (19)	$ —	$ —

Assumptions Used in the Valuations of the Defined Benefit Pension Plans and PRW Plan

The determination of the Company's obligations and annual expense under the plans is based on a number of assumptions that, given the longevity of the plans, are long-term in focus. A change in one or a combination of these assumptions could have a material impact on our projected benefit obligation. However, certain of these changes, such as changes in the discount rate and actuarial assumptions, are not recognized immediately in net income, but are instead recorded in other comprehensive income. The accumulated gains and losses not yet recognized in net income are amortized into net income as a component of the net periodic benefit cost/(credit) generally based on the average working life expectancy of the plan's active participants to the extent that the net gains or losses as of the beginning of the year exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation. The average remaining service period of participants for the PRW plan is approximately 9.9 years.

The Company considers several factors prior to the start of each fiscal year when determining the appropriate annual assumptions, including economic forecasts, relevant benchmarks, historical trends, portfolio composition and peer company comparisons. These assumptions, used to determine our pension liabilities and pension expense, are reviewed annually by senior management and changed when appropriate. The discount rate will be changed annually if underlying rates have moved, whereas the expected long-term return on assets will be changed less frequently as longer term trends in asset returns emerge or long-term target asset allocations are revised. To calculate the discount rate, we use the granular approach to determining service and interest costs. The expected rate of return assumptions for all plans are supported by an analysis of the weighted-average yield expected to be achieved based upon the anticipated makeup of the plans' investments. Other material assumptions include rates of participant mortality, and the expected long-term rate of compensation and pension increases.

The following assumptions were used in the valuations of Willis Towers Watson's defined benefit pension plans and PRW plan. The assumptions presented for the U.S. plans represent the weighted-average of rates for all U.S. plans. The assumptions presented for the U.K. plans represent the weighted-average of rates for the U.K. plans. The assumptions presented for the Other plans represent the weighted-average of rates for the Canada, France, Germany, Ireland, and Netherlands plans.

The assumptions used to determine net periodic benefit cost for the fiscal years ended December 31, 2017, 2016, and 2015 were as follows:

	Years ended December 31,											
	2017				2016				2015			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Discount rate (i)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.9%	3.6%	2.3%	—%
Discount rate - PBO	4.0%	2.6%	2.7%	4.0%	4.2%	3.8%	3.2%	4.2%	N/A	N/A	N/A	—%
Discount rate - service cost	3.9%	2.6%	3.0%	3.9%	3.9%	3.8%	3.4%	4.1%	N/A	N/A	N/A	—%
Discount rate - interest cost on service cost	3.2%	2.4%	2.8%	3.5%	3.2%	3.8%	3.1%	3.5%	N/A	N/A	N/A	—%
Discount rate - interest cost on PBO	3.4%	2.3%	2.3%	3.3%	3.4%	3.4%	2.8%	3.3%	N/A	N/A	N/A	—%
Expected long-term rate of return on assets	7.6%	6.3%	6.1%	2.0%	7.6%	6.2%	6.1%	2.0%	7.3%	6.5%	3.3%	—%
Rate of increase in compensation levels	4.3%	3.2%	2.3%	N/A	4.3%	3.2%	2.3%	N/A	N/A	2.9%	2.2%	—%
Healthcare cost trend												
Initial rate				7.0%				7.0%				N/A
Ultimate rate				5.0%				5.0%				N/A
Year reaching ultimate rate				2022				2022				N/A

(i) This discount rate represents the assumption to determine net periodic benefit cost prior to the Company's use of the granular approach to calculating service and interest cost which began for the 2016 fiscal year.

The following tables present the assumptions used in the valuation to determine the projected benefit obligation for the fiscal years ended December 31, 2017 and 2016:

	December 31, 2017				December 31, 2016			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Discount rate	3.6%	2.6%	2.6%	3.5%	4.0%	2.6%	2.7%	4.0%
Rate of increase in compensation levels	4.3%	3.0%	2.3%	N/A	4.3%	3.2%	2.3%	N/A

A one percentage point change in the assumed healthcare cost trend rates would have an immaterial effect on the post-retirement benefit cost and obligation as of December 31, 2017.

The expected return on plan assets was determined on the basis of the weighted-average of the expected future returns of the various asset classes, using the target allocations shown below. The Company's pension plan asset target allocations as of December 31, 2017 were as follows:

	U.S.		U.K.			Canada	Germany	Ireland	
Asset Category	Willis	Towers Watson	Willis	Towers Watson	Miller	Towers Watson	Towers Watson	Willis	Towers Watson
Equity securities	35%	23%	33%	11%	33%	60%	30%	32%	71%
Debt securities	54%	43%	47%	56%	55%	40%	51%	27%	29%
Real estate	11%	6%	2%	—%	—%	—%	—%	3%	—%
Other	—%	28%	18%	33%	12%	—%	19%	38%	—%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

The Legacy Willis plan in Germany and the Legacy Towers Watson plan in the Netherlands are invested in insurance contracts. Consequently, the asset allocations of the plans are managed by the insurer. The Legacy Gras Savoye plan in France is unfunded.

Our investment strategy is designed to generate returns that will reduce the interest rate risk inherent in each of the plan's benefit obligations and enable the plans to meet their future obligations. The precise amount for which these obligations will be settled depends on future events, including the life expectancy of the plan participants and salary inflation. The obligations are estimated using actuarial assumptions, based on the current economic environment.

Each pension plan seeks to achieve total returns sufficient to meet expected future obligations when considered in conjunction with expected future contributions and prudent levels of investment risk and diversification. Each plan's targeted asset allocation is generally determined through a plan-specific Asset-Liability Modeling study. These comprehensive studies provide an evaluation of the projected status of asset and benefit obligation measures for each plan under a range of both positive and negative environments. The studies include a number of different asset mixes, spanning a range of diversification and potential equity exposures.

In evaluating the strategic asset allocation choices, an emphasis is placed on the long-term characteristics of each individual asset class, such as expected return, volatility of returns and correlations with other asset classes within the portfolios. Consideration is also given to the proper long-term level of risk for each plan, the impact of the volatility and magnitude of plan contributions and costs, and the impact that certain actuarial techniques may have on the plan's recognition of investment experience.

We monitor investment performance and portfolio characteristics on a quarterly basis to ensure that managers are meeting expectations with respect to their investment approach. There are also various restrictions and controls placed on managers, including prohibition from investing in our stock.

Fair Value of Plan Assets

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value:

- 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 fair values of our U.S. plan assets by asset category at December 31, 2017 and 2016 are as follows:

	December 31, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 10	$ —	$ —	$ 10	$ 3	$ —	$ —	$ 3
Short-term securities	—	283	—	283	—	33	—	33
Equity securities	202	—	—	202	253	8	—	260
Government bonds	10	—	—	10	10	—	—	10
Corporate bonds	—	193	—	193	—	169	—	170
Other fixed income	—	20	—	20	—	19	—	19
Pooled / commingled funds	—	—	—	1,922	—	—	—	1,665
Mutual funds	1	—	—	1	183	—	—	183
Private equity	—	—	—	287	—	—	—	234
Hedge funds	—	—	—	724	—	—	—	692
Total assets	$ 223	$ 496	$ —	$ 3,652	$ 449	$ 229	$ —	$ 3,269

The fair values of our U.K. plan assets by asset category at December 31, 2017 and 2016 are as follows:

	December 31, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 92	$ —	$ —	$ 92	$ 49	$ —	$ —	$ 49
Equity securities	24	—	—	24	374	8	—	382
Government bonds	1,841	—	—	1,841	1,184	—	—	1,184
Corporate bonds	—	224	—	224	—	118	—	118
Other fixed income	—	246	—	246	—	216	—	216
Pooled / commingled funds	—	—	—	2,294	—	—	—	1,677
Mutual funds	—	—	—	8	—	—	—	11
Private equity	—	—	—	32	—	—	—	40
Derivatives	—	102	—	102	—	73	—	73
Real estate	—	—	—	218	—	—	—	197
Hedge funds	—	—	—	393	—	—	—	426
Total assets	$ 1,957	$ 572	$ —	$ 5,474	$ 1,607	$ 415	$ —	$ 4,373
Liability category:								
Repurchase agreements	—	549	—	549	—	—	—	—
Derivatives	—	16	—	16	—	14	—	14
Net assets	$ 1,957	$ 7	$ —	$ 4,909	$ 1,607	$ 401	$ —	$ 4,359

The fair values of our Other plan assets by asset category at December 31, 2017 and 2016 are as follows:

	December 31, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 5	$ —	$ —	$ 5	$ 17	$ —	$ —	$ 17
Pooled / commingled funds	—	—	—	327	—	—	—	214
Mutual funds	—	—	—	209	—	—	—	224
Insurance contracts	—	—	19	19	—	—	17	17
Total assets	$ 5	$ —	$ 19	$ 560	$ 17	$ —	$ 17	$ 472

Our PRW plan invests only in short-term investments and mutual funds and is not included within this fair value hierarchy table.

We evaluate the need to transfer between levels based upon the nature of the financial instrument and size of the transfer relative to the total net assets of the plans. There were no significant transfers between Levels 1, 2 or 3 in the fiscal years ended December 31, 2017 and 2016.

In accordance with Subtopic 820-10, *Fair Value Measurement and Disclosures*, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets.

Following is a description of the valuation methodologies used for investments at fair value:

Short-term securities: Valued at the net value of shares held by the Company at year end as reported by the sponsor of the funds.

Equity securities and Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded. Exchange traded mutual funds are included as Level 1 above.

Government bonds: Valued at the closing price reported in the active market in which the bond is traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Other Fixed Income: Foreign and municipal bonds are valued at the closing price reported in the active market in which the bond is traded.

Pooled / Commingled Funds and Mutual Funds: Valued at the net value of shares held by the Company at year end as reported by the manager of the funds. These funds are not exchange traded and are not reported by level in the tables above.

Derivative investments: Valued at the closing level of the relevant index or security and interest accrual through the valuation date.

Private equity funds, Real estate funds, Hedge funds: The fair value for these investments is estimated based on the net asset value derived from the latest audited financial statements or most recent capital account statements provided by the private equity fund's investment manager or third-party administrator.

Insurance contracts: The fair values are determined using model-based techniques that include option-pricing models, discounted cash flow models and similar techniques.

Repurchase agreements: Valued as the repurchase obligation which includes an interest rate linked to the underlying fixed interest government bond portfolio. These agreements are short-term in nature (less than one year) and were entered into for the purpose of purchasing additional government bonds.

The following table reconciles the net plan investments to the total fair value of the plan assets:

	December 31,	
	2017	**2016**
Net assets held in investments	$ 9,121	$ 8,100
PRW plan assets	2	3
Net receivable for investments purchased	2	3
Dividend and interest receivable	3	3
Fair value of plan assets	$ 9,128	$ 8,109

Level 3 investments

As a result of the inherent limitations related to the valuations of the Level 3 investments, due to the unobservable inputs of the underlying funds, the estimated fair value may differ significantly from the values that would have been used had a market for those investments existed.

The following table sets forth a summary of changes in the fair value of the plans' Level 3 assets for the fiscal year ended December 31, 2017:

	Level 3 Roll Forward
Beginning balance at December 31, 2016	$ 17
Foreign exchange	2
Ending balance at December 31, 2017	$ 19

Contributions and Benefit Payments

Funding is based on actuarially determined contributions and is limited to amounts that are currently deductible for tax purposes. Since funding calculations are based on different measurements than those used for accounting purposes, pension contributions are not equal to net periodic pension costs.

The following table sets forth our projected pension contributions to our qualified plans for fiscal year 2018, as well as the pension contributions to our qualified plans in fiscal years 2017 and 2016:

	2018 (Projected)	**2017 (Actual)**	**2016 (Actual)**
U.S.	$ 50	$ 50	$ 50
U.K.	$ 81	$ 65	$ 105
Other	$ 13	$ 13	$ 29

Expected benefit payments from our defined benefit pension plans to current plan participants, including the effect of their expected future service, as appropriate, are as follows:

	Benefit Payments				
Fiscal Year	U.S.	U.K.	Other	PRW	Total
2018	230	112	36	16	394
2019	236	111	26	17	390
2020	245	117	27	18	407
2021	249	127	29	19	424
2022	260	129	36	20	445
Years 2023 – 2027	1,386	764	179	117	2,446
	$ 2,606	$ 1,360	$ 333	$ 207	$ 4,506

Defined Contribution Plan

We have defined contribution plans covering eligible employees in many countries. The most significant plans are in the U.S. and U.K. and are described here.

We have a U.S. defined contribution plan covering all eligible employees of Willis Towers Watson (the 'Plan'). The Plan allows participants to make pre-tax and Roth after-tax contributions and provides a 100% match by us on the first 1% of employee contributions and 50% match on the next 5% of employee contributions. Employees vest in the employer match upon 2 years of service. All investment assets of the plan are held in a trust account administered by independent trustees.

The Legacy Towers Watson U.K. pension plan has a money purchase component to which we make core contributions plus additional contributions matching those of the participants up to a maximum rate. Contribution rates depend on the age of the participant and whether or not they arise from salary sacrifice arrangements through which the participant has elected to receive a pension contribution in lieu of additional salary.

The Legacy Willis U.K. pension plan has a money purchase component to which we make core contributions plus additional contributions matching those of the participants up to a maximum rate. Contribution rates may arise from salary sacrifice arrangements through which the participant has elected to receive a pension contribution in lieu of additional salary.

We made contributions to our defined contribution plans for the years ended December 31, 2017, 2016, and 2015 amounting to $154 million, $152 million and $77 million, respectively.

Note 13 — Commitments and Contingencies

Operating Leases

The Company leases certain land, building and equipment under various operating lease commitments. The total amount of the minimum rent is expensed on a straight-line basis over the term of the lease. Rental expenses and sub-lease rental income for operating leases are recorded as part of other operating expenses in the consolidated statements of comprehensive income. Rental expense, exclusive of sublease income, was $302 million, $302 million, and $142 million for the years ended December 31, 2017, 2016 and 2015, respectively. We have entered into sublease agreements for some of our excess leased space. Sublease income was $21 million, $17 million and $17 million for the years ended December 31, 2017, 2016 and 2015, respectively.

As of December 31, 2017, the aggregate future minimum rental commitments under all non-cancellable operating lease agreements are as follows:

	Gross rental commitments	Rentals from subleases	Net rental commitments
2018	$ 204	$ (16)	$ 188
2019	191	(13)	178
2020	165	(13)	152
2021	138	(10)	128
2022	120	(4)	116
Thereafter	585	(5)	580
Total	$ 1,403	$ (61)	$ 1,342

Guarantees

Guarantees issued by certain of Willis Towers Watson's subsidiaries with respect to the senior notes and revolving credit facilities are discussed in Note 10 — Debt.

Certain of Willis Towers Watson's subsidiaries have given the landlords of some leasehold properties occupied by the Company in the United Kingdom and the United States guarantees in respect of the performance of the lease obligations of the subsidiary holding the lease. The operating lease obligations subject to such guarantees amounted to $669 million and $558 million at December 31, 2017 and 2016, respectively. The capital lease obligations subject to such guarantees amounted to $8 million and $9 million as of December 31, 2017 and 2016, respectively.

Acquisition liabilities

The Company has deferred and contingent consideration due to be paid on existing acquisitions until 2019 totaling $96 million at December 31, 2017. Most notably, our liability for the acquisition of Miller Insurance Services LLP in May 2015, for which deferred and contingent consideration, including interest, was $78 million at December 31, 2017. Total deferred and contingent consideration paid during the year ended December 31, 2017 was $65 million.

Other contractual obligations

For certain subsidiaries and associates, the Company has the right to purchase shares (a call option) from co-shareholders at various dates in the future. In addition, the co-shareholders of certain subsidiaries and associates have the right to sell their shares (a put option) to the Company at various dates in the future. Generally, the exercise price of such put options and call options is formula-based (using revenues and earnings) and is designed to reflect fair value. Based on current projections of profitability and exchange rates, and assuming the put options are exercised, the potential amount payable from these options is not expected to exceed $34 million.

In July 2010, the Company made a capital commitment of $25 million to Trident V Parallel Fund, LP, an investment fund managed by Stone Point Capital. This replaced a capital commitment of $25 million that had been made to Trident V, LP in December 2009. As of December 31, 2017 there have been approximately $24 million of capital contributions.

In May 2011, the Company made a capital commitment of $10 million to Dowling Capital Partners I, LP. As of December 31, 2017 there had been approximately $9 million of capital contributions.

Other contractual obligations at December 31, 2017 and 2016, include certain capital lease obligations totaling $48 million and $54 million, respectively, primarily in respect of the Company's Nashville property.

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 Willis Towers Watson's obligations and the unique facts of each particular agreement, Willis Towers Watson does not believe any potential liability that might 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 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. See Note 14 for the amounts accrued at December 31, 2017 and 2016 in the consolidated balance sheets. 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 the 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.

On the basis of current information, the Company does not expect that the actual claims, lawsuits and other proceedings to which the Company 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 the Company's 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 is not possible to predict their outcome or resolution, 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 Appraisal Demands

Between November 12, 2015 and December 10, 2015, in connection with the then-proposed Merger, Towers Watson received demands for appraisal under Section 262 of the Delaware General Corporation Law on behalf of ten purported beneficial owners of an aggregate of approximately 2.4% of the shares of Towers Watson common stock outstanding at the time of the Merger. Between March 3, 2016 and March 23, 2016, three appraisal petitions were filed in the Court of Chancery for the State of Delaware on behalf of three purported beneficial owners of Towers Watson common stock, captioned *Rangeley Capital LLC v. Towers Watson & Co.,* C.A. No. 12063-CB, *Merion Capital L.P. v. Towers Watson & Co.,* C.A. No. 12064-CB, and *College Retirement Equities Fund v. Towers Watson & Co.,* C.A. No. 12126-CB. The appraisal petitions seek, among other things, a determination of the fair value of the appraisal petitioners' shares at the time of the Merger; an order that Towers Watson pay that value to the appraisal petitioners, together with interest at the statutory rate; and an award of costs, attorneys' fees, and other expenses. Towers Watson answered the appraisal petitions between March 24, 2016 and April 18, 2016. On May 9, 2016, the court consolidated the three pending appraisal proceedings under the caption *In re Appraisal of Towers Watson & Co.,* Consolidated C.A. No. 12064-CB. A fourth owner filed an appraisal demand, but did not file an appraisal petition. The aggregate amount of shares subject to appraisal from these four owners was 1,415,199. The court provisionally scheduled trial for October 2, 2017. On September 15, 2017, the Company reached a settlement with all shareholders who made demands for appraisal, resolving all claims related to the appraised shares. Under the terms of the settlement, these shareholders surrendered all rights to the Towers Watson shares and all potential Merger consideration issuable for the legacy shares. In exchange, the Company made a payment to these shareholders of approximately $211 million, which represented $134.75 per share plus accrued interest at the statutory rate of interest. As a result of the settlement, the Court, on September 18, 2017, dismissed all claims in the case with prejudice. The Company thereafter canceled all of the Towers Watson common shares at issue in the appraisal proceeding.

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 asserts 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 contends that the allegedly false and misleading statements caused stockholders of Legacy Towers Watson to accept inadequate Merger consideration. The complaint seeks damages in an unspecified amount. On February 20, 2018, the court appointed the Regents of the University of California as Lead Plaintiff and Bernstein Litowitz Berger & Grossman LLP 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. Lead Plaintiff has indicated that it intends to file a consolidated amended complaint.

On February 27, 2018, another purported former stockholder of Legacy Towers Watson filed a putative class action complaint 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. Based on similar allegations, the complaint asserts 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. The defendants have not yet responded to the complaint.

The Company disputes the allegations in these actions and intends 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 have since appealed the settlement approval and bar orders to the Fifth Circuit. The appeals are currently pending. The Company expects the briefing in connection with the appeals to be completed by early April 2018. There is no date certain for when the appeal 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.

City of Houston

On August 1, 2014, the City of Houston ('plaintiff') filed suit against Legacy Towers Watson in the United States District Court for the Southern District of Texas, Houston Division. On March 8, 2016, plaintiff filed its First Amended Complaint.

In the amended complaint, plaintiff alleges various deficiencies in pension actuarial work-product and advice stated to have been provided by Legacy Towers Watson's predecessor firm, Towers Perrin, in its capacity as principal actuary to the Houston Firefighters' Relief and Retirement Fund (the 'Fund'). Towers Perrin is stated to have acted in this capacity between "the early 1980s until 2003."

In particular, the amended complaint alleges "misrepresentations and miscalculations" in valuation reports allegedly issued by Towers Perrin from 2000 through 2002 upon which plaintiff claims to have relied. Plaintiff asserts that Towers Perrin assigned a new team of actuaries to the Fund in 2002 "to correct Towers' own earlier mistakes" and that the new team "altered" certain calculations which "increased the actuarial accrued liability by $163 million." Plaintiff claims that the reports indicated that the City's minimum contribution percentages to the Fund would remain in place through at least 2019 and that existing benefits under the Fund could be increased, and new benefits could be added, without increasing plaintiff's financial burden, and without increasing plaintiff's rate of annual contributions to the Fund. The amended complaint alleges that plaintiff relied on these reports when supporting a new benefits package for the Fund. These reports, and other advice, are alleged, among other things, to have been negligent, to have misrepresented the present and future financial condition of the Fund and the contributions required to be made by plaintiff to support those benefits. Plaintiff asserts that, but for Towers Perrin's alleged negligence and misrepresentations, plaintiff would not have supported the benefits increase, and that such increased benefits would not and could not have been approved or enacted. It is further asserted that Towers Perrin's alleged "negligence and misrepresentations damaged the City to the tune of tens of millions of dollars in annual contributions." The amended complaint seeks the award of punitive damages, actual damages, exemplary damages, special damages, attorney's fees and expenses, costs of suit, pre- and post- judgment interest at the maximum legal rate, and other unspecified legal and equitable relief.

On October 10, 2014, Legacy Towers Watson filed a motion to dismiss plaintiff's entire complaint on the basis that the complaint fails to state a claim upon which relief can be granted. On November 21, 2014, the City filed its response in opposition to Legacy Towers Watson's motion to dismiss. On September 23, 2015, Legacy Towers Watson's motion to dismiss was denied by the United States District Court for the Southern District of Texas, Houston Division. The court entered a Scheduling Order setting trial for May 30, 2017. On June 20, 2016, the Court entered a Second Amended Scheduling Order setting trial for October 31, 2017. On March 27, 2017, the Court entered a Third Amended Scheduling Order setting trial for January 16, 2018.

On May 8, 2017, Legacy Towers Watson received the City's expert's damages report, which asserted the City has incurred actual damages of approximately $430 million through July 1, 2017, and will incur future damages that have a present value of approximately $400 million as of July 1, 2017 if the Fund pension benefits remain unchanged. On June 30, 2017, Legacy Towers Watson served its expert reports in rebuttal to the City's expert reports. Legacy Towers Watson's experts concluded that Legacy Towers Watson's work was reasonable and conformed with the actuarial standards of practice, and that Legacy Towers Watson did not cause any damages to the City. Legacy Towers Watson's experts also concluded that the City's damages model is flawed.

On January 9, 2018, Legacy Towers Watson and the City participated in a mediation and reached a settlement in principle. Pursuant to the settlement in principle, in exchange for a dismissal of the claims of the City related to Legacy Towers Watson's pension actuarial advice to the Fund, and any potential claims the City may have related to Legacy Towers Watson's pension actuarial advice to the Houston Municipal Employees Pension System and the Houston Police Officers Pension System, Legacy Towers Watson would pay a total of $40 million. The Company accrued $11 million during the three months ended December 31, 2017 in respect of this settlement. This settlement in principle remains subject to completion of settlement documentation between the City and Legacy Towers Watson and to approval by the City of Houston City Council.

In the event the settlement documentation is not finalized by the City and Legacy Towers Watson or the settlement is not approved by the City of Houston City Council, the Company is currently unable to provide an estimate of the reasonably possible loss or range of loss. The Company disputes the allegations, and in the event the settlement is not finalized or approved, the Company intends to defend the lawsuit vigorously.

Meriter Health Services

On January 6, 2015, Meriter Health Services, Inc. ('Meriter'), plan sponsor of the Meriter Health Services Employee Retirement Plan (the 'Plan') filed a complaint in Wisconsin state court against Towers Watson Delaware Inc. ('TWDE'), a wholly-owned subsidiary of the Company, and against its former lawyers, individual actuaries, and insurers.

In the Third Amended Complaint, served on April 12, 2016, Meriter alleged that Towers, Perrin, Forster & Crosby, Inc. ('TPFC') and Davis, Conder, Enderle & Sloan, Inc. ('DCES'), and other entities and individuals, including Meriter's former lawyers, acted negligently concerning the benefits consulting advice provided to Meriter; these allegations concern matters including TPFC and the lawyers' involvement in the Plan design and drafting of the Plan document in 1987 by TPFC, and DCES and the lawyers' Plan review, Plan redesign, Plan amendment, and drafting of ERISA section 204(h) notices in the early 2000s. Additionally, Meriter asserted that TPFC, DCES, and the individual actuary defendants breached alleged fiduciary duties to advise Meriter regarding the competency of Meriter's then ERISA counsel. Meriter has asserted causes of action for contribution, indemnity, and equitable subrogation related to amounts paid to settle a class action lawsuit related to the Plan that was filed by Plan participants against Meriter in 2010, alleging a number of ERISA violations and related claims. Meriter settled that lawsuit in 2015 for $82 million. In this litigation, Meriter sought damages in a revised amount of approximately $190 million which includes amounts it claims to have paid to settle and defend the class action litigation, and amounts it claims to have incurred as a result of improper plan design. Meriter sought to recover these alleged damages from TWDE and the other defendants.

On January 12, 2016, TWDE and the other defendants filed a motion for partial summary judgment seeking dismissal of Meriter's negligence and breach of fiduciary duty claims. On April 18, 2016, TWDE and the other defendants filed a motion to dismiss the contribution, indemnification, and equitable subrogation claims. On May 4, 2016, the parties appeared for oral argument on the motion for partial summary judgment, which the court granted in part and denied in part. The court dismissed the fiduciary duty claims, but not the negligence claims. Meriter subsequently moved for reconsideration of the dismissal of its breach of fiduciary duty claims, which motion was denied as to TWDE on August 16, 2016. On June 22, 2016, the court granted in part TWDE's motion to dismiss, and dismissed the contribution and equitable subrogation claims, but denied the motion as to Meriter's indemnification claim without prejudice to the right of any defendant to raise the issue again by later motion. On February 28, 2017, TWDE and the other defendants filed a motion to amend the scheduling order. The motion was granted on March 9, 2017, and the trial was re-scheduled to begin on December 11, 2017.

On June 15, 2017, the Company and Meriter agreed to a settlement to resolve all claims in this case against the actuary defendants. The terms of the settlement are confidential. The settlement amount is not materially in excess of previously accrued amounts. As a result of the settlement, the Court, on July 27, 2017, dismissed all of Meriter's claims in this case, in their entirety, with prejudice.

Elma Sanchez, et. al

On August 6, 2013, three individual plaintiffs filed a putative class action suit against the California Public Employees' Retirement System ('CalPERS') in Los Angeles County Superior Court. On January 10, 2014, plaintiffs filed an amended complaint, which added as defendants several members of CalPERS' Board of Administration and three Legacy Towers Watson entities, Towers Watson & Co., Towers Perrin, and Tillinghast-Towers Perrin ('Towers Perrin').

Plaintiffs' claims all relate to a self-funded, non-profit Long Term Care Program that CalPERS established in 1995 (the 'LTC Program'). Plaintiffs' claims seek unspecified damages allegedly resulting from CalPERS' 2012 decision to implement in 2015 and 2016 an 85 percent increase in the premium rates of certain of the long term care policies it issued between 1995 and 2004 (the '85% Increase').

The amended complaint alleges claims against CalPERS for breach of contract and breach of fiduciary duty. It also includes a single cause of action against Towers Perrin for professional negligence relating to actuarial services Towers Perrin provided to CalPERS relating to the LTC Program between 1995 and 2004.

Plaintiffs principally allege that CalPERS mismanaged the LTC Program and its investment assets in multiple respects and breached its contractual and fiduciary duties to plaintiffs and other class members by impermissibly imposing the 85% Increase to make up for investment losses. Plaintiffs also allege that Towers Perrin recommended inadequate initial premium rates at the outset of the LTC Program and used unspecified inappropriate assumptions in its annual valuations for CalPERS. Plaintiffs claim that Towers Perrin's allegedly negligent acts and omissions, prior to the end of its retainer in 2004, contributed to the need for the 85% Increase.

In May 2014, the court denied the motions to dismiss filed by CalPERS and Towers Perrin addressed to the sufficiency of the complaint. On January 28, 2016, the court granted plaintiffs' motion for class certification. The certified class as currently defined includes those long term care policy holders whose policies were "subject to" the 85% Increase. The court thereafter set an October 2, 2017 trial date.

In May 2016, the case was reassigned to a different judge. The court agreed that Towers Perrin may file a motion for summary judgment which was initially scheduled to be heard on February 3, 2017. The motion was then fully briefed, and the hearing date was thereafter moved to March 8, 2017.

On March 1, 2017, Towers Perrin and Plaintiffs participated in a mediation and reached a settlement in principle. Pursuant to the settlement in principle, in exchange for a dismissal of the claims of all class members and a release of Towers Perrin by all class members, Towers Perrin would pay a total of $9.75 million into an interest-bearing settlement fund, to be used to reimburse class counsel's costs, and for later distribution to class members as approved by the Court. This proposed settlement amount was accrued during the three months ended March 31, 2017. A formal settlement agreement was submitted to the Court for its preliminary approval on May 18, 2017. On October 25, 2017, the Court preliminarily approved the settlement and granted the Company's unopposed motion for a good faith settlement determination. At the hearing on final approval held on January 26, 2018, the Court granted final approval of the settlement. Class members who properly objected to the settlement have standing to appeal within sixty days of the date notice of entry of judgment is made.

Based on the stage of the proceedings, in the event the final approval of the settlement were to be reversed on appeal, the Company is unable to provide an estimate of the reasonably possible loss or range of loss in respect of the plaintiffs' complaint.

European Commission and FCA Regulatory 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.

Now that the Commission has initiated proceedings, the FCA has closed its competition act investigation. However, it retains its jurisdiction over broking regulatory matters arising from the conduct being investigated.

Given the status of the investigation, the Company is currently unable to assess the terms on which this investigation, 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 market investigation 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 investigation of the investment consulting market is expected to take at least 18 months to conclude. Provisional findings should be issued in the third quarter of 2018. Given the early stage of the investigation, the Company is currently unable to assess whether the CMA will find any adverse effects on competition, and, if the CMA does find any adverse effects on competition, what remedies it may impose on the industry. Given this, the Company is unable to provide an estimate of the reasonably possible loss or range of loss.

London Wholesale Insurance Broker Market Study

In November 2017, the FCA published its Terms of Reference for its Market Study into insurance broking activities in the London Wholesale Market including market power, conflicts of interest and broker conduct. This is an industry-wide inquiry and not particular to the Company. The FCA is using its powers under the UK Financial Services and Markets Act 2000 and will collate information and aims to issue an interim report in or about the fourth quarter of 2018. The Study is expected to take 2 years to conclude. Extensive data requests have been received by two of the Company's subsidiaries with phased response times from March to April 2018. It is possible that outcomes of the Study could include new rules, changes to market practices, referral to the U.K. Competition & Markets Authority for a market investigation, and/or individual firm investigations on specific issues. Given the early stage of the Study, the Company is currently unable to assess whether the FCA will find that competition in the sector is working in the interests of clients or not, and, if the FCA does find that competition in the sector is not working in the interests of clients, what remedies it may impose on the industry or on any industry participants. Given this, the Company is unable to provide an estimate of the reasonably possible loss or range of loss.

Note 14 — Supplementary Information for Certain Balance Sheet Accounts

Additional details of specific balance sheet accounts are detailed below.

Accounts receivable, net consists of the following:

	December 31, 2017	December 31, 2016
Billed, net of allowance for doubtful debts of $45 million and $40 million	$ 1,933	$ 1,789
Accrued and unbilled, at estimated net realizable value	313	291
Accounts receivable, net	$ 2,246	$ 2,080

Accounts receivable are stated at estimated net realizable values. The provisions, shown below as of the end of each period, are recorded as the amounts considered by management to be sufficient to meet probable future losses related to uncollectible accounts.

	December 31, 2017	December 31, 2016	December 31, 2015
Balance at beginning of year	$ 40	$ 22	$ 12
Additions charged to costs and expenses	17	36	5
Charges to other accounts - acquisitions	—	8	11
Deductions/other movements	(9)	(27)	(7)
Foreign exchange	(3)	1	1
Balance at end of year	$ 45	$ 40	$ 22

Prepaid and other current assets consist of the following:

	December 31, 2017	December 31, 2016
Prepayments and accrued income	$ 132	$ 131
Derivatives and investments	29	32
Deferred compensation plan assets	21	15
Retention incentives	7	7
Corporate income and other taxes	170	97
Other current assets	71	55
Total prepaid and other current assets	$ 430	$ 337

Other non-current assets consist of the following:

	December 31, 2017	December 31, 2016
Prepayments and accrued income	$ 18	$ 15
Deferred compensation plan assets	135	111
Deferred tax assets	46	50
Accounts receivable, net	33	27
Other investments	26	30
Other non-current assets	189	120
Total other non-current assets	$ 447	$ 353

Other current liabilities consist of the following:

	December 31, 2017	December 31, 2016
Accounts payable	$ 136	$ 117
Income and other taxes payable	90	91
Contingent and deferred consideration on acquisition	55	53
Payroll-related liabilities	209	200
Derivatives	32	80
Third party commissions	172	184
Other current liabilities	110	151
Total other current liabilities	$ 804	$ 876

Provision for liabilities consists of the following:

	December 31, 2017	December 31, 2016
Claims, lawsuits and other proceedings	$ 474	$ 508
Other provisions	84	67
Total provision for liabilities	$ 558	$ 575

Other non-current liabilities consist of the following:

	December 31, 2017	December 31, 2016
Incentives from lessors	$ 138	$ 133
Deferred compensation plan liability	135	111
Contingent and deferred consideration on acquisitions	41	89
Derivatives	5	51
Other non-current liabilities	225	148
Total other non-current liabilities	$ 544	$ 532

Note 15 — Other Expense/(Income), Net

Other expense/(income), net consists of the following:

	Years ended December 31,		
	2017	2016	2015
Gain on disposal of operations	$ (13)	$ (2)	$ (25)
Gain on re-measurement of equity interests (i)	—	—	(59)
Impact of Venezuelan currency devaluation (ii)	2	—	30
Foreign exchange loss/(gain)	72	29	(1)
Other expense/(income), net	$ 61	$ 27	$ (55)

(i) Prior to the acquisition date, the Company accounted for its 30% interest in Gras Savoye as an equity-method investment. The acquisition-date fair value of the previously held equity interest was $158 million and is included in the measurement of the consideration transferred. The Company recognized a gain of $59 million as a result of remeasuring its prior equity interest in Gras Savoye held before the business combination.

(ii) On December 31, 2015 the Company began using the SIMADI rate for the Venezuelan bolivar (approximately Venezuelan bolivars 198.7 = U.S. dollar 1) instead of the SICAD I auction rate (approximately Venezuelan bolivars 13.5 = U.S. dollar 1) to translate on Venezuelan retail operations. In March 2016, the DICOM mechanism replaced the SIMADI mechanism. At December 31, 2017, the DICOM rate was approximately Venezuelan bolivars 3,345 = U.S. dollar 1. The Company does not expect the additional devaluation which occurred in January 2018 to be material.

Note 16 — Accumulated Other Comprehensive Loss

The components of other comprehensive income/(loss) are as follows:

	December 31, 2017			December 31, 2016			December 31, 2015		
	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount
Other comprehensive income/(loss):									
Foreign currency translation	$ 295	$ —	$ 295	$ (353)	$ —	$ (353)	$ (133)	$ —	$ (133)
Defined pension and post-retirement benefits	3	11	14	(553)	114	(439)	233	(53)	180
Derivative instruments	90	(15)	75	(87)	12	(75)	(35)	7	(28)
Other comprehensive income/(loss)	388	(4)	384	(993)	126	(867)	65	(46)	19
Less: Other comprehensive (income)/loss attributable to non-controlling interests	(13)	—	(13)	20	—	20	10	—	10
Other comprehensive income/(loss) attributable to Willis Towers Watson	$ 375	$ (4)	$ 371	$ (973)	$ 126	$ (847)	$ 75	$ (46)	$ 29

Changes in the components of accumulated other comprehensive loss, net of tax, are included in the following table. This table excludes 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
Balance, January 1, 2015	$ (191)	$ 18	$ (893)	$ (1,066)
Other comprehensive (loss)/income before reclassifications	(123)	(31)	158	4
Loss reclassified from accumulated other comprehensive loss (net of income tax expense of $8)	—	3	22	25
Net other comprehensive (loss)/income	(123)	(28)	180	29
Balance, December 31, 2015	$ (314)	$ (10)	$ (713)	$ (1,037)
Other comprehensive loss before reclassifications	(336)	(110)	(483)	(929)
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $5)	—	38	44	82
Net other comprehensive loss	(336)	(72)	(439)	(847)
Balance, December 31, 2016	$ (650)	$ (82)	$ (1,152)	$ (1,884)
Other comprehensive income/(loss) before reclassifications	285	28	(26)	287
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $18)	—	44	40	84
Net other comprehensive income	285	72	14	371
Balance, December 31, 2017	$ (365)	$ (10)	$ (1,138)	$ (1,513)

(i) Reclassification adjustments from accumulated other comprehensive income are included in Other expense/(income), net in the accompanying consolidated statements of comprehensive income. See Note 9 — 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 12 — Retirement Benefits) which is included in Salaries and benefits in the accompanying consolidated statements of comprehensive income.

Note 17 — Share-based Compensation

Plan Summaries

On December 31, 2017, the Company had a number of open share-based compensation plans, which provide for the grant of time-based and performance-based options, time-based and performance-based restricted stock units, and various other share-based grants to employees. All of the Company's share-based compensation plans under which any options, restricted stock units or other share-based grants are outstanding as of December 31, 2017 are described below. The compensation cost that has been recognized for these plans for the years ended December 31, 2017, 2016 and 2015 was $67 million, $123 million and $64 million, respectively. The total income tax benefit recognized in the consolidated statement of comprehensive income for share-based compensation arrangements for the years ended December 31, 2017, 2016, and 2015 was $22 million, $35 million and $15 million, respectively.

2012 Equity Incentive Plan

This plan, which was established on April 25, 2012, provides for the granting of incentive stock options, time-based or performance-based non-statutory stock options, share appreciation rights, restricted shares, time-based or performance-based RSUs, performance-based awards and other share-based grants or any combination thereof (collectively referred to as 'Awards') to employees, officers, non-employee directors and consultants ('Eligible Individuals') of the Company. The board of directors also adopted a sub-plan under the 2012 plan to provide an employee sharesave scheme in the United Kingdom.

There were approximately 7 million shares remaining available for grant under this plan as of December 31, 2017. Options are exercisable on a variety of dates, including from the second, third, fourth or fifth anniversary of grant. Unless terminated sooner by the board of directors, the 2012 Plan will expire 10 years after the date of its adoption. That termination will not affect the validity of any grants outstanding at that date.

Towers Watson Share Plans

In January 2016, in connection with the Merger, we assumed the Towers Watson & Co. 2009 Long-Term Incentive Plan ('LTIP') and converted the outstanding unvested restricted stock units and options into Willis Towers Watson RSUs and options using a conversion ratio stated in the Merger Agreement. We determined the fair value of the portion of the outstanding RSUs and options related to pre-acquisition employee service using the straight-line methodology from date of grant to the acquisition date to be $37 million, which was added to the transaction consideration. The fair value of the remaining portion of RSUs and options related to the post-acquisition employee services was $45 million, and is being recorded over the future vesting periods. For the years ended December 31, 2017 and 2016, we recorded $11 million and $31 million of non-cash stock based compensation, respectively.

The acquired awards include performance-vested RSUs. Under the RSU agreement, participants become vested in a number of RSUs based on the achievement of specified levels of financial performance during the performance period set forth in the Merger Agreement, provided that the participant remains in continuous service with us through the end of the performance period. Dividend equivalents will accrue on these RSUs and vest to the same extent as the underlying shares. The Compensation Committee of the board of directors may provide for continuation of vesting of RSUs upon an employee's termination under certain circumstances such as qualified retirement. The definition of qualified retirement is age 55 with 15 years of service with the Company and a minimum of one year service in the performance period. Due to the terms of the RSU agreement, the achievement of the level of financial performance is determined at the higher of 100% or the level attained at the time of the Merger.

The Company does not intend to grant future awards under the 2009 LTIP plan.

Employee Stock Purchase Plans

The Company adopted the Willis Group Holdings 2010 North America Employee Stock Purchase Plan, which expires on May 31, 2020. These plans provide certain eligible employees in the United States and Canada with the ability to contribute payroll deductions to the purchase of Willis Towers Watson ordinary shares at the end of each offering period.

Share-based Compensation Valuation Assumptions

Options

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. Expected volatility is based on historical volatility of the Company's shares. The Company uses the simplified method set out in ASC 718 – *Compensation – Stock Compensation* to derive the expected term of options granted as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The assumptions noted in the table below represent the weighted-average of each assumption for each grant during the year.

	Years ended December 31,		
	2017	**2016**	**2015**
Expected volatility	19.8%	21.0%	17.4%
Expected dividends	1.4%	1.5%	2.7%
Expected life (years)	4.2	2.7	4.0
Risk-free interest rate	1.6%	0.7%	1.5%

Share-based Compensation Award Activity

Options

Classification of options as time-based or performance-based is dependent on the original terms of the award. Performance conditions on the majority of options have been met. A summary of option activity under the plans at December 31, 2017, and changes during the year then ended is presented below:

	Options (thousands)	Weighted-Average Exercise Price[i]	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Time-based stock options				
Balance as of December 31, 2016	1,201	$ 102.38		
Granted	38	$ 143.60		
Exercised	(448)	$ 100.61		
Forfeited	(37)	$ 103.22		
Balance as of December 31, 2017	754	$ 105.47	4 years	$ 34
Options vested or expected to vest at December 31, 2017	751	$ 105.17	4 years	$ 34
Options exercisable at December 31, 2017	581	$ 101.43	4 years	$ 29
Performance-based stock options				
Balance as of December 31, 2016	883	$ 101.95		
Exercised	(182)	$ 87.49		
Forfeited	(21)	$ 82.90		
Balance as of December 31, 2017	680	$ 106.42	4 years	$ 30
Options vested or expected to vest at December 31, 2017	680	$ 106.42	4 years	$ 30
Options exercisable at December 31, 2017	190	$ 95.36	1 year	$ 11

(i) Certain options are exercisable in Pounds sterling and are converted to dollars using the exchange rate at December 31, 2017.

The weighted-average grant-date fair values of time-based options granted during the years ended December 31, 2017, 2016 and 2015 were $27.69, $16.88 and $14.77, respectively. The total intrinsic values of options exercised during the years ended December 31, 2017, 2016 and 2015 were $19 million, $25 million and $17 million, respectively. At December 31, 2017 there was $2 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements under time-based stock option plans; that cost is expected to be recognized over a weighted-average period of 2.4 years.

There were no performance-based options granted during the three years ended December 31, 2017, 2016 or 2015. However, 520,295 performance-based options were acquired during the year ended December 31, 2016, at which time the performance conditions were met. The total intrinsic value of options exercised during the years ended December 31, 2017, 2016 and 2015 was $10 million, $9 million and $25 million, respectively. At December 31, 2017 there remains an immaterial amount of total unrecognized compensation cost related to nonvested share-based compensation arrangements under performance-based stock option plans; that cost is expected to be recognized over a weighted-average period of 6 months.

RSUs

The fair value of each time-based RSU is based on the grant date fair value, or the fair value on the acquisition date in the case of acquired awards. The fair value of each performance-based RSU is estimated on the grant date using a Monte-Carlo simulation that uses the assumptions noted in the following table. Expected volatility is based on the historical volatility of the Company's shares. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The assumptions noted in the table below represent the weighted-average of each assumption for each grant during the year. There were no performance-based RSUs granted during the year ended December 31, 2015.

	Years ended December 31,	
	2017	**2016**
Expected volatility	20.2%	20.3%
Expected dividend yield	—%	—%
Expected life (years)	2.4	2.6
Risk-free interest rate	1.4%	0.8%

A summary of time-based and performance-based RSU activity under the plans at December 31, 2017, and changes during the year then ended, is presented below:

	Shares (thousands)	**Weighted-Average Grant Date Fair Value**
Nonvested shares (time-based RSUs)		
Balance, beginning of year	437	$ 118.98
Granted	17	$ 153.40
Vested	(179)	$ 119.50
Forfeited	(132)	$ 119.09
Balance, end of year	143	$ 122.27
Nonvested shares (performance-based RSUs)		
Balance, beginning of year	1,200	$ 121.78
Granted	140	$ 148.18
Vested	(319)	$ 119.63
Forfeited	(140)	$ 121.30
Balance, end of year	881	$ 90.61

The total number of time-based RSUs that vested during the year ended December 31, 2017 was 178,574 shares at an average share price of $150.81. The total number of time-based RSUs that vested during the year ended December 31, 2016 was 459,838 shares at an average share price of $120.42.The total number of RSUs that vested during the year ended December 31, 2015 was 408,032 shares at an average share price of $117.72. At December 31, 2017 there was $11 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements under the plan; that cost is expected to be recognized over a weighted-average period of 0.8 years.

The total number of performance-based RSUs that vested during the year ended December 31, 2017 was 318,714 shares at an average share price of $140.32. The total number of performance-based RSUs that vested during the year ended December 31, 2016 was 258,536 shares at an average share price of $119.75. The total number of performance-based RSUs that vested during the year ended December 31, 2015 was 63,180 shares at an average share price of $117.88. At December 31, 2017 there was $28 million of total unrecognized compensation cost related to nonvested performance-based share-based compensation arrangements under the plan; that cost is expected to be recognized over a weighted-average period of 1.5 years.

Cash received from option exercises under all share-based payment arrangements for the years ended December 31, 2017, 2016 and 2015 was $61 million, $63 million and $124 million, respectively. The actual tax benefit recognized for the tax deductions from option exercises of the share-based payment arrangements totaled $7 million, $6 million and $12 million for the years ended December 31, 2017, 2016 and 2015, respectively. The actual tax benefit recognized for the tax deductions from RSUs that vested totaled $19 million, $25 million and $13 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Note 18 — 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 December 31, 2017 and 2016, there were 0.8 million and 1.2 million time-based share options; 0.7 million and 0.9 million performance-based options; 0.1 million and 0.4 million restricted time-based stock units; and 0.9 million and 1.2 million restricted performance-based stock units outstanding, respectively.

Basic and diluted earnings per share are as follows:

	Years ended December 31,		
	2017	2016	2015(i)
Net income attributable to Willis Towers Watson	$ 568	$ 420	$ 373
Basic weighted-average number of shares outstanding	135	137	68
Dilutive effect of potentially issuable shares	1	1	1
Diluted weighted-average number of shares outstanding	136	138	69
Basic earnings per share	$ 4.21	$ 3.07	$ 5.49
Dilutive effect of potentially issuable shares	(0.03)	(0.03)	(0.08)
Diluted earnings per share	$ 4.18	$ 3.04	$ 5.41

(i) Shares outstanding, potentially issuable shares, basic and diluted earnings per share, and the dilutive effect of potentially issuable shares, for the year ended December 31, 2015 have been retroactively adjusted to reflect the reverse stock split effected on January 4, 2016. See Note 3 — Merger, Acquisitions and Divestitures for further details.

There were no anti-dilutive options for the year ended December 31, 2017. Options to purchase 0.5 million and 0.6 million shares for the years ended December 31, 2016 and 2015, respectively, were not included in the computation of the dilutive effect of stock options because their effect was anti-dilutive. There were no anti-dilutive RSUs for the years ended December 31, 2017 and 2016. For the year ended December 31, 2015, 0.5 million RSUs were not included in the computation of the dilutive effect of potentially issued shares because their effect was anti-dilutive. The number of options for 2015 has been retroactively adjusted to reflect the reverse stock split on January 4, 2016. See Note 3 — Merger, Acquisitions and Divestitures for further details.

Note 19 — Supplemental Disclosures of Cash Flow Information

Supplemental disclosures regarding cash flow information and non-cash investing and financing activities are as follows:

	Years Ended December 31,		
	2017	2016	2015
Supplemental disclosures of cash flow information:			
Cash payments for income taxes, net	$ 203	$ 158	$ 91
Cash payments for interest	$ 169	$ 143	$ 126
Cash acquired	$ —	$ 476	$ 148
Supplemental disclosures of non-cash investing and financing activities:			
Issuance of shares and assumed awards in connection with the Merger	$ —	$ 8,723	$ —
Fair value of deferred and contingent consideration related to acquisitions	$ —	$ —	$ 204

Note 20 — Quarterly Financial Data (Unaudited)

Quarterly financial data for 2017 and 2016 were as follows:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2017				
Total revenues	$ 2,319	$ 1,953	$ 1,852	$ 2,078
Total costs of providing services	$ 1,856	$ 1,829	$ 1,811	$ 1,968
Income/(loss) from operations	$ 463	$ 124	$ 41	$ 110
Net income/(loss)	$ 352	$ 41	$ (54)	$ 253
Net income/(loss) attributable to Willis Towers Watson	$ 344	$ 33	$ (54)	$ 245
Earnings/(loss) per share				
— Basic	$ 2.51	$ 0.24	$ (0.40)	$ 1.85
— Diluted	$ 2.50	$ 0.24	$ (0.40)	$ 1.84
2016				
Total revenues	$ 2,234	$ 1,949	$ 1,777	$ 1,927
Total costs of providing services	$ 1,908	$ 1,813	$ 1,776	$ 1,839
Income from operations	$ 326	$ 136	$ 1	$ 88
Net income/(loss)	$ 245	$ 76	$ (31)	$ 148
Net income/(loss) attributable to Willis Towers Watson	$ 238	$ 72	$ (32)	$ 142
Earnings/(loss) per share				
— Basic	$ 1.76	$ 0.52	$ (0.23)	$ 1.04
— Diluted	$ 1.75	$ 0.51	$ (0.23)	$ 1.03

During the fourth quarter of 2016, management corrected an error by recording a $103 million benefit from income taxes related to the release of a portion of our U.S. deferred tax valuation allowance. A portion of the correction should have been recorded in each of the three fiscal year 2016 Quarterly Reports on Form 10-Q. Management determined that the error was immaterial to the previously filed 2016 quarterly financial statements and had no impact on prior year financial statements.

Note 21 — Financial Information for Parent Guarantor, Other Guarantor Subsidiaries and Non-Guarantor Subsidiaries

Willis North America Inc. ('Willis North America') has $837 million senior notes outstanding of which $187 million were issued on September 29, 2009, and $650 million were issued on May 16, 2017. Additionally, Willis North America had $394 million of senior notes issued on March 28, 2007; these were subsequently repaid on March 28, 2017.

All direct obligations under the senior notes are jointly and severally, irrevocably and fully and unconditionally guaranteed by Willis Netherlands Holdings B.V., Willis Investment U.K. Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited, Willis Towers Watson Sub Holdings Unlimited Company and Willis Towers Watson UK Holdings Limited, collectively the 'Other Guarantors', and with Willis Towers Watson, the 'Guarantor Companies'.

On August 11, 2017 a newly formed entity, Willis Towers Watson UK Holdings Limited, became the successor to, and assumed all guarantees of, WTW Bermuda Holdings Ltd. under the outstanding indentures for the senior notes described above. As both entities are direct subsidiaries of TA I Limited, and sub-consolidate within the 'Other Guarantors' columns of the financial statements presented herein, there is no significant impact on the condensed consolidating financial statements from what has previously been disclosed.

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis Towers Watson described in Note 22 and the guarantor structure associated with the senior notes and revolving credit facility issued by Trinity Acquisition plc described in Note 23.

Presented below is condensed consolidating financial information for:

(i) Willis Towers Watson, which is a guarantor, on a parent company only basis;

(ii) the Other Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent and are all direct or indirect parents of the issuer;

(iii) the Issuer, Willis North America;

(iv) Other, which are the non-guarantor subsidiaries, on a combined basis;

(v) Consolidating adjustments; and

(vi) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the condensed consolidating balance sheets of Willis Towers Watson, the Other Guarantors and the Issuer.

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 19	$ 8,097	$ —	$ 8,116
Interest and other income	—	—	—	86	—	86
Total revenues	—	—	19	8,183	—	8,202
Costs of providing services						
Salaries and benefits	4	—	48	4,693	—	4,745
Other operating expenses	3	92	20	1,419	—	1,534
Depreciation	—	6	—	197	—	203
Amortization	—	3	—	581	(3)	581
Restructuring costs	—	8	15	109	—	132
Transaction and integration expenses	—	73	19	177	—	269
Total costs of providing services	7	182	102	7,176	(3)	7,464
(Loss)/income from operations	(7)	(182)	(83)	1,007	3	738
Income from Group undertakings	—	(535)	(219)	(148)	902	—
Expenses due to Group undertakings	—	62	185	655	(902)	—
Interest expense	30	102	35	21	—	188
Other (income)/expense, net	(35)	—	—	(142)	238	61
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(2)	189	(84)	621	(235)	489
(Benefit from)/provision for income taxes	—	(51)	29	(78)	—	(100)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(2)	240	(113)	699	(235)	589
Interest in earnings of associates, net of tax	—	—	—	3	—	3
Equity account for subsidiaries	570	353	171	—	(1,094)	—
NET INCOME	568	593	58	702	(1,329)	592
Income attributable to non-controlling interests	—	—	—	(24)	—	(24)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 568	$ 593	$ 58	$ 678	$ (1,329)	$ 568
Comprehensive income before non-controlling interests	$ 939	$ 953	$ 197	$ 1,050	$ (2,163)	$ 976
Comprehensive income attributable to non-controlling interests	—	—	—	(37)	—	(37)
Comprehensive income attributable to Willis Towers Watson	$ 939	$ 953	$ 197	$ 1,013	$ (2,163)	$ 939

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 19	$ 7,759	$ —	$ 7,778
Interest and other income	—	2	—	107	—	109
Total revenues	—	2	19	7,866	—	7,887
Costs of providing services						
Salaries and benefits	2	1	15	4,628	—	4,646
Other operating expenses	3	112	88	1,348	—	1,551
Depreciation	—	5	14	159	—	178
Amortization	—	—	—	591	—	591
Restructuring costs	—	29	39	125	—	193
Transaction and integration expenses	1	16	26	134	—	177
Total costs of providing services	6	163	182	6,985	—	7,336
(Loss)/income from operations	(6)	(161)	(163)	881	—	551
Income from Group undertakings	(3)	(500)	(287)	(136)	926	—
Expenses due to Group undertakings	3	74	178	671	(926)	—
Interest expense	32	89	39	24	—	184
Other (income)/expense, net	—	(2)	—	29	—	27
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(38)	178	(93)	293	—	340
(Benefit from)/provision for income taxes	—	(36)	(86)	26	—	(96)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(38)	214	(7)	267	—	436
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	458	234	157	—	(849)	—
NET INCOME	420	448	150	269	(849)	438
Income attributable to non-controlling interests	—	—	—	(18)	—	(18)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 420	$ 448	$ 150	$ 251	$ (849)	$ 420
Comprehensive loss before non-controlling interests	$ (427)	$ (380)	$ (266)	$ (550)	$ 1,194	$ (429)
Comprehensive loss attributable to non-controlling interests	—	—	—	2	—	2
Comprehensive loss attributable to Willis Towers Watson	$ (427)	$ (380)	$ (266)	$ (548)	$ 1,194	$ (427)

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2015					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 11	$ 3,798	$ —	$ 3,809
Interest and other income	—	1	—	19	—	20
Total revenues	—	1	11	3,817	—	3,829
Costs of providing services						
Salaries and benefits	1	—	77	2,225	—	2,303
Other operating expenses	8	100	1	609	—	718
Depreciation	—	6	16	73	—	95
Amortization	—	—	—	76	—	76
Restructuring costs	—	28	13	85	—	126
Transaction and integration expenses	4	14	—	66	—	84
Total costs of providing services	13	148	107	3,134	—	3,402
(Loss)/income from operations	(13)	(147)	(96)	683	—	427
Income from Group undertakings	—	(225)	(236)	(110)	571	—
Expenses due to Group undertakings	—	31	189	351	(571)	—
Interest expense	43	39	42	18	—	142
Other expense/(income), net	10	(42)	—	(23)	—	(55)
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(66)	50	(91)	447	—	340
(Benefit from)/provision for income taxes	—	(29)	(17)	13	—	(33)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(66)	79	(74)	434	—	373
Interest in earnings of associates, net of tax	—	9	—	2	—	11
Equity account for subsidiaries	439	347	106	—	(892)	—
NET INCOME	373	435	32	436	(892)	384
Income attributable to non-controlling interests	—	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 373	$ 435	$ 32	$ 425	$ (892)	$ 373
Comprehensive income before non-controlling interests	$ 402	$ 462	$ 49	$ 455	$ (965)	$ 403
Comprehensive income attributable to non-controlling interests	—	—	—	(1)	—	(1)
Comprehensive income attributable to Willis Towers Watson	$ 402	$ 462	$ 49	$ 454	$ (965)	$ 402

Condensed Consolidating Balance Sheet

	As of December 31, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ 2	$ 1	$ —	$ 1,027	$ —	$ 1,030
Fiduciary assets	—	—	—	12,155	—	12,155
Accounts receivable, net	—	—	4	2,242	—	2,246
Prepaid and other current assets	—	45	267	264	(146)	430
Amounts due from group undertakings	6,202	1,331	1,661	3,626	(12,820)	—
Total current assets	6,204	1,377	1,932	19,314	(12,966)	15,861
Investments in subsidiaries	4,506	8,836	6,125	—	(19,467)	—
Fixed assets, net	—	25	—	960	—	985
Goodwill	—	—	—	10,519	—	10,519
Other intangible assets, net	—	60	—	3,882	(60)	3,882
Pension benefits assets	—	—	—	764	—	764
Other non-current assets	—	34	115	388	(90)	447
Non-current amounts due from group undertakings	—	5,375	861	—	(6,236)	—
Total non-current assets	4,506	14,330	7,101	16,513	(25,853)	16,597
TOTAL ASSETS	$ 10,710	$ 15,707	$ 9,033	$ 35,827	$ (38,819)	$ 32,458
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 12,155	$ —	$ 12,155
Deferred revenue and accrued expenses	—	7	19	1,685	—	1,711
Short-term debt and current portion of long-term debt	—	—	—	85	—	85
Other current liabilities	87	60	83	724	(150)	804
Amounts due to group undertakings	—	8,100	2,790	1,930	(12,820)	—
Total current liabilities	87	8,167	2,892	16,579	(12,970)	14,755
Long-term debt	497	2,883	986	84	—	4,450
Liability for pension benefits	—	—	—	1,259	—	1,259
Deferred tax liabilities	—	—	—	704	(89)	615
Provision for liabilities	—	—	120	438	—	558
Other non-current liabilities	—	5	19	520	—	544
Non-current amounts due to group undertakings	—	—	519	5,717	(6,236)	—
Total non-current liabilities	497	2,888	1,644	8,722	(6,325)	7,426
TOTAL LIABILITIES	584	11,055	4,536	25,301	(19,295)	22,181
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	28	—	28
EQUITY						
Total Willis Towers Watson shareholders' equity	10,126	4,652	4,497	10,375	(19,524)	10,126
Non-controlling interests	—	—	—	123	—	123
Total equity	10,126	4,652	4,497	10,498	(19,524)	10,249
TOTAL LIABILITIES AND EQUITY	$ 10,710	$ 15,707	$ 9,033	$ 35,827	$ (38,819)	$ 32,458

Condensed Consolidating Balance Sheet

	As of December 31, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ —	$ —	$ —	$ 870	$ —	$ 870
Fiduciary assets	—	—	—	10,505	—	10,505
Accounts receivable, net	—	—	7	2,073	—	2,080
Prepaid and other current assets	—	49	23	324	(59)	337
Amounts due from group undertakings	7,229	1,706	1,190	2,370	(12,495)	—
Total current assets	7,229	1,755	1,220	16,142	(12,554)	13,792
Investments in subsidiaries	3,409	7,733	5,480	—	(16,622)	—
Fixed assets, net	—	34	—	805	—	839
Goodwill	—	—	—	10,413	—	10,413
Other intangible assets, net	—	64	—	4,368	(64)	4,368
Pension benefits assets	—	—	—	488	—	488
Other non-current assets	—	10	80	310	(47)	353
Non-current amounts due from group undertakings	—	4,655	836	—	(5,491)	—
Total non-current assets	3,409	12,496	6,396	16,384	(22,224)	16,461
TOTAL ASSETS	$ 10,638	$ 14,251	$ 7,616	$ 32,526	$ (34,778)	$ 30,253
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 10,505	$ —	$ 10,505
Deferred revenue and accrued expenses	—	15	27	1,488	(49)	1,481
Short-term debt and current portion of long-term debt	—	22	394	92	—	508
Other current liabilities	77	94	23	684	(2)	876
Amounts due to group undertakings	—	8,323	2,075	2,097	(12,495)	—
Total current liabilities	77	8,454	2,519	14,866	(12,546)	13,370
Long-term debt	496	2,506	186	169	—	3,357
Liability for pension benefits	—	—	—	1,321	—	1,321
Deferred tax liabilities	—	—	—	1,013	(149)	864
Provision for liabilities	—	—	120	455	—	575
Other non-current liabilities	—	48	15	483	(14)	532
Non-current amounts due to group undertakings	—	—	518	4,973	(5,491)	—
Total non-current liabilities	496	2,554	839	8,414	(5,654)	6,649
TOTAL LIABILITIES	573	11,008	3,358	23,280	(18,200)	20,019
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	51	—	51
EQUITY						
Total Willis Towers Watson shareholders' equity	10,065	3,243	4,258	9,077	(16,578)	10,065
Non-controlling interests	—	—	—	118	—	118
Total equity	10,065	3,243	4,258	9,195	(16,578)	10,183
TOTAL LIABILITIES AND EQUITY	$ 10,638	$ 14,251	$ 7,616	$ 32,526	$ (34,778)	$ 30,253

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 743	$ (725)	$ 114	$ 939	$ (209)	$ 862
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(8)	—	(292)	—	(300)
Capitalized software costs	—	—	—	(75)	—	(75)
Acquisitions of operations, net of cash acquired	—	—	—	(13)	—	(13)
Net disposals of operations	—	—	—	57	—	57
Other, net	—	—	—	(4)	—	(4)
Proceeds from intercompany investing activities	1,042	1,326	19	1,237	(3,624)	—
Repayments of intercompany investing activities	—	(994)	(74)	(1,722)	2,790	—
Reduction in investment in subsidiaries	104	1,188	100	618	(2,010)	—
Additional investment in subsidiaries	(1,139)	(503)	(215)	(153)	2,010	—
Net cash from/(used in) investing activities	$ 7	$ 1,009	$ (170)	$ (347)	$ (834)	$ (335)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net borrowings on revolving credit facility	—	487	155	—	—	642
Senior notes issued	—	—	649	—	—	649
Proceeds from issuance of other debt	—	—	—	32	—	32
Debt issuance costs	—	(4)	(5)	—	—	(9)
Repayments of debt	—	(220)	(394)	(120)	—	(734)
Repurchase of shares	(532)	—	—	—	—	(532)
Proceeds from issuance of shares	61	—	—	—	—	61
Payments for share cancellation related to legal settlement	—	—	—	(177)	—	(177)
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(65)	—	(65)
Cash paid for employee taxes on withholding shares	—	—	—	(18)	—	(18)
Dividends paid	(277)	—	(58)	(151)	209	(277)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(51)	—	(51)
Proceeds from intercompany financing activities	—	1,518	203	1,069	(2,790)	—
Repayments of intercompany financing activities	—	(2,064)	(494)	(1,066)	3,624	—
Net cash (used in)/from financing activities	$ (748)	$ (283)	$ 56	$ (547)	$ 1,043	$ (479)
INCREASE IN CASH AND CASH EQUIVALENTS	2	1	—	45	—	48
Effect of exchange rate changes on cash and cash equivalents	—	—	—	112	—	112
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	—	—	870	—	870
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2	$ 1	$ —	$ 1,027	$ —	$ 1,030

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	$ (20)	$ 128	$ (83)	$ 1,114	$ (206)	$ 933
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(79)	(12)	(221)	94	(218)
Capitalized software costs	—	—	—	(85)	—	(85)
Acquisitions of operations, net of cash acquired	—	—	—	476	—	476
Net disposals of operations	—	—	—	(4)	3	(1)
Other, net	—	—	33	20	(30)	23
Proceeds from intercompany investing activities	—	163	—	30	(193)	—
Repayments of intercompany investing activities	(3,751)	(4,114)	—	(769)	8,634	—
Reduction in investment in subsidiaries	4,600	3,600	—	—	(8,200)	—
Additional investment in subsidiaries	—	(4,600)	—	(3,600)	8,200	—
Net cash from/(used in) investing activities	$ 849	$ (5,030)	$ 21	$ (4,153)	$ 8,508	$ 195
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net payments on revolving credit facility	—	(237)	—	—	—	(237)
Senior notes issued	—	1,606	—	—	—	1,606
Proceeds from issuance of other debt	—	400	—	4	—	404
Debt issuance costs	—	(14)	—	—	—	(14)
Repayments of debt	(300)	(1,037)	—	(564)	—	(1,901)
Repurchase of shares	(396)	—	—	—	—	(396)
Proceeds from issuance of shares	63	—	—	—	—	63
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(67)	—	(67)
Cash paid for employee taxes on withholding shares	—	—	—	(13)	—	(13)
Dividends paid	(199)	—	(49)	(90)	139	(199)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(21)	—	(21)
Proceeds from intercompany financing activities	—	4,204	164	4,266	(8,634)	—
Repayments of intercompany financing activities	—	(22)	(53)	(118)	193	—
Net cash (used in)/from financing activities	$ (832)	$ 4,900	$ 62	$ 3,397	$ (8,302)	$ (775)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	(2)	—	358	—	353
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(15)	—	(15)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3	2	—	527	—	532
CASH AND CASH EQUIVALENTS, END OF YEAR	$ —	$ —	$ —	$ 870	$ —	$ 870

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2015					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	$ (10)	$ 583	$ 43	$ (222)	$ (150)	$ 244
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(10)	(8)	(128)	—	(146)
Acquisitions of operations, net of cash acquired	—	—	—	(857)	—	(857)
Net disposals of operations	—	—	—	44	—	44
Other, net	—	—	—	16	—	16
Proceeds from intercompany investing activities	321	49	87	151	(608)	—
Repayments of intercompany investing activities	(82)	(746)	—	(181)	1,009	—
Additional investment in subsidiaries	—	(598)	—	—	598	—
Net cash from/(used in) investing activities	$ 239	$ (1,305)	$ 79	$ (955)	$ 999	$ (943)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net borrowings on revolving credit facility	—	469	—	—	—	469
Proceeds from issue of other debt	—	592	—	—	—	592
Debt issuance costs	—	(5)	—	—	—	(5)
Repayments of debt	—	(16)	(149)	(1)	—	(166)
Repurchase of shares	(82)	—	—	—	—	(82)
Proceeds from issuance of shares	124	—	—	605	(598)	131
Cash paid for employee taxes on withholding shares	—	—	—	(1)	—	(1)
Dividends paid	(277)	—	—	(150)	150	(277)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(21)	—	(21)
Proceeds from intercompany financing activities	—	154	27	828	(1,009)	—
Repayments of intercompany financing activities	—	(472)	—	(136)	608	—
Net cash (used in)/from financing activities	$ (235)	$ 722	$ (122)	$ 1,124	$ (849)	$ 640
DECREASE IN CASH AND CASH EQUIVALENTS	(6)	—	—	(53)	—	(59)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(44)	—	(44)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9	2	—	624	—	635
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3	$ 2	$ —	$ 527	$ —	$ 532

Note 22 — Financial Information for Parent Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries

On March 17, 2011, the Company issued senior notes totaling $800 million in a registered public offering. On March 15, 2016, $300 million of these senior notes was repaid, leaving $500 million outstanding. These debt securities were issued by Willis Towers Watson ('WTW Debt Securities') and are guaranteed by certain of the Company's subsidiaries. Therefore, the Company is providing the condensed consolidating financial information below. The following wholly owned subsidiaries (directly or indirectly) fully and unconditionally guarantee the WTW Debt Securities 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 Inc., Willis Towers Watson Sub Holdings Unlimited Company and Willis Towers Watson UK Holdings Limited (the 'Guarantors').

On August 11, 2017 a newly formed entity, Willis Towers Watson UK Holdings Limited, became the successor to, and assumed all guarantees of, WTW Bermuda Holdings Ltd. under the outstanding indentures for the senior notes described above. As both entities are direct subsidiaries of TA I Limited, and sub-consolidate within the 'Other Guarantors' columns of the financial statements presented herein, there is no significant impact on the condensed consolidating financial statements from what has previously been disclosed.

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America described in Note 21 and the guarantor structure associated with the senior notes and revolving credit facility issued by Trinity Acquisition plc described in Note 23.

Presented below is condensed consolidating financial information for:

(i) Willis Towers Watson, which is the Parent Issuer;

(ii) the Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent;

(iii) Other, which are the non-guarantor subsidiaries, on a combined basis;

(iv) Consolidating adjustments; and

(v) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the condensed consolidating balance sheets of Willis Towers Watson and the Guarantors.

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 19	$ 8,097	$ —	$ 8,116
Interest and other income	—	—	86	—	86
Total revenues	—	19	8,183	—	8,202
Costs of providing services					
Salaries and benefits	4	48	4,693	—	4,745
Other operating expenses	3	112	1,419	—	1,534
Depreciation	—	6	197	—	203
Amortization	—	3	581	(3)	581
Restructuring costs	—	23	109	—	132
Transaction and integration expenses	—	92	177	—	269
Total costs of providing services	7	284	7,176	(3)	7,464
(Loss)/income from operations	(7)	(265)	1,007	3	738
Income from Group undertakings	—	(645)	(148)	793	—
Expenses due to Group undertakings	—	138	655	(793)	—
Interest expense	30	137	21	—	188
Other (income)/expense, net	(35)	—	(142)	238	61
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(2)	105	621	(235)	489
Benefit from income taxes	—	(22)	(78)	—	(100)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(2)	127	699	(235)	589
Interest in earnings of associates, net of tax	—	—	3	—	3
Equity account for subsidiaries	570	466	—	(1,036)	—
NET INCOME	568	593	702	(1,271)	592
Income attributable to non-controlling interests	—	—	(24)	—	(24)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 568	$ 593	$ 678	$ (1,271)	$ 568
Comprehensive income before non-controlling interests	$ 939	$ 953	$ 1,050	$ (1,966)	$ 976
Comprehensive income attributable to non-controlling interests	—	—	(37)	—	(37)
Comprehensive income attributable to Willis Towers Watson	$ 939	$ 953	$ 1,013	$ (1,966)	$ 939

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 19	$ 7,759	$ —	$ 7,778
Interest and other income	—	2	107	—	109
Total revenues	—	21	7,866	—	7,887
Costs of providing services					
Salaries and benefits	2	16	4,628	—	4,646
Other operating expenses	3	200	1,348	—	1,551
Depreciation	—	19	159	—	178
Amortization	—	—	591	—	591
Restructuring costs	—	68	125	—	193
Transaction and integration expenses	1	42	134	—	177
Total costs of providing services	6	345	6,985	—	7,336
(Loss)/income from operations	(6)	(324)	881	—	551
Income from Group undertakings	(3)	(672)	(136)	811	—
Expenses due to Group undertakings	3	137	671	(811)	—
Interest expense	32	128	24	—	184
Other (income)/expense, net	—	(2)	29	—	27
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(38)	85	293	—	340
(Benefit from)/provision for income taxes	—	(122)	26	—	(96)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(38)	207	267	—	436
Interest in earnings of associates, net of tax	—	—	2	—	2
Equity account for subsidiaries	458	241	—	(699)	—
NET INCOME	420	448	269	(699)	438
Income attributable to non-controlling interests	—	—	(18)	—	(18)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 420	$ 448	$ 251	$ (699)	$ 420
Comprehensive loss before non-controlling interests	$ (427)	$ (380)	$ (550)	$ 928	$ (429)
Comprehensive loss attributable to non-controlling interests	—	—	2	—	2
Comprehensive loss attributable to Willis Towers Watson	$ (427)	$ (380)	$ (548)	$ 928	$ (427)

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2015				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 11	$ 3,798	$ —	$ 3,809
Interest and other income	—	1	19	—	20
Total revenues	—	12	3,817	—	3,829
Costs of providing services					
Salaries and benefits	1	77	2,225	—	2,303
Other operating expenses	8	101	609	—	718
Depreciation	—	22	73	—	95
Amortization	—	—	76	—	76
Restructuring costs	—	41	85	—	126
Transaction and integration expenses	4	14	66	—	84
Total costs of providing services	13	255	3,134	—	3,402
(Loss)/income from operations	(13)	(243)	683	—	427
Income from Group undertakings	—	(350)	(110)	460	—
Expenses due to Group undertakings	—	109	351	(460)	—
Interest expense	43	81	18	—	142
Other expense/(income), net	10	(42)	(23)	—	(55)
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(66)	(41)	447	—	340
(Benefit from)/provision for income taxes	—	(46)	13	—	(33)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(66)	5	434	—	373
Interest in earnings of associates, net of tax	—	9	2	—	11
Equity account for subsidiaries	439	421	—	(860)	—
NET INCOME	373	435	436	(860)	384
Income attributable to non-controlling interests	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 373	$ 435	$ 425	$ (860)	$ 373
Comprehensive income before non-controlling interests	$ 402	$ 462	$ 455	$ (916)	$ 403
Comprehensive income attributable to non-controlling interests	—	—	(1)	—	(1)
Comprehensive income attributable to Willis Towers Watson	$ 402	$ 462	$ 454	$ (916)	$ 402

Condensed Consolidating Balance Sheet

	As of December 31, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
ASSETS					
Cash and cash equivalents	$ 2	$ 1	$ 1,027	$ —	$ 1,030
Fiduciary assets	—	—	12,155	—	12,155
Accounts receivable, net	—	4	2,242	—	2,246
Prepaid and other current assets	—	312	264	(146)	430
Amounts due from group undertakings	6,202	1,949	3,626	(11,777)	—
Total current assets	6,204	2,266	19,314	(11,923)	15,861
Investments in subsidiaries	4,506	10,463	—	(14,969)	—
Fixed assets, net	—	25	960	—	985
Goodwill	—	—	10,519	—	10,519
Other intangible assets, net	—	60	3,882	(60)	3,882
Pension benefits assets	—	—	764	—	764
Other non-current assets	—	149	388	(90)	447
Non-current amounts due from group undertakings	—	5,717	—	(5,717)	—
Total non-current assets	4,506	16,414	16,513	(20,836)	16,597
TOTAL ASSETS	$ 10,710	$ 18,680	$ 35,827	$ (32,759)	$ 32,458
LIABILITIES AND EQUITY					
Fiduciary liabilities	$ —	$ —	$ 12,155	$ —	$ 12,155
Deferred revenue and accrued expenses	—	26	1,685	—	1,711
Short-term debt and current portion of long-term debt	—	—	85	—	85
Other current liabilities	87	143	724	(150)	804
Amounts due to group undertakings	—	9,846	1,930	(11,776)	—
Total current liabilities	87	10,015	16,579	(11,926)	14,755
Long-term debt	497	3,869	84	—	4,450
Liability for pension benefits	—	—	1,259	—	1,259
Deferred tax liabilities	—	—	704	(89)	615
Provision for liabilities	—	120	438	—	558
Other non-current liabilities	—	24	520	—	544
Non-current amounts due to group undertakings	—	—	5,717	(5,717)	—
Total non-current liabilities	497	4,013	8,722	(5,806)	7,426
TOTAL LIABILITIES	584	14,028	25,301	(17,732)	22,181
REDEEMABLE NON-CONTROLLING INTEREST	—	—	28	—	28
EQUITY					
Total Willis Towers Watson shareholders' equity	10,126	4,652	10,375	(15,027)	10,126
Non-controlling interests	—	—	123	—	123
Total equity	10,126	4,652	10,498	(15,027)	10,249
TOTAL LIABILITIES AND EQUITY	$ 10,710	$ 18,680	$ 35,827	$ (32,759)	$ 32,458

Condensed Consolidating Balance Sheet

	As of December 31, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
ASSETS					
Cash and cash equivalents	$ —	$ —	$ 870	$ —	$ 870
Fiduciary assets	—	—	10,505	—	10,505
Accounts receivable, net	—	7	2,073	—	2,080
Prepaid and other current assets	—	72	324	(59)	337
Amounts due from group undertakings	7,229	1,648	2,370	(11,247)	—
Total current assets	7,229	1,727	16,142	(11,306)	13,792
Investments in subsidiaries	3,409	8,955	—	(12,364)	—
Fixed assets, net	—	34	805	—	839
Goodwill	—	—	10,413	—	10,413
Other intangible assets, net	—	64	4,368	(64)	4,368
Pension benefits assets	—	—	488	—	488
Other non-current assets	—	90	310	(47)	353
Non-current amounts due from group undertakings	—	4,973	—	(4,973)	—
Total non-current assets	3,409	14,116	16,384	(17,448)	16,461
TOTAL ASSETS	$ 10,638	$ 15,843	$ 32,526	$ (28,754)	$ 30,253
LIABILITIES AND EQUITY					
Fiduciary liabilities	$ —	$ —	$ 10,505	$ —	$ 10,505
Deferred revenue and accrued expenses	—	42	1,488	(49)	1,481
Short-term debt and current portion of long-term debt	—	416	92	—	508
Other current liabilities	77	117	684	(2)	876
Amounts due to group undertakings	—	9,150	2,097	(11,247)	—
Total current liabilities	77	9,725	14,866	(11,298)	13,370
Long-term debt	496	2,692	169	—	3,357
Liability for pension benefits	—	—	1,321	—	1,321
Deferred tax liabilities	—	—	1,013	(149)	864
Provision for liabilities	—	120	455	—	575
Other non-current liabilities	—	63	483	(14)	532
Non-current amounts due to group undertakings	—	—	4,973	(4,973)	—
Total non-current liabilities	496	2,875	8,414	(5,136)	6,649
TOTAL LIABILITIES	573	12,600	23,280	(16,434)	20,019
REDEEMABLE NON-CONTROLLING INTEREST	—	—	51	—	51
EQUITY					
Total Willis Towers Watson shareholders' equity	10,065	3,243	9,077	(12,320)	10,065
Non-controlling interests	—	—	118	—	118
Total equity	10,065	3,243	9,195	(12,320)	10,183
TOTAL LIABILITIES AND EQUITY	$ 10,638	$ 15,843	$ 32,526	$ (28,754)	$ 30,253

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 743	$ (669)	$ 939	$ (151)	$ 862
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Additions to fixed assets and software for internal use	—	(8)	(292)	—	(300)
Capitalized software costs	—	—	(75)	—	(75)
Acquisitions of operations, net of cash acquired	—	—	(13)	—	(13)
Net disposals of operations	—	—	57	—	57
Other, net	—	—	(4)	—	(4)
Proceeds from intercompany investing activities	1,042	1,032	1,237	(3,311)	—
Repayments of intercompany investing activities	—	(1,068)	(1,722)	2,790	—
Reduction in investment in subsidiaries	104	1,288	618	(2,010)	—
Additional investment in subsidiaries	(1,139)	(718)	(153)	2,010	—
Net cash from/(used in) investing activities	$ 7	$ 526	$ (347)	$ (521)	$ (335)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Net borrowings on revolving credit facility	—	642	—	—	642
Senior notes issued	—	649	—	—	649
Proceeds from issuance of other debt	—	—	32	—	32
Debt issuance costs	—	(9)	—	—	(9)
Repayments of debt	—	(614)	(120)	—	(734)
Repurchase of shares	(532)	—	—	—	(532)
Proceeds from issuance of shares	61	—	—	—	61
Payments for share cancellation related to legal settlement	—	—	(177)	—	(177)
Payments of deferred and contingent consideration related to acquisitions	—	—	(65)	—	(65)
Cash paid for employee taxes on withholding shares	—	—	(18)	—	(18)
Dividends paid	(277)	—	(151)	151	(277)
Acquisitions of and dividends paid to non-controlling interests	—	—	(51)	—	(51)
Proceeds from intercompany financing activities	—	1,721	1,069	(2,790)	—
Repayments of intercompany financing activities	—	(2,245)	(1,066)	3,311	—
Net cash (used in)/from financing activities	$ (748)	$ 144	$ (547)	$ 672	$ (479)
INCREASE IN CASH AND CASH EQUIVALENTS	2	1	45	—	48
Effect of exchange rate changes on cash and cash equivalents	—	—	112	—	112
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	—	870	—	870
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2	$ 1	$ 1,027	$ —	$ 1,030

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	$ (20)	$ (4)	$ 1,114	$ (157)	$ 933
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Additions to fixed assets and software for internal use	—	(91)	(221)	94	(218)
Capitalized software costs	—	—	(85)	—	(85)
Acquisitions of operations, net of cash acquired	—	—	476	—	476
Net disposals of operations	—	—	(4)	3	(1)
Other, net	—	33	20	(30)	23
Proceeds from intercompany investing activities	—	118	30	(148)	—
Repayments of intercompany investing activities	(3,751)	(4,114)	(769)	8,634	—
Reduction in investment in subsidiaries	4,600	3,600	—	(8,200)	—
Additional investment in subsidiaries	—	(4,600)	(3,600)	8,200	—
Net cash from/(used in) investing activities	$ 849	$ (5,054)	$ (4,153)	$ 8,553	$ 195
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Net payments on revolving credit facility	—	(237)	—	—	(237)
Senior notes issued	—	1,606	—	—	1,606
Proceeds from issuance of other debt	—	400	4	—	404
Debt issuance costs	—	(14)	—	—	(14)
Repayments of debt	(300)	(1,037)	(564)	—	(1,901)
Repurchase of shares	(396)	—	—	—	(396)
Proceeds from issuance of shares	63	—	—	—	63
Payments of deferred and contingent consideration related to acquisitions	—	—	(67)	—	(67)
Cash paid for employee taxes on withholding shares	—	—	(13)	—	(13)
Dividends paid	(199)	—	(90)	90	(199)
Acquisitions of and dividends paid to non-controlling interests	—	—	(21)	—	(21)
Proceeds from intercompany financing activities	—	4,368	4,266	(8,634)	—
Repayments of intercompany financing activities	—	(30)	(118)	148	—
Net cash (used in)/from financing activities	$ (832)	$ 5,056	$ 3,397	$ (8,396)	$ (775)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	(2)	358	—	353
Effect of exchange rate changes on cash and cash equivalents	—	—	(15)	—	(15)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3	2	527	—	532
CASH AND CASH EQUIVALENTS, END OF YEAR	$ —	$ —	$ 870	$ —	$ 870

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2015				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	$ (10)	$ 626	$ (222)	$ (150)	$ 244
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Additions to fixed assets and software for internal use	—	(18)	(128)	—	(146)
Acquisitions of operations, net of cash acquired	—	—	(857)	—	(857)
Net disposals of operations	—	—	44	—	44
Other, net	—	—	16	—	16
Proceeds from intercompany investing activities	321	136	151	(608)	—
Repayments of intercompany investing activities	(82)	(746)	(181)	1,009	—
Additional investment in subsidiaries	—	(598)	—	598	—
Net cash from/(used in) investing activities	$ 239	$ (1,226)	$ (955)	$ 999	$ (943)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Net borrowings on revolving credit facility	—	469	—	—	469
Proceeds from issue of other debt	—	592	—	—	592
Debt issuance costs	—	(5)	—	—	(5)
Repayments of debt	—	(165)	(1)	—	(166)
Repurchase of shares	(82)	—	—	—	(82)
Proceeds from issuance of shares	124	—	605	(598)	131
Cash paid for employee taxes on withholding shares	—	—	(1)	—	(1)
Dividends paid	(277)	—	(150)	150	(277)
Acquisitions of and dividends paid to non-controlling interests	—	—	(21)	—	(21)
Proceeds from intercompany financing activities	—	181	828	(1,009)	—
Repayments of intercompany financing activities	—	(472)	(136)	608	—
Net cash (used in)/from financing activities	$ (235)	$ 600	$ 1,124	$ (849)	$ 640
DECREASE IN CASH AND CASH EQUIVALENTS	(6)	—	(53)	—	(59)
Effect of exchange rate changes on cash and cash equivalents	—	—	(44)	—	(44)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9	2	624	—	635
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3	$ 2	$ 527	$ —	$ 532

Note 23 — Financial Information for Issuer, Parent Guarantor, Other Guarantor Subsidiaries and Non-Guarantor Subsidiaries

Trinity Acquisition plc has $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, €540 million ($609 million) were issued on May 26, 2016, and $884 million outstanding under the $1.25 billion revolving credit facility issued March 7, 2017.

All direct obligations under the senior notes are jointly and severally, irrevocably and fully and unconditionally guaranteed by Willis Netherlands Holdings B.V., Willis Investment U.K. Holdings Limited, TA I Limited, Willis Group Limited, Willis North America Inc., Willis Towers Watson Sub Holdings Unlimited Company and Willis Towers Watson UK Holdings Limited, collectively the ‘Other Guarantors’, and with Willis Towers Watson, the ‘Guarantor Companies’.

On August 11, 2017 a newly formed entity, Willis Towers Watson UK Holdings Limited, became the successor to, and assumed all guarantees of, WTW Bermuda Holdings Ltd. under the outstanding indentures for the senior notes described above. As both entities are direct subsidiaries of TA I Limited, and sub-consolidate within the ‘Other Guarantors’ columns of the financial statements presented herein, there is no significant impact on the condensed consolidating financial statements from what has previously been disclosed.

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America described in Note 21 and the guarantor structure associated with the senior notes issued by Willis Towers Watson described in Note 22.

Presented below is condensed consolidating financial information for:

(i) Willis Towers Watson, which is a guarantor, on a parent company only basis;

(ii) the Other Guarantors, which are all wholly owned subsidiaries (directly or indirectly) of the parent. Willis Towers Watson Sub Holdings Unlimited Company, Willis Netherlands Holdings B.V, Willis Investment U.K. Holdings Limited, TA I Limited and Willis Towers Watson UK Holdings Limited are all direct or indirect parents of the issuer and Willis Group Limited and Willis North America Inc., are direct or indirect wholly owned subsidiaries of the issuer;

(iii) Trinity Acquisition plc, which is the issuer and is a 100 percent indirectly owned subsidiary of the parent;

(iv) Other, which are the non-guarantor subsidiaries, on a combined basis;

(v) Consolidating adjustments; and

(vi) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the condensed consolidating balance sheets of Willis Towers Watson, the Other Guarantors and the Issuer.

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 19	$ —	$ 8,097	$ —	$ 8,116
Interest and other income	—	—	—	86	—	86
Total revenues	—	19	—	8,183	—	8,202
Costs of providing services						
Salaries and benefits	4	48	—	4,693	—	4,745
Other operating expenses	3	111	1	1,419	—	1,534
Depreciation	—	6	—	197	—	203
Amortization	—	3	—	581	(3)	581
Restructuring costs	—	23	—	109	—	132
Transaction and integration expenses	—	92	—	177	—	269
Total costs of providing services	7	283	1	7,176	(3)	7,464
(Loss)/income from operations	(7)	(264)	(1)	1,007	3	738
Income from Group undertakings	—	(614)	(149)	(148)	911	—
Expenses due to Group undertakings	—	230	26	655	(911)	—
Interest expense	30	34	103	21	—	188
Other (income)/expense, net	(35)			(142)	238	61
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(2)	86	19	621	(235)	489
(Benefit from)/provision for income taxes	—	(24)	2	(78)	—	(100)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(2)	110	17	699	(235)	589
Interest in earnings of associates, net of tax	—	—	—	3	—	3
Equity account for subsidiaries	570	483	290	—	(1,343)	—
NET INCOME	568	593	307	702	(1,578)	592
Income attributable to non-controlling interests	—	—	—	(24)	—	(24)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 568	$ 593	$ 307	$ 678	$ (1,578)	$ 568
Comprehensive income before non-controlling interests	$ 939	$ 953	$ 663	$ 1,050	$ (2,629)	$ 976
Comprehensive income attributable to non-controlling interests	—	—	—	(37)	—	(37)
Comprehensive income attributable to Willis Towers Watson	$ 939	$ 953	$ 663	$ 1,013	$ (2,629)	$ 939

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 19	$ —	$ 7,759	$ —	$ 7,778
Interest and other income	—	2	—	107	—	109
Total revenues	—	21	—	7,866	—	7,887
Costs of providing services						
Salaries and benefits	2	16	—	4,628	—	4,646
Other operating expenses	3	200	—	1,348	—	1,551
Depreciation	—	19	—	159	—	178
Amortization	—	—	—	591	—	591
Restructuring costs	—	68	—	125	—	193
Transaction and integration expenses	1	42	—	134	—	177
Total costs of providing services	6	345	—	6,985	—	7,336
(Loss)/income from operations	(6)	(324)	—	881	—	551
Income from Group undertakings	(3)	(657)	(132)	(136)	928	—
Expenses due to Group undertakings	3	228	26	671	(928)	—
Interest expense	32	38	90	24	—	184
Other (income)/expense, net	—	(2)	—	29	—	27
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(38)	69	16	293	—	340
(Benefit from)/provision for income taxes	—	(125)	3	26	—	(96)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(38)	194	13	267	—	436
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	458	254	151	—	(863)	—
NET INCOME	420	448	164	269	(863)	438
Income attributable to non-controlling interests	—	—	—	(18)	—	(18)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 420	$ 448	$ 164	$ 251	$ (863)	$ 420
Comprehensive loss before non-controlling interests	$ (427)	$ (379)	$ (656)	$ (550)	$ 1,583	$ (429)
Comprehensive loss attributable to non-controlling interests	—	—	—	2	—	2
Comprehensive loss attributable to Willis Towers Watson	$ (427)	$ (379)	$ (656)	$ (548)	$ 1,583	$ (427)

Condensed Consolidating Statement of Comprehensive Income

	Year ended December 31, 2015					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 11	$ —	$ 3,798	$ —	$ 3,809
Interest and other income	—	1	—	19	—	20
Total revenues	—	12	—	3,817	—	3,829
Costs of providing services						
Salaries and benefits	1	77	—	2,225	—	2,303
Other operating expenses	8	101	—	609	—	718
Depreciation	—	22	—	73	—	95
Amortization	—	—	—	76	—	76
Restructuring costs	—	41	—	85	—	126
Transaction and integration expenses	4	14	—	66	—	84
Total costs of providing services	13	255	—	3,134	—	3,402
(Loss)/income from operations	(13)	(243)	—	683	—	427
Income from Group undertakings	—	(374)	(93)	(110)	577	—
Expenses due to Group undertakings	—	200	26	351	(577)	—
Interest expense	43	41	40	18	—	142
Other expense/(income), net	10	(42)	—	(23)	—	(55)
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(66)	(68)	27	447	—	340
(Benefit from)/provision for income taxes	—	(51)	5	13	—	(33)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(66)	(17)	22	434	—	373
Interest in earnings of associates, net of tax	—	9	—	2	—	11
Equity account for subsidiaries	439	443	337	—	(1,219)	—
NET INCOME	373	435	359	436	(1,219)	384
Income attributable to non-controlling interests	—	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 373	$ 435	$ 359	$ 425	$ (1,219)	$ 373
Comprehensive income before non-controlling interests	$ 402	$ 462	$ 400	$ 455	$ (1,316)	$ 403
Comprehensive income attributable to non-controlling interests	—	—	—	(1)	—	(1)
Comprehensive income attributable to Willis Towers Watson	$ 402	$ 462	$ 400	$ 454	$ (1,316)	$ 402

Condensed Consolidating Balance Sheet

	As of December 31, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ 2	$ 1	$ —	$ 1,027	$ —	$ 1,030
Fiduciary assets	—	—	—	12,155	—	12,155
Accounts receivable, net	—	4	—	2,242	—	2,246
Prepaid and other current assets	—	314	1	264	(149)	430
Amounts due from group undertakings	6,202	1,420	2,807	3,626	(14,055)	—
Total current assets	6,204	1,739	2,808	19,314	(14,204)	15,861
Investments in subsidiaries	4,506	10,052	1,918	—	(16,476)	—
Fixed assets, net	—	25	—	960	—	985
Goodwill	—	—	—	10,519	—	10,519
Other intangible assets, net	—	60	—	3,882	(60)	3,882
Pension benefits assets	—	—	—	764	—	764
Other non-current assets	—	146	3	388	(90)	447
Non-current amounts due from group undertakings	—	4,884	1,775	—	(6,659)	—
Total non-current assets	4,506	15,167	3,696	16,513	(23,285)	16,597
TOTAL ASSETS	$ 10,710	$ 16,906	$ 6,504	$ 35,827	$ (37,489)	$ 32,458
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 12,155	$ —	$ 12,155
Deferred revenue and accrued expenses	—	26	—	1,685	—	1,711
Short-term debt and current portion of long-term debt	—	—	—	85	—	85
Other current liabilities	87	112	33	724	(152)	804
Amounts due to group undertakings	—	10,467	1,658	1,930	(14,055)	—
Total current liabilities	87	10,605	1,691	16,579	(14,207)	14,755
Long-term debt	497	986	2,883	84	—	4,450
Liability for pension benefits	—	—	—	1,259	—	1,259
Deferred tax liabilities	—	—	—	704	(89)	615
Provision for liabilities	—	120	—	438	—	558
Other non-current liabilities	—	24	—	520	—	544
Non-current amounts due to group undertakings	—	519	423	5,717	(6,659)	—
Total non-current liabilities	497	1,649	3,306	8,722	(6,748)	7,426
TOTAL LIABILITIES	584	12,254	4,997	25,301	(20,955)	22,181
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	28	—	28
EQUITY						
Total Willis Towers Watson shareholders’ equity	10,126	4,652	1,507	10,375	(16,534)	10,126
Non-controlling interests	—	—	—	123	—	123
Total equity	10,126	4,652	1,507	10,498	(16,534)	10,249
TOTAL LIABILITIES AND EQUITY	$ 10,710	$ 16,906	$ 6,504	$ 35,827	$ (37,489)	$ 32,458

Condensed Consolidating Balance Sheet

	As of December 31, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ —	$ —	$ —	$ 870	$ —	$ 870
Fiduciary assets	—	—	—	10,505	—	10,505
Accounts receivable, net	—	7	—	2,073	—	2,080
Prepaid and other current assets	—	74	1	324	(62)	337
Amounts due from group undertakings	7,229	849	1,595	2,370	(12,043)	—
Total current assets	7,229	930	1,596	16,142	(12,105)	13,792
Investments in subsidiaries	3,409	8,621	7,309	—	(19,339)	—
Fixed assets, net	—	34	—	805	—	839
Goodwill	—	—	—	10,413	—	10,413
Other intangible assets, net	—	64	—	4,368	(64)	4,368
Pension benefits assets	—	—	—	488	—	488
Other non-current assets	—	90	—	310	(47)	353
Non-current amounts due from group undertakings	—	4,859	1,055	—	(5,914)	—
Total non-current assets	3,409	13,668	8,364	16,384	(25,364)	16,461
TOTAL ASSETS	$ 10,638	$ 14,598	$ 9,960	$ 32,526	$ (37,469)	$ 30,253
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 10,505	$ —	$ 10,505
Deferred revenue and accrued expenses	—	41	1	1,488	(49)	1,481
Short-term debt and current portion of long-term debt	—	394	22	92	—	508
Other current liabilities	77	87	33	684	(5)	876
Amounts due to group undertakings	—	9,946	—	2,097	(12,043)	—
Total current liabilities	77	10,468	56	14,866	(12,097)	13,370
Long-term debt	496	186	2,506	169	—	3,357
Liability for pension benefits	—	—	—	1,321	—	1,321
Deferred tax liabilities	—	—	—	1,013	(149)	864
Provision for liabilities	—	120	—	455	—	575
Other non-current liabilities	—	63	—	483	(14)	532
Non-current amounts due to group undertakings	—	518	423	4,973	(5,914)	—
Total non-current liabilities	496	887	2,929	8,414	(6,077)	6,649
TOTAL LIABILITIES	573	11,355	2,985	23,280	(18,174)	20,019
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	51	—	51
EQUITY						
Total Willis Towers Watson shareholders' equity	10,065	3,243	6,975	9,077	(19,295)	10,065
Non-controlling interests	—	—	—	118	—	118
Total equity	10,065	3,243	6,975	9,195	(19,295)	10,183
TOTAL LIABILITIES AND EQUITY	$ 10,638	$ 14,598	$ 9,960	$ 32,526	$ (37,469)	$ 30,253

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 743	$ (640)	$ 29	$ 939	$ (209)	$ 862
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(8)	—	(292)	—	(300)
Capitalized software costs	—	—	—	(75)	—	(75)
Acquisitions of operations, net of cash acquired	—	—	—	(13)	—	(13)
Net disposals of operations	—	—	—	57	—	57
Other, net	—	—	—	(4)	—	(4)
Proceeds from intercompany investing activities	1,042	275	1,076	1,237	(3,630)	—
Repayments of intercompany investing activities	—	(73)	(2,676)	(1,722)	4,471	—
Reduction in investment in subsidiaries	104	1,288	—	618	(2,010)	—
Additional investment in subsidiaries	(1,139)	(570)	(148)	(153)	2,010	—
Net cash from/(used in) investing activities	$ 7	$ 912	$ (1,748)	$ (347)	$ 841	$ (335)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net borrowings on revolving credit facility	—	155	487	—	—	642
Senior notes issued	—	649	—	—	—	649
Proceeds from issuance of other debt	—	—	—	32	—	32
Debt issuance costs	—	(5)	(4)	—	—	(9)
Repayments of debt	—	(394)	(220)	(120)	—	(734)
Repurchase of shares	(532)	—	—	—	—	(532)
Proceeds from issuance of shares	61	—	—	—	—	61
Payments for share cancellation related to legal settlement	—	—	—	(177)	—	(177)
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(65)	—	(65)
Cash paid for employee taxes on withholding shares	—	—	—	(18)	—	(18)
Dividends paid	(277)	(58)	—	(151)	209	(277)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(51)	—	(51)
Proceeds from intercompany financing activities	—	1,920	1,482	1,069	(4,471)	—
Repayments of intercompany financing activities	—	(2,538)	(26)	(1,066)	3,630	—
Net cash (used in)/from financing activities	$ (748)	$ (271)	$ 1,719	$ (547)	$ (632)	$ (479)
INCREASE IN CASH AND CASH EQUIVALENTS	2	1	—	45	—	48
Effect of exchange rate changes on cash and cash equivalents	—	—	—	112	—	112
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	—	—	870	—	870
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2	$ 1	$ —	$ 1,027	$ —	$ 1,030

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	$ (20)	$ 308	$ 152	$ 1,114	$ (621)	$ 933
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(91)	—	(221)	94	(218)
Capitalized software costs	—	—	—	(85)	—	(85)
Acquisitions of operations, net of cash acquired	—	—	—	476	—	476
Net disposals of operations	—	—	—	(4)	3	(1)
Other, net	—	33	—	20	(30)	23
Proceeds from intercompany investing activities	—	108	55	30	(193)	—
Repayments of intercompany investing activities	(3,751)	(3,513)	(602)	(769)	8,635	—
Reduction in investment in subsidiaries	4,600	3,600	—	—	(8,200)	—
Additional investment in subsidiaries	—	(4,600)	—	(3,600)	8,200	—
Net cash from/(used in) investing activities	$ 849	$ (4,463)	$ (547)	$ (4,153)	$ 8,509	$ 195
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net payments on revolving credit facility	—	—	(237)	—	—	(237)
Senior notes issued	—	—	1,606	—	—	1,606
Proceeds from issuance of other debt	—	—	400	4	—	404
Debt issuance costs	—	—	(14)	—	—	(14)
Repayments of debt	(300)	—	(1,037)	(564)	—	(1,901)
Repurchase of shares	(396)	—	—	—	—	(396)
Proceeds from issuance of shares	63	—	—	—	—	63
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(67)	—	(67)
Cash paid for employee taxes on withholding shares	—	—	—	(13)	—	(13)
Dividends paid	(199)	(162)	(302)	(90)	554	(199)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(21)	—	(21)
Proceeds from intercompany financing activities	—	4,368	1	4,266	(8,635)	—
Repayments of intercompany financing activities	—	(53)	(22)	(118)	193	—
Net cash (used in)/from financing activities	$ (832)	$ 4,153	$ 395	$ 3,397	$ (7,888)	$ (775)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	(2)	—	358	—	353
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(15)	—	(15)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3	2	—	527	—	532
CASH AND CASH EQUIVALENTS, END OF YEAR	$ —	$ —	$ —	$ 870	$ —	$ 870

Condensed Consolidating Statement of Cash Flows

	Year ended December 31, 2015					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	$ (10)	$ 593	$ 33	$ (222)	$ (150)	$ 244
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(18)	—	(128)	—	(146)
Acquisitions of operations, net of cash acquired	—	—	—	(857)	—	(857)
Net disposals of operations	—	—	—	44	—	44
Other, net	—	—	—	16	—	16
Proceeds from intercompany investing activities	321	136	—	151	(608)	—
Repayments of intercompany investing activities	(82)	—	(746)	(181)	1,009	—
Additional investment in subsidiaries	—	(420)	(178)	—	598	—
Net cash from/(used in) investing activities	$ 239	$ (302)	$ (924)	$ (955)	$ 999	$ (943)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net borrowings of revolving credit facility	—	—	469	—	—	469
Proceeds from issue of other debt	—	—	592	—	—	592
Debt issuance costs	—	—	(5)	—	—	(5)
Repayments of debt	—	(149)	(16)	(1)	—	(166)
Repurchase of shares	(82)	—	—	—	—	(82)
Proceeds from issuance of shares and excess tax benefit	124	—	—	605	(598)	131
Cash paid for employee taxes on withholding shares	—	—	—	(1)	—	(1)
Dividends paid	(277)	—	—	(150)	150	(277)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(21)	—	(21)
Proceeds from intercompany financing activities	—	181	—	828	(1,009)	—
Repayments of intercompany financing activities	—	(323)	(149)	(136)	608	—
Net cash (used in)/from financing activities	$ (235)	$ (291)	$ 891	$ 1,124	$ (849)	$ 640
DECREASE IN CASH AND CASH EQUIVALENTS	(6)	—	—	(53)	—	(59)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(44)	—	(44)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9	2	—	624	—	635
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3	$ 2	$ —	$ 527	$ —	$ 532

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a) The following documents have been included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements of Willis Towers Watson

Financial Statements:

Consolidated Statements of Comprehensive Income for each of the three years in the period ended December 31, 2017

Consolidated Balance Sheets at December 31, 2017 and 2016

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2017

Consolidated Statements of Changes in Equity for each of the three years in the period ended December 31, 2017

Notes to the Consolidated Financial Statements

b) Exhibits:

23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of Deloitte LLP*
31.1	Certification Pursuant to Rule 13a-14(a)*
31.2	Certification Pursuant to Rule 13a-14(a)*
32.1	Certification Pursuant to 18 USC. Section 1350*
32.2	Certification Pursuant to 18 USC. Section 1350*
101.INS	XBRL Instance 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 herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 PLC
(REGISTRANT)

By: /s/ John J. Haley

John J. Haley
Chief Executive Officer

Date: June 6, 2018

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-210094 on Form S-3 and in Registration Statement Nos. 333-211967, 333-208876, 333-197706, 333-62780, 333-63186, 333-130605, 333-153202, 333-153770, 333-169961 and 333-181150 on Forms S-8 of our report dated February 28, 2018, relating to the 2017 consolidated financial statements and the retrospective adjustments to the 2016 consolidated financial statements of Willis Towers Watson Public Limited Company and subsidiaries appearing in this Amendment No. 1 on Form 10-K/A of Willis Towers Watson Public Limited Company for the year ended December 31, 2017.

/s/ Deloitte & Touche LLP

Philadelphia, PA

June 6, 2018

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-210094 on Form S-3 and in Registration Statement Nos. 333-211967, 333-208876, 333-197706, 333-62780, 333-63186, 333-130605, 333-153202, 333-153770, 333-169961 and 333-181150 on Form S-8 of our report dated March 1, 2017, relating to the 2016 consolidated financial statements (before retrospective adjustments to the consolidated financial statements and financial statement disclosures) of Willis Towers Watson Public Limited Company and subsidiaries (not presented herein), appearing in this Amendment No. 1 on Form 10-K/A of Willis Towers Watson Public Limited Company for the year ended December 31, 2017.

/s/ Deloitte LLP

London, United Kingdom

June 6, 2018

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, John J. Haley, certify that:

1. I have reviewed this Amendment No. 1 on Form 10-K/A for the year ended December 31, 2017 of Willis Towers Watson plc;

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 the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (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: June 6, 2018

By: /s/ John J. Haley

John J. Haley

Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, Michael J. Burwell, certify that:

1. I have reviewed this Amendment No. 1 on Form 10-K/A for the year ended December 31, 2017 of Willis Towers Watson plc;

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 the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (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: June 6, 2018

By: /s/ Michael J. Burwell

Michael J. Burwell
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Amendment No. 1 on Form 10-K/A for the year ended December 31, 2017, of Willis Towers Watson plc (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Haley, Chief Executive Officer of the Company, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 6, 2018

By: /s/ John J. Haley

John J. Haley

Chief Executive Officer

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

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Amendment No. 1 on Form 10-K/A for the year ended December 31, 2017, of Willis Towers Watson plc (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Burwell, Chief Financial Officer of the Company, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 6, 2018

By: /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 plc and will be retained by Willis Towers Watson plc and furnished to the Securities and Exchange Commission or its staff upon request.