

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

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 9, 2021**

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**WILLIS TOWERS WATSON PLC**  
(Exact name of registrant as specified in its charter)

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**Ireland**  
(State or Other Jurisdiction of Incorporation)

**001-16503**  
(Commission File Number)

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

**c/o Willis Group Limited, 51 Lime Street, London, EC3M 7DQ, England and Wales**  
(Address, including Zip Code, of Principal Executive Offices)

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

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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**Item 2.02. Results of Operations and Financial Condition.**

On February 9, 2021, Willis Towers Watson Public Limited Company ("Willis Towers Watson") issued a press release announcing its financial results for the period ended December 31, 2020.

A copy of Willis Towers Watson's press release is attached hereto as an exhibit to this Current Report on Form 8-K and is incorporated by reference herein. A reconciliation between certain non-GAAP financial measures and reported financial results is provided as an attachment to the press release.

**Item 7.01. Regulation FD Disclosure.**

Willis Towers Watson also posted a slide presentation to its website, which it may refer to during its conference call to discuss the results. The slide presentation is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The information contained in Item 2.02 and Item 7.01 of this Current Report on Form 8-K (including Exhibits 99.1 and 99.2) is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Press release, February 9, 2021, announcing the financial results for the period ended December 31, 2020, for Willis Towers Watson plc.</a>
<a href="#">99.2</a>	<a href="#">Slide Presentation, supplementing the above press release.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

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

**WILLIS TOWERS WATSON PLC**  
(Registrant)

Date: February 9, 2021

By: /s/ Neil D. Falis  
Name: Neil D. Falis  
Title: Deputy Corporate Secretary

## Willis Towers Watson Reports Solid Fourth Quarter and Full Year 2020 Earnings

- For the year, cash flows from operating activities were \$1.8 billion, up 64% compared to \$1.1 billion in the prior year
- For the year, free cash flow almost doubled to \$1.6 billion compared to \$835 million in the prior year
- Revenue<sup>1</sup> increased 3% for both the quarter and the year
- Organic revenue growth of 2% for both the quarter and the year
- Diluted Earnings per Share were \$3.66 for the quarter, down 12% over prior year
- Diluted Earnings per Share were \$7.65 for the year, down 5% over prior year
- Adjusted Diluted Earnings per Share were \$5.23 for the quarter, up 7% over prior year
- Adjusted Diluted Earnings per Share were \$11.70 for the year, up 7% over prior year

ARLINGTON, Va. and LONDON, Feb. 09, 2021 (GLOBE NEWSWIRE) -- Willis Towers Watson (NASDAQ: WLTW) (the "Company"), a leading global advisory, broking and solutions company, today announced financial results for the fourth quarter and full year ended December 31, 2020.

"Our performance in the fourth quarter provided a strong finish to a good year in a difficult environment," said John Haley, Willis Towers Watson's chief executive officer. "We produced solid margins, almost doubled free cash flow, and delivered remarkable adjusted EPS growth. The results reflect the strong dedication and adaptability of our colleagues and their commitment to the values that underpin our Company. I couldn't be prouder of Willis Towers Watson's accomplishments to date and I look forward to our continued momentum in 2021 as we move toward our planned combination with Aon."

### Company Highlights

Cash flows from operating activities for the year ended December 31, 2020 were \$1.8 billion, up 64% compared to \$1.1 billion for the prior year. Free cash flow for the year ended December 31, 2020 was \$1.6 billion, up 86% compared to \$835 million for the prior year. The increase in cash flows from operations as compared to the prior year was primarily due to positive cash flows from our improved working capital for the year ended December 31, 2020 as compared to December 31, 2019. During the year ended December 31, 2020, the Company had no share repurchase activity.

Revenue was \$2.76 billion for the fourth quarter of 2020, an increase of 3% (1% increase constant currency and 2% increase organic) as compared to \$2.69 billion for the same period in the prior year.

For the year ended December 31, 2020, revenue was \$9.35 billion, an increase of 3% (4% increase constant currency and 2% increase organic) as compared to \$9.04 billion for the same period in the prior year.

Income from operations for the fourth quarter of 2020 was \$587 million, or 21.2% of revenue, a decrease of 430 basis points compared to the same period in the prior year. Adjusted operating income was \$820 million, or 29.7% of revenue, down 40 basis points compared to the same period in the prior year. Net income attributable to Willis Towers Watson for the fourth quarter of 2020 was \$476 million, a decrease of 13% from \$544 million for the same period in the prior year. For the quarter, diluted earnings per share were \$3.66, down 12% from \$4.18 for the same period in the prior year. For the quarter, adjusted diluted earnings per share were \$5.23, up 7% from \$4.90 for the same period in the prior year. Net income attributable to Willis Towers Watson and diluted earnings per share for the fourth quarter of 2020 included pre-tax \$45 million of transaction and integration expenses mostly related to the pending business combination with Aon plc and \$50 million of provisions for significant litigation. The U.S. GAAP tax rate for the quarter was 19.7%, and the adjusted income tax rate for the quarter used in calculating adjusted diluted earnings per share was 17.8%.

For the year ended December 31, 2020, income from operations was \$1.2 billion, or 12.6% of revenue, a decrease of 210 basis points compared to the prior year. Adjusted operating income was \$1.9 billion, or 20.1% of revenue, down 20 basis points compared to the prior year. Net income attributable to Willis Towers Watson for the year ended December 31, 2020 was \$996 million, a decrease of 5% from \$1.04 billion for the prior year. For the year ended December 31, 2020, diluted earnings per share were \$7.65, down 5% from \$8.02 for the prior year. For the year ended December 31, 2020, adjusted diluted earnings per share were \$11.70, up 7% from \$10.96 for the prior year. Net income attributable to Willis Towers Watson and diluted earnings per share for the year ended December 31, 2020 included pre-tax \$110 million of transaction and integration expenses mostly related to the pending business combination with Aon plc and \$65 million of provisions for significant litigation. For the year ended December 31, 2020, the U.S. GAAP tax rate was 23.8%, and the adjusted income tax rate used in calculating adjusted diluted earnings per share was 20.8%.

Net income for the fourth quarter of 2020 was \$483 million, or 17.5% of revenue, a decrease from net income of \$551 million, or 20.5% of revenue for the same period in the prior year. Adjusted EBITDA for the fourth quarter of 2020 was \$967 million, or 35.0% of revenue, an increase from Adjusted EBITDA of \$930 million, or 34.6% of revenue for the same period in the prior year.

For the year ended December 31, 2020, net income was \$1.02 billion, or 10.9% of revenue, a decrease from net income of \$1.07 billion, or 11.9% of revenue for the prior year. Adjusted EBITDA for the year ended December 31, 2020 was \$2.5 billion, or 26.4% of revenue, an increase from Adjusted EBITDA of \$2.3 billion, or 25.4% of revenue for the prior year.

<sup>1</sup> The revenue amounts included in this release are presented on a U.S. GAAP basis except where stated otherwise. The segment discussion is on an organic basis.

### Risks and Uncertainties Related to the COVID-19 Pandemic

The extent to which COVID-19 continues to impact our business and financial position will depend on future developments, which are difficult to predict, including the severity and scope of the COVID-19 pandemic as well as the types of measures imposed by governmental authorities to contain the virus or address its impact and the duration of those actions and measures. We continue to expect that the COVID-19 pandemic will negatively impact our revenue and operating results for 2021. During 2020, the COVID-19 pandemic had a negative impact on revenue growth, particularly in our businesses that are discretionary in nature, but otherwise it generally did not have a material impact on our overall results. Some of our discretionary, project-based businesses saw a reduction in demand, and additional negative impacts on our revenue and operating results may lag behind the developments thus far related to the COVID-19 pandemic. In light of the effects on our own business operations and those of our clients, suppliers and other third parties with whom we interact, the Company has considered, and will continue to consider, the impact of COVID-19 on our business, as appropriate taking into account our business resilience and continuity plans, financial modeling and stress testing of liquidity and financial resources. For additional information on the risks posed by COVID-19, see additional disclosures in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.

## **Fourth Quarter 2020 Segment Highlights**

### **Human Capital & Benefits**

The Human Capital & Benefits (HCB) segment had revenue of \$865 million, flat (2% decrease constant currency and 1% decrease organic) compared to the prior-year fourth quarter. On an organic basis, Talent and Rewards revenue declined primarily because of a difference in timing as well as the global impact of COVID-19 having negatively impacted demand. Technology and Administrative Solutions revenue increased, having benefited from a softer comparative. Retirement revenue was materially flat as reduced de-risking activity in North America was mostly offset by increased project work in Western Europe and Great Britain. Health and Benefits revenue declined nominally, as continued expansion of our client portfolio for benefits management appointments outside of North America was offset by a decline in North America, which had a strong comparable. The HCB segment had an operating margin of 31.3%, as compared to 30.1% for the prior-year fourth quarter.

### **Corporate Risk & Broking**

The Corporate Risk & Broking (CRB) segment had revenue of \$888 million, an increase of 1% (1% decrease constant currency and 1% decrease organic) from \$877 million in the prior-year fourth quarter. On an organic basis, North America led the segment with new business generation alongside strong renewals. The increase was partially offset by a decline in Western Europe, which was primarily due to the impact of COVID-19 on certain insurance lines. Revenue decreased in Great Britain and International primarily due to a change in the remuneration model for certain lines of business. This change, which is neutral to operating income, results in lower revenue and an equal reduction to salaries and benefits expense. Absent this change, Great Britain and International revenue would have decreased modestly, due to headwinds from one-time, non-recurring placements in the prior year in the construction and natural resource insurance lines coupled with reductions in airline-volume driven commissions. The CRB segment had an operating margin of 32.3%, as compared to 30.3% for the prior-year fourth quarter.

### **Investment, Risk & Reinsurance**

The Investment, Risk & Reinsurance (IRR) segment had revenue of \$292 million, a decrease of 7% (9% decrease constant currency and 1% increase organic) from \$314 million in the prior-year fourth quarter. On an organic basis, Reinsurance led the segment's revenue growth, driven by new business wins and favorable renewal factors. The growth was partially offset by declines in other businesses with pressure on discretionary work having negatively impacted both Insurance Consulting and Technology and Investments. Wholesale revenue declined as a result of headwinds across certain coverage lines coupled with a strategic shift in its operating model. In September 2020, the Company sold its Max Matthiessen business. The IRR segment had an operating margin of 11.0%, as compared to 9.1% for the prior-year fourth quarter.

### **Benefits Delivery & Administration**

The Benefits Delivery & Administration (BDA) segment had revenue of \$693 million, an increase of 16% (16% increase constant currency and 16% increase organic) from \$595 million in the prior-year fourth quarter. BDA's organic revenue increase was led by Individual Marketplace, primarily by TRANZACT. TRANZACT generated \$279 million of revenue for the three months ended December 31, 2020. Benefits Outsourcing revenue also grew, driven by its expanded client base. The BDA segment had an operating margin of 50.7%, as compared to 52.4% for the prior-year fourth quarter.

### **Conference Call**

The Company will host a live webcast and conference call to discuss the financial results for the fourth quarter. It will be held on Tuesday, February 9, 2021, beginning at 9:00 a.m. Eastern Time, and can be accessed via the Internet at [www.willistowerswatson.com](http://www.willistowerswatson.com). The replay of the call will be available shortly after the live call for a period of three months. A telephonic replay of the call will also be available for 24 hours at 404-537-3406, conference ID 3871978.

### **About Willis Towers Watson**

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has more than 46,000 employees and services clients in more than 140 countries. 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. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).

### **Willis Towers Watson Non-GAAP Measures**

In order to assist readers of our consolidated financial statements in understanding the core operating results that Willis Towers Watson's management uses to evaluate the business and for financial planning, we present the following non-GAAP measures: (1) Constant Currency Change, (2) Organic Change, (3) Adjusted Operating Income/Margin, (4) Adjusted EBITDA/Margin, (5) Adjusted Net Income, (6) Adjusted Diluted Earnings Per Share, (7) Adjusted Income Before Taxes, (8) Adjusted Income Taxes/Tax Rate and (9) Free Cash Flow.

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

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

- Restructuring costs and transaction and integration expenses - Management believes it is appropriate to adjust for restructuring costs and transaction and integration expenses when they relate to a specific significant program with a defined set of activities and costs that are not expected to continue beyond a defined period of time, or significant acquisition-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when the incurrence of these costs will have concluded.
- Gains and losses on disposals of operations - Adjustment to remove the gain or loss resulting from disposed operations.
- Pension settlement and curtailment gains and losses - Adjustment to remove significant pension settlement and curtailment gains and losses to better present how the Company is performing.
- Abandonment of long-lived asset - Adjustment to remove the depreciation expense resulting from internally-developed software that was abandoned prior to being placed into service.
- Provisions for significant litigation - We will include provisions for litigation matters which we believe are not representative of our core business operations. These amounts are presented net of insurance recovery receivables.
- Tax effect of the CARES Act - Relates to the incremental tax expense impact, primarily from the Base Erosion and Anti-Abuse Tax ("BEAT"), generated from electing certain income tax provisions of the CARES Act.
- Tax effects of internal reorganization - Relates to the U.S. income tax expense resulting from the completion of internal reorganizations of the ownership of certain businesses that reduced the investments held by our U.S.-controlled subsidiaries.

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

We consider Constant Currency Change, Organic Change, Adjusted Operating Income/Margin, Adjusted EBITDA/Margin, Adjusted Net Income, Adjusted Diluted Earnings Per Share, Adjusted Income Before Taxes, Adjusted Income Taxes/Tax Rate and Free Cash Flow to be important financial measures, which are used to internally evaluate and assess our core operations and to benchmark our operating and liquidity results against our competitors. These non-GAAP measures are important in illustrating what our comparable operating and liquidity results would have been had we not incurred transaction-related and non-recurring items. Our non-GAAP measures and their accompanying definitions are presented as follows:

**Constant Currency Change** – Represents the year-over-year change in revenue excluding the impact of foreign currency fluctuations. To calculate this impact, the prior year local currency results are first translated using the current year monthly average exchange rates. The change is calculated by comparing the prior year revenue, translated at the current year monthly average exchange rates, to the current year as reported revenue, for the same period. We believe constant currency measures provide useful information to investors because they provide transparency to performance by excluding the effects that foreign currency exchange rate fluctuations have on period-over-period comparability given volatility in foreign currency exchange markets.

**Organic Change** – Excludes the impact of fluctuations in foreign currency exchange rates, as described above and the period-over-period impact of acquisitions and divestitures on current-year revenue. We believe that excluding transaction-related items from our U.S. GAAP financial measures provides useful supplemental information to our investors, and it is important in illustrating what our core operating results would have been had we not included these transaction-related items, since the nature, size and number of these translation-related items can vary from period to period.

**Adjusted Operating Income/Margin** – Income from operations adjusted for amortization, restructuring costs, transaction and integration expenses and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted operating income margin is calculated by dividing adjusted operating income by revenue. We consider adjusted operating income/margin to be important financial measures, which are used internally to evaluate and assess our core operations and to benchmark our operating results against our competitors.

**Adjusted EBITDA/Margin** – Net Income adjusted for provision for income taxes, interest expense, depreciation and amortization, restructuring costs, transaction and integration expenses, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted EBITDA Margin is calculated by dividing adjusted EBITDA by revenue. We consider adjusted EBITDA/margin to be important financial measures, which are used internally to evaluate and assess our core operations, to benchmark our operating results against our competitors and to evaluate and measure our performance-based compensation plans.

**Adjusted Net Income** – Net Income Attributable to Willis Towers Watson adjusted for amortization, restructuring costs, transaction and integration expenses, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly

affect the period-over-period assessment of operating results and the related tax effect of those adjustments and the tax effects of internal reorganizations. This measure is used solely for the purpose of calculating adjusted diluted earnings per share.

**Adjusted Diluted Earnings Per Share** – Adjusted Net Income divided by the weighted-average number of shares of common stock, diluted. Adjusted diluted earnings per share is used to internally evaluate and assess our core operations and to benchmark our operating results against our competitors.

**Adjusted Income Before Taxes** – Income from operations before income taxes adjusted for amortization, restructuring costs, transaction and integration expenses, gains and losses on disposals of operations and non-recurring items that, in management’s judgment, significantly affect the period-over-period assessment of operating results. Adjusted income before taxes is used solely for the purpose of calculating the adjusted income tax rate.

**Adjusted Income Taxes/Tax Rate** – Provision for income taxes adjusted for taxes on certain items of amortization, restructuring costs, transaction and integration expenses, gains and losses on disposals of operations, the tax effects of internal reorganizations, and non-recurring items that, in management’s judgment, significantly affect the period-over-period assessment of operating results, divided by adjusted income before taxes. Adjusted income taxes is used solely for the purpose of calculating the adjusted income tax rate. Management believes that the adjusted income tax rate presents a rate that is more closely aligned to the rate that we would incur if not for the reduction of pre-tax income for the adjusted items and the tax effects of internal reorganizations, which are not core to our current and future operations.

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

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

Reconciliations of these measures are included in the accompanying tables with the following exception.

The Company does not reconcile its forward-looking non-GAAP financial measures to the corresponding U.S. GAAP measures, due to variability and difficulty in making accurate forecasts and projections and/or certain information not being ascertainable or accessible; and because not all of the information, such as foreign currency impacts necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure, is available to the Company without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The Company provides non-GAAP financial measures that it believes will be achieved, however it cannot accurately predict all of the components of the adjusted calculations and the U.S. GAAP measures may be materially different than the non-GAAP measures.

### **Willis Towers Watson Forward-Looking Statements**

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements and other forward-looking statements in this document by words such as “may”, “will”, “would”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “intend”, “continue”, or similar words, expressions or the negative of such terms or other comparable terminology. These statements include, but are not limited to, such things as our outlook, the impact of the COVID-19 pandemic on our business, our pending business combination with Aon plc, future capital expenditures, ongoing working capital efforts, future share repurchases, financial results (including our revenue), the impact of changes to tax laws on our financial results, existing and evolving business strategies and acquisitions and dispositions, demand for our services and competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, our ability to successfully manage ongoing organizational and technology changes, including investments in improving systems and processes, and plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Willis Towers Watson’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

There are important risks, uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained herein, including the following: the risks relating to or arising from our pending business combination with Aon plc announced in March 2020, including, among others, our ability to consummate the transaction, including on the terms of the business combination agreement, on the anticipated timeline, and/or with the required regulatory approvals; our ability to successfully establish, execute and achieve our global business strategy as it evolves; the risk that the COVID-19 pandemic substantially and negatively impacts the demand for our products and services and cash flows, and/or continues to materially impact our business operations, including increased demand on our information technology resources and systems and related risks of cybersecurity breaches or incidents; changes in demand for our services, including any decline in consulting services, defined benefit pension plans or the purchasing of insurance; changes in general economic, business and political conditions, including changes in the financial markets; significant competition that we face and the potential for loss of market share and/or profitability; the impact of seasonality and differences in timing of renewals; the failure to protect client data or breaches of information systems or insufficient safeguards against cybersecurity breaches or incidents; the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation; the risk that the Stanford bar order may be challenged in other jurisdictions, and the risk that the charge related to the Stanford settlement may not be deductible; the risk of substantial negative outcomes on existing litigation or investigation matters; changes in the regulatory environment in which we operate, including, among other risks, the impact of pending competition law and regulatory investigations; various claims, government inquiries or investigations or the potential for regulatory action; our ability to make divestitures or acquisitions and our ability to integrate or manage such acquired businesses; our ability to successfully hedge against fluctuations in foreign currency rates; our ability to integrate direct-to-consumer sales and marketing solutions with our existing offerings and solutions; successfully manage ongoing organizational changes, including investments in improving systems and processes; disasters or business continuity problems; the impact of Brexit; risks relating to the U.S. 2020 election, including a potential increase in the corporate tax rate; our ability to successfully enhance our billing, collection and other working capital efforts, and thereby increase our free cash flow; the potential impact of the anticipated replacement of LIBOR; our ability to properly identify and manage

conflicts of interest; reputational damage, including from association with third parties; reliance on third-party services; the loss of key employees; our ability to effectively apply technology, data and analytics changes for internal operations, maintaining industry standards and meeting client preferences; changes and developments in the insurance industry; the ability to comply with complex and evolving regulations related to data privacy and cyber security; doing business internationally, including the impact of exchange rates; compliance with extensive government regulation; the risk of sanctions imposed by governments, or changes to associated sanction regulations; changes and developments in the United States healthcare system, including those related to Medicare and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress; the inability to protect our intellectual property rights, or the potential infringement upon the intellectual property rights of others; the laws of Ireland being different from the laws of the United States and potentially affording less protections to the holders of our securities; fluctuations in our pension assets and liabilities; our capital structure, including indebtedness amounts, the limitations imposed by the covenants in the documents governing such indebtedness and the maintenance of the financial and disclosure controls and procedures of each; our ability to obtain financing on favorable terms or at all; adverse changes in our credit ratings; the impact of recent changes to U.S. tax laws, including on our effective tax rate, and the enactment of additional, or the revision of existing, state, federal, and/or foreign regulatory and tax laws and regulations and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress; U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares; changes in accounting principles, estimates or assumptions; fluctuation in revenue against our relatively fixed or higher than expected expenses; and our holding company structure potentially preventing us from being able to receive dividends or other distributions in needed amounts from our subsidiaries. These factors also include those described under “Risk Factors” in the company’s most recent 10-K filing and subsequent filings filed with the SEC, including definitive additional materials, the merger proxy statement and other filings generally applicable to significant transactions and related integrations that are or will be filed with the SEC. Copies are available online at <http://www.sec.gov> or [www.willistowerswatson.com](http://www.willistowerswatson.com).

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

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

## Contact

## INVESTORS

Claudia De La Hoz | [Claudia.Delahoz@willistowerswatson.com](mailto:Claudia.Delahoz@willistowerswatson.com)

**WILLIS TOWERS WATSON**  
**Supplemental Segment Information**  
(In millions of U.S. dollars)  
(Unaudited)

## REVENUE

	Three Months Ended December			Components of Revenue Change <sup>(i)</sup>			
	31,		As Reported % Change	Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	2020	2019					
Human Capital & Benefits	\$ 865	\$ 865	0%	2%	(2)%	0%	(1)%
Corporate Risk & Broking	888	877	1%	2%	(1)%	0%	(1)%
Investment, Risk & Reinsurance	292	314	(7)%	2%	(9)%	(11)%	1%
Benefits Delivery & Administration	693	595	16%	0%	16%	0%	16%
<b>Segment Revenue</b>	<u>2,738</u>	<u>2,651</u>	3%	2%	2%	(1)%	3%
Reimbursable expenses and other	26	39					
<b>Revenue</b>	<u>\$ 2,764</u>	<u>\$ 2,690</u>	3%	2%	1%	(1)%	2%

	Years Ended December 31,			Components of Revenue Change <sup>(i)</sup>			
	2020		As Reported % Change	Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	2020	2019					
Human Capital & Benefits	\$ 3,278	\$ 3,298	(1)%	0%	(1)%	0%	0%
Corporate Risk & Broking	2,977	2,946	1%	0%	1%	0%	1%
Investment, Risk & Reinsurance	1,651	1,637	1%	0%	1%	(3)%	4%
Benefits Delivery & Administration	1,359	1,035	31%	0%	31%	21%	10%
<b>Segment Revenue</b>	<u>9,265</u>	<u>8,916</u>	4%	0%	4%	2%	2%
Reimbursable expenses and other	87	123					
<b>Revenue</b>	<u>\$ 9,352</u>	<u>\$ 9,039</u>	3%	0%	4%	2%	2%



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

### SEGMENT OPERATING INCOME <sup>(i)</sup>

	Three Months Ended December 31,	
	2020	2019
Human Capital & Benefits	271	261
Corporate Risk & Broking	287	266
Investment, Risk & Reinsurance	33	28
Benefits Delivery & Administration	351	311
<b>Segment Operating Income</b>	<b>\$ 942</b>	<b>\$ 866</b>

	Years Ended December 31,	
	2020	2019
Human Capital & Benefits	\$ 853	\$ 848
Corporate Risk & Broking	630	578
Investment, Risk & Reinsurance	457	420
Benefits Delivery & Administration	320	244
<b>Segment Operating Income</b>	<b>\$ 2,260</b>	<b>\$ 2,090</b>

(i) Segment operating income excludes certain costs, including amortization of intangibles, restructuring costs, transaction and integration expenses, certain litigation provisions, and 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 expenses reported for U.S. GAAP purposes.

### SEGMENT OPERATING MARGINS

	Three Months Ended December 31,	
	2020	2019
Human Capital & Benefits	31.3%	30.1%
Corporate Risk & Broking	32.3%	30.3%
Investment, Risk & Reinsurance	11.0%	9.1%
Benefits Delivery & Administration	50.7%	52.4%

	Years Ended December 31,	
	2020	2019
Human Capital & Benefits	26.0%	25.7%
Corporate Risk & Broking	21.2%	19.6%
Investment, Risk & Reinsurance	27.7%	25.7%
Benefits Delivery & Administration	23.5%	23.6%

### RECONCILIATIONS OF SEGMENT OPERATING INCOME TO INCOME FROM OPERATIONS BEFORE INCOME TAXES

	Three Months Ended December 31,	
	2020	2019
Segment Operating Income	\$ 942	\$ 866
Amortization	(114)	(121)
Restructuring costs <sup>(i)</sup>	(24)	—
Transaction and integration expenses <sup>(ii)</sup>	(45)	(1)
Provision for significant litigation <sup>(iii)</sup>	(50)	—
Unallocated, net <sup>(iv)</sup>	(122)	(57)
Income from Operations	587	687
Interest expense	(60)	(62)
Other income, net	75	50
Income from operations before income taxes	<b>\$ 602</b>	<b>\$ 675</b>

Years Ended December 31,

	2020	2019
Segment Operating Income	\$ 2,260	\$ 2,090
Amortization	(462)	(489)
Restructuring costs <sup>(i)</sup>	(24)	—
Transaction and integration expenses <sup>(ii)</sup>	(110)	(13)
Provision for significant litigation <sup>(iii)</sup>	(65)	—
Unallocated, net <sup>(iv)</sup>	(416)	(259)
Income from Operations	1,183	1,329
Interest expense	(244)	(234)
Other income, net	399	227
Income from operations before income taxes	<u>\$ 1,338</u>	<u>\$ 1,322</u>

<sup>(i)</sup> Restructuring costs relate to minor restructuring activities carried out by various business lines throughout the Company.

<sup>(ii)</sup> Includes transaction costs related to the proposed Aon combination and TRANZACT acquisition in 2019.

<sup>(iii)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

<sup>(iv)</sup> 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.

**WILLIS TOWERS WATSON**  
**Reconciliations of Non-GAAP Measures**  
(In millions of U.S. dollars, except per share data)  
(Unaudited)

**RECONCILIATIONS OF NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON TO ADJUSTED DILUTED EARNINGS PER SHARE**

	Three Months Ended December 31,	
	2020	2019
<b>Net Income attributable to Willis Towers Watson</b>	\$ 476	\$ 544
Adjusted for certain items:		
Amortization	114	121
Restructuring costs	24	—
Transaction and integration expenses	45	1
Provision for significant litigation <sup>(i)</sup>	50	—
Loss on disposal of operations	2	2
Tax effect on certain items listed above <sup>(ii)</sup>	(53)	(31)
Tax effect of the CARES Act	23	—
<b>Adjusted Net Income</b>	<u>\$ 681</u>	<u>\$ 637</u>
Weighted-average shares of common stock, diluted	130	130
<b>Diluted Earnings Per Share</b>	\$ 3.66	\$ 4.18
Adjusted for certain items: <sup>(iii)</sup>		
Amortization	0.87	0.93
Restructuring costs	0.18	—
Transaction and integration expenses	0.35	0.01
Provision for significant litigation <sup>(i)</sup>	0.38	—
Loss on disposal of operations	0.02	0.02
Tax effect on certain items listed above <sup>(ii)</sup>	(0.41)	(0.24)
Tax effect of the CARES Act	0.18	—
<b>Adjusted Diluted Earnings Per Share</b>	<u>\$ 5.23</u>	<u>\$ 4.90</u>

Years Ended December 31,  
2020 2019

<b>Net Income attributable to Willis Towers Watson</b>	\$	996	\$	1,044
Adjusted for certain items:				
Abandonment of long-lived asset		35		—
Amortization		462		489
Restructuring costs		24		—
Transaction and integration expenses		110		13
Provision for significant litigation <sup>(i)</sup>		65		—
(Gain)/loss on disposal of operations		(81)		2
Tax effect on certain items listed above <sup>(ii)</sup>		(149)		(121)
Tax effect of the CARES Act		61		—
<b>Adjusted Net Income</b>	<b>\$</b>	<b>1,523</b>	<b>\$</b>	<b>1,427</b>

Weighted-average shares of common stock, diluted 130 130

<b>Diluted Earnings Per Share</b>	\$	7.65	\$	8.02
Adjusted for certain items: <sup>(iii)</sup>				
Abandonment of long-lived asset		0.27		—
Amortization		3.55		3.75
Restructuring costs		0.18		—
Transaction and integration expenses		0.84		0.10
Provision for significant litigation <sup>(i)</sup>		0.50		—
(Gain)/loss on disposal of operations		(0.62)		0.02
Tax effect on certain items listed above <sup>(ii)</sup>		(1.14)		(0.93)
Tax effect of the CARES Act		0.47		—
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$</b>	<b>11.70</b>	<b>\$</b>	<b>10.96</b>

<sup>(i)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

<sup>(ii)</sup> The tax effect was calculated using an effective tax rate for each item.

<sup>(iii)</sup> Per share values and totals may differ due to rounding.

#### RECONCILIATIONS OF NET INCOME TO ADJUSTED EBITDA

	Three Months Ended December 31,					
	2020		2019			
<b>Net Income</b>	\$	483	17.5%	\$	551	20.5%
Provision for income taxes		119			124	
Interest expense		60			62	
Depreciation		70			69	
Amortization		114			121	
Restructuring costs		24			—	
Transaction and integration expenses		45			1	
Provision for significant litigation <sup>(i)</sup>		50			—	
Loss on disposal of operations		2			2	
<b>Adjusted EBITDA and Adjusted EBITDA Margin</b>	<b>\$</b>	<b>967</b>	<b>35.0%</b>	<b>\$</b>	<b>930</b>	<b>34.6%</b>

	Years Ended December 31,					
	2020		2019			
<b>Net Income</b>	\$	1,020	10.9%	\$	1,073	11.9%
Provision for income taxes		318			249	
Interest expense		244			234	
Depreciation <sup>(ii)</sup>		308			240	
Amortization		462			489	
Restructuring costs		24			—	

Transaction and integration expenses	110		13	
Provision for significant litigation <sup>(i)</sup>	65		—	
(Gain)/loss on disposal of operations	(81)		2	
<b>Adjusted EBITDA and Adjusted EBITDA Margin</b>	<u>\$ 2,470</u>	26.4%	<u>\$ 2,300</u>	25.4%

<sup>(i)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

<sup>(ii)</sup> Includes abandonment of long-lived asset of \$35 million for the year ended December 31, 2020.

#### RECONCILIATIONS OF INCOME FROM OPERATIONS TO ADJUSTED OPERATING INCOME

	Three Months Ended December 31,			
	2020		2019	
<b>Income from operations</b>	\$ 587	21.2%	\$ 687	25.5%
Adjusted for certain items:				
Amortization	114		121	
Restructuring costs	24		—	
Transaction and integration expenses	45		1	
Provision for significant litigation <sup>(i)</sup>	50		—	
<b>Adjusted operating income</b>	<u>\$ 820</u>	29.7%	<u>\$ 809</u>	30.1%

	Years Ended December 31,			
	2020		2019	
<b>Income from operations</b>	\$ 1,183	12.6%	\$ 1,329	14.7%
Adjusted for certain items:				
Abandonment of long-lived asset	35		—	
Amortization	462		489	
Restructuring costs	24		—	
Transaction and integration expenses	110		13	
Provision for significant litigation <sup>(i)</sup>	65		—	
<b>Adjusted operating income</b>	<u>\$ 1,879</u>	20.1%	<u>\$ 1,831</u>	20.3%

<sup>(i)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

#### RECONCILIATIONS OF GAAP INCOME TAXES/TAX RATE TO ADJUSTED INCOME TAXES/TAX RATE

	Three Months Ended December 31,	
	2020	2019
<b>Income from operations before income taxes</b>	\$ 602	\$ 675
Adjusted for certain items:		
Amortization	114	121
Restructuring costs	24	—
Transaction and integration expenses	45	1
Provision for significant litigation <sup>(i)</sup>	50	—
Loss on disposal of operations	2	2
<b>Adjusted income before taxes</b>	<u>\$ 837</u>	<u>\$ 799</u>

<b>Provision for income taxes</b>	\$	119	\$	124
Tax effect on certain items listed above <sup>(ii)</sup>		53		31
Tax effect of the CARES Act		(23)		—
<b>Adjusted income taxes</b>	\$	<u>149</u>	\$	<u>155</u>
<b>U.S. GAAP tax rate</b>		<b>19.7%</b>		<b>18.3%</b>
<b>Adjusted income tax rate</b>		<b>17.8%</b>		<b>19.4%</b>

	Years Ended December 31,			
	2020	2019		
<b>Income from operations before income taxes</b>	\$	1,338	\$	1,322
Adjusted for certain items:				
Abandonment of long-lived asset		35		—
Amortization		462		489
Restructuring costs		24		—
Transaction and integration expenses		110		13
Provision for significant litigation <sup>(i)</sup>		65		—
(Gain)/loss on disposal of operations		(81)		2
<b>Adjusted income before taxes</b>	\$	<u>1,953</u>	\$	<u>1,826</u>
<b>Provision for income taxes</b>	\$	318	\$	249
Tax effect on certain items listed above <sup>(ii)</sup>		149		121
Tax effect of the CARES Act		(61)		—
<b>Adjusted income taxes</b>	\$	<u>406</u>	\$	<u>370</u>
<b>U.S. GAAP tax rate</b>		<b>23.8%</b>		<b>18.8%</b>
<b>Adjusted income tax rate</b>		<b>20.8%</b>		<b>20.3%</b>

<sup>(i)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

<sup>(ii)</sup> The tax effect was calculated using an effective tax rate for each item.

#### RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO FREE CASH FLOW

	Years Ended December 31,			
	2020	2019		
<b>Cash flows from operating activities</b>	\$	1,774	\$	1,081
Less: Additions to fixed assets and software for internal use		(223)		(246)
<b>Free Cash Flow</b>	\$	<u>1,551</u>	\$	<u>835</u>

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

	Three Months Ended December 31,		Years Ended December 31,					
	2020	2019	2020	2019				
Revenue	\$	2,764	\$	2,690	\$	9,352	\$	9,039
Costs of providing services								
Salaries and benefits		1,419		1,340		5,507		5,249
Other operating expenses		505		472		1,758		1,719
Depreciation		70		69		308		240
Amortization		114		121		462		489
Restructuring costs		24		—		24		—
Transaction and integration expenses		45		1		110		13
Total costs of providing services		<u>2,177</u>		<u>2,003</u>		<u>8,169</u>		<u>7,710</u>

Income from operations	587	687	1,183	1,329
Interest expense	(60)	(62)	(244)	(234)
Other income, net	75	50	399	227
<b>INCOME FROM OPERATIONS BEFORE INCOME TAXES</b>	<b>602</b>	<b>675</b>	<b>1,338</b>	<b>1,322</b>
Provision for income taxes	(119)	(124)	(318)	(249)
<b>NET INCOME</b>	<b>483</b>	<b>551</b>	<b>1,020</b>	<b>1,073</b>
Income attributable to non-controlling interests	(7)	(7)	(24)	(29)
<b>NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON</b>	<b>\$ 476</b>	<b>\$ 544</b>	<b>\$ 996</b>	<b>\$ 1,044</b>
<b>Earnings per share</b>				
Basic earnings per share	\$ 3.67	\$ 4.20	\$ 7.68	\$ 8.05
Diluted earnings per share	\$ 3.66	\$ 4.18	\$ 7.65	\$ 8.02
Weighted-average shares of common stock, basic	130	129	130	130
Weighted-average shares of common stock, diluted	130	130	130	130

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

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,089	\$ 887
Fiduciary assets	15,160	13,004
Accounts receivable, net	2,555	2,621
Prepaid and other current assets	497	525
Total current assets	20,301	17,037
Fixed assets, net	1,014	1,046
Goodwill	11,204	11,194
Other intangible assets, net	3,043	3,478
Right-of-use assets	902	968
Pension benefits assets	971	868
Other non-current assets	1,096	835
Total non-current assets	18,230	18,389
<b>TOTAL ASSETS</b>	<b>\$ 38,531</b>	<b>\$ 35,426</b>
<b>LIABILITIES AND EQUITY</b>		
Fiduciary liabilities	\$ 15,160	\$ 13,004
Deferred revenue and accrued expenses	2,161	1,784
Current debt	971	316
Current lease liabilities	152	164
Other current liabilities	888	802
Total current liabilities	19,332	16,070
Long-term debt	4,664	5,301
Liability for pension benefits	1,405	1,324
Deferred tax liabilities	561	526
Provision for liabilities	407	537
Long-term lease liabilities	918	964
Other non-current liabilities	312	335
Total non-current liabilities	8,267	8,987
<b>TOTAL LIABILITIES</b>	<b>27,599</b>	<b>25,057</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY<sup>(i)</sup></b>		
Additional paid-in capital	10,748	10,687
Retained earnings	2,434	1,792
Accumulated other comprehensive loss, net of tax	(2,359)	(2,227)
Treasury shares, at cost, 17,519 shares in 2020 and 2019, and 40,000 shares, €1 nominal value, in 2019	(3)	(3)

<b>Total Willis Towers Watson shareholders' equity</b>	10,820	10,249
Non-controlling interests	112	120
<b>Total Equity</b>	10,932	10,369
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 38,531</u>	<u>\$ 35,426</u>

(i) Equity includes (a) Ordinary shares \$0.000304635 nominal value; Authorized 1,510,003,775; Issued 128,964,579 (2020) and 128,689,930 (2019); Outstanding 128,964,579 (2020) and 128,689,930 (2019); (b) Ordinary shares, €1 nominal value; Authorized and Issued 40,000 shares in 2019; and (c) Preference shares, \$0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2020 and 2019.

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

	Years Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
NET INCOME	\$ 1,020	\$ 1,073
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	308	240
Amortization	462	489
Non-cash lease expense	146	148
Net periodic benefit of defined benefit pension plans	(196)	(135)
Provision for doubtful receivables from clients	29	9
Provision for/(benefit from) deferred income taxes	99	(72)
Share-based compensation	90	74
Net (gain)/loss on disposal of operations	(81)	2
Non-cash foreign exchange (gain)/loss	(6)	26
Other, net	(17)	17
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	72	(261)
Fiduciary assets	(1,774)	(365)
Fiduciary liabilities	1,774	365
Other assets	(205)	(269)
Other liabilities	191	(264)
Provisions	(138)	4
Net cash from operating activities	<u>1,774</u>	<u>1,081</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Additions to fixed assets and software for internal use	(223)	(246)
Capitalized software costs	(63)	(59)
Acquisitions of operations, net of cash acquired	(69)	(1,329)
Net proceeds from sale of operations	212	17
Other, net	(17)	3
Net cash used in investing activities	<u>(160)</u>	<u>(1,614)</u>
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>		
Net payments on revolving credit facility	—	(131)
Senior notes issued	282	997
Proceeds from issuance of other debt	—	1,100
Debt issuance costs	(2)	(13)
Repayments of debt	(327)	(995)
Repurchase of shares	—	(150)
Proceeds from issuance of shares	16	45
Payments of deferred and contingent consideration related to acquisitions	(12)	(57)
Cash paid for employee taxes on withholding shares	(14)	(15)
Dividends paid	(346)	(329)
Acquisitions of and dividends paid to non-controlling interests	(28)	(55)
Other, net	(3)	—
Net cash (used in)/from financing activities	<u>(434)</u>	<u>397</u>
<b>INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	1,180	(136)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	21	(2)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR <sup>(i)</sup></b>	895	1,033
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR <sup>(i)</sup></b>	<u>\$ 2,096</u>	<u>\$ 895</u>

(i) As a result of the acquired TRANZACT collateralized facility, cash, cash equivalents and restricted cash included \$7 million and \$8 million of restricted cash at December 31, 2020 and 2019, respectively, which is included within prepaid and other current assets on our consolidated balance sheets. There were no restricted cash amounts held at December 31, 2018.

PDF available: <http://ml.globenewswire.com/Resource/Download/6bda52c4-a5a8-4e8f-945a-2f5295d7b224>



# Willis Towers Watson

## Earnings Release Supplemental Materials 2020 Fourth Quarter and Full Year Financial Results

February 9, 2021

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Willis Towers Watson 

# Willis Towers Watson Forward Looking Statements

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements and other forward-looking statements in this document by words such as "may", "will", "would", "expect", "anticipate", "believe", "estimate", "plan", "intend", "continue", or similar words, expressions or the negative of such terms or other comparable terminology. These statements include, but are not limited to, such things as our outlook, the impact of the COVID-19 pandemic on our business, our pending business combination with Aon plc, future capital expenditures, ongoing working capital efforts, future share repurchases, financial results (including our revenue), the impact of changes to tax laws on our financial results, existing and evolving business strategies and acquisitions and dispositions, demand for our services and competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, our ability to successfully manage ongoing organizational and technology changes, including investments in improving systems and processes, and plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Willis Towers Watson's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

There are important risks, uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained herein, including the following: the risks relating to or arising from our pending business combination with Aon plc announced in March 2020, including, among others, our ability to consummate the transaction, including on the terms of the business combination agreement, on the anticipated timeline, and/or with the required regulatory approvals; our ability to successfully establish, execute and achieve our global business strategy as it evolves; the risk that the COVID-19 pandemic substantially and negatively impacts the demand for our products and services and cash flows, and/or continues to materially impact our business operations, including increased demand on our information technology resources and systems and related risks of cybersecurity breaches or incidents; changes in demand for our services, including any decline in consulting services, defined benefit pension plans or the purchasing of insurance; changes in general economic, business and political conditions, including changes in the financial markets; significant competition that we face and the potential for loss of market share and/or profitability; the impact of seasonality and differences in timing of renewals; the failure to protect client data or breaches of information systems or insufficient safeguards against cybersecurity breaches or incidents; the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation; the risk that the Stanford bar order may be challenged in other jurisdictions, and the risk that the charge related to the Stanford settlement may not be deductible; the risk of substantial negative outcomes on existing litigation or investigation matters; changes in the regulatory environment in which we operate, including, among other risks, the impact of pending competition law and regulatory investigations; various claims, government inquiries or investigations or the potential for regulatory action; our ability to make divestitures or acquisitions and our ability to integrate or manage such acquired businesses; our ability to successfully hedge against fluctuations in foreign currency rates; our ability to integrate direct-to-consumer sales and marketing solutions with our existing offerings and solutions; successfully manage ongoing organizational changes, including investments in improving systems and processes; disasters or business continuity problems; the impact of Brexit; risks relating to the U.S. 2020 election, including a potential increase in the corporate tax rate; our ability to successfully enhance our billing, collection and other working capital efforts, and thereby increase our free cash flow; the potential impact of the anticipated replacement of LIBOR; our ability to properly identify and manage conflicts of interest; reputational damage, including from association with third parties; reliance on third-party services; the loss of key employees; our ability to effectively apply technology, data and analytics changes for internal operations, maintaining industry standards and meeting client preferences; changes and developments in the insurance industry; the ability to comply with complex and evolving regulations related to data privacy and cyber security; doing business internationally, including the impact of exchange rates; compliance with extensive government regulation; the risk of sanctions imposed by governments, or changes to associated sanction regulations; changes and developments in the United States healthcare system, including those related to Medicare and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress; the inability to protect our intellectual property rights, or the potential infringement upon the intellectual property rights of others; the laws of Ireland being different from the laws of the United States and potentially affording less protections to the holders of our securities; fluctuations in our pension assets and liabilities; our capital structure, including indebtedness amounts, the limitations imposed by the covenants in the documents governing such indebtedness and the maintenance of the financial and disclosure controls and procedures of each; our ability to obtain financing on favorable terms or at all; adverse changes in our credit ratings; the impact of recent changes to U.S. tax laws, including on our effective tax rate, and the enactment of additional, or the revision of existing, state, federal, and/or foreign regulatory and tax laws and regulations and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress; U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares; changes in accounting principles, estimates or assumptions; fluctuation in revenue against our relatively fixed or higher than expected expenses; and our holding company structure potentially preventing us from being able to receive dividends or other distributions in needed amounts from our subsidiaries. These factors also include those described under "Risk Factors" in the company's most recent 10-K filing and subsequent filings filed with the SEC, including definitive additional materials, the merger proxy statement and other filings generally applicable to significant transactions and related integrations that are or will be filed with the SEC. Copies are available online at <http://www.sec.gov> or [www.willistowerswatson.com](http://www.willistowerswatson.com).

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

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



## Willis Towers Watson Non-GAAP Measures

In order to assist readers of our consolidated financial statements in understanding the core operating results that Willis Towers Watson's management uses to evaluate the business and for financial planning, we present the following non-GAAP measures: (1) Constant Currency Change, (2) Organic Change, (3) Adjusted Operating Income/Margin, (4) Adjusted EBITDA/Margin, (5) Adjusted Net Income, (6) Adjusted Diluted Earnings Per Share, (7) Adjusted Income Before Taxes, (8) Adjusted Income Taxes/Tax Rate and (9) Free Cash Flow.

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

Reconciliations of these measures are included in the accompanying appendix of these earning release supplemental materials.

The Company does not reconcile its forward-looking non-GAAP financial measures to the corresponding U.S. GAAP measures, due to variability and difficulty in making accurate forecasts and projections and/or certain information not being ascertainable or accessible; and because not all of the information, such as foreign currency impacts necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure, is available to the Company without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The Company provides non-GAAP financial measures that it believes will be achieved, however it cannot accurately predict all of the components of the adjusted calculations and the U.S. GAAP measures may be materially different than the non-GAAP measures.

## Q4 2020 & Full Year 2020 GAAP Financial Results

### Key Figures

<i>SUSD million, except EPS and %</i>	Three months ended December 31,		Years ended December 31,	
	2019	2020	2019	2020
<b>Revenue</b> <i>as reported % change</i>	\$2,690	<b>\$2,764</b> +3%	\$9,039	<b>\$9,352</b> +3%
<b>Income from Operations</b> <i>as reported % change</i>	\$687	<b>\$587</b> -15%	\$1,329	<b>\$1,183</b> -11%
<b>Operating Margin %</b> <i>as reported change, basis points</i>	25.5%	<b>21.2%</b> -430 bps	14.7%	<b>12.6%</b> -210 bps
<b>Net Income</b> attributable to Willis Towers Watson <i>as reported % change</i>	\$544	<b>\$476</b> -13%	\$1,044	<b>\$996</b> -5%
<b>Diluted EPS</b> <i>as reported % change</i>	\$4.18	<b>\$3.66</b> -12%	\$8.02	<b>\$7.65</b> -5%
<b>Net Cash From Operating Activities</b> <i>as reported % change</i>			\$1,081	<b>\$1,774</b> +64%

# Q4 2020 & Full Year 2020 Results, Including Non-GAAP Measures

Willis Towers Watson reports solid full year and fourth quarter 2020 earnings

## Total Revenue

# \$9.4B

FY2020 Full Year Revenue

### Resilient Recurring Revenue Base

Delivered organic revenue growth of 2% for the full year despite the challenging economic backdrop and ongoing uncertainty.

We have a strong commitment to our clients and their rapidly-evolving needs as they continue to navigate business disruptions from COVID-19.

Constant Currency %

**+4%**

FY2020

**+1%**

Q4 2020

Organic %

**+2%**

FY2020

**+2%**

Q4 2020

## Adj. Diluted EPS<sup>1</sup>

# \$11.70

FY2020 Full Year Adj. Diluted EPS

### Solid Non-GAAP Earnings Growth

Delivered solid adjusted diluted EPS growth of 7% for the year and sustained a history of long-term non-GAAP earnings growth.

An indicator of the resilience of WTW's businesses.

**+7%**

FY2020 Growth %

**\$5.23**

Q4 2020

## Adj. Operating Margin<sup>1</sup>

# 20.1%

FY2020 Full Year Adj. Operating Margin

### Maintained Margin Profile

Solid revenue performance coupled with decisive actions to reduce discretionary spending to help maintain margin profile during a time of economic uncertainty.

Solid margin improvement across all segments (normalized for the acquisition of TRANZACT in BDA).

**-20 bps**

FY2020 Margin decline

**29.7%**

Q4 2020

## Free Cash Flow<sup>1</sup>

# \$1.6B

FY2020 Full Year Free Cash Flow

### Strong Cash Management

Achieved 86% free cash flow growth compared to FY19, and 23% 2-year CAGR compared to FY18, driven by disciplined cash management with a focus on working capital improvement.

Keen focus on cash generation to preserve WTW's financial strength and flexibility.

**+86%**

FY2020 Growth %

**\$835M**

FY2019

<sup>1</sup> Signifies Non-GAAP financial measures. See appendix for Non-GAAP reconciliations.

## Resilient Business Portfolio At A Time Of Economic Uncertainty

Our commitment to our clients and breadth of services are key to our business resilience

### Organic Revenue Growth %

	Q4 2019	Q4 2020	FY2019	FY2020
Human Capital & Benefits	4%	(1)%	4%	0%
Corporate Risk & Broking	9%	(1)%	6%	1%
Investment, Risk & Reinsurance	12%	1%	7%	4%
Benefits Delivery & Administration <sup>1</sup>	3%	16%	4%	10%
<b>Willis Towers Watson</b>	6%	2%	5%	2%

**HCB** saw modest contraction in Q4, with a decline in our Talent and Rewards business due to timing and the impact of COVID-19. Technology and Administrative Solutions revenue increased against soft comparable. Retirement revenue was materially flat with expected lower level of de-risking activities.

**CRB** had modest revenue contraction, but North America led the segment with growth driven by new business and strong renewals. Revenue contracted in Great Britain and International mainly due to the change in remuneration model, which required reporting of revenue and expense on a net basis. Softness in Western Europe was mainly due to the impact of COVID-19 on certain insurance lines.

**IRR** was led by Reinsurance, which benefited from new business wins and favorable renewal factors. The growth was offset by declines in Insurance Consulting & Technology and Investments due to soft demand for discretionary projects. Wholesale saw revenue decline as a result of headwinds in certain coverage lines and with a strategic shift in its operating model.

**BDA** had had strong organic revenue growth led by Individual Marketplace, especially in TRANZACT. Benefits Outsourcing revenue increased due to its expanded client base.

<sup>1</sup> Benefits Delivery & Administration organic growth as presented includes TRANZACT's organic growth starting August 1, 2020

## Summary of Segment Financial Results

Q4 2020 and full year 2020 segment results compared to full year 2019

<i>As reported, \$USD million, except %</i>					
	Q4 2020		FY2020		
	Revenue	Operating Margin % <sup>1</sup>	Revenue	Operating Margin % <sup>1</sup>	Margin Year-over-year
<b>Human Capital &amp; Benefits</b>	865	31%	<b>3,278</b>	<b>26%</b>	<b>+30 bps</b>
<b>Corporate Risk &amp; Broking</b>	888	32%	<b>2,977</b>	<b>21%</b>	<b>+160 bps</b>
<b>Investment, Risk &amp; Reinsurance</b>	292	11%	<b>1,651</b>	<b>28%</b>	<b>+200 bps</b>
<b>Benefits Delivery &amp; Administration</b>	693	51%	<b>1,359</b>	<b>24%</b>	<b>-10 bps</b>

<sup>1</sup> The Operating Margin percentage is rounded..

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WillisTowersWatson 

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## Maintaining A Flexible Balance Sheet Position

Reinforcing our business fundamentals; safeguarding WTW's financial strength

<i>SUSD million</i>	Dec 31, 2019	Sept 30, 2020	<b>Dec 31, 2020</b>
<b>Cash and Cash Equivalents</b>	887	1,647	<b>2,089</b>
<b>Total Debt<sup>1</sup></b>	5,617	5,614	<b>5,635</b>
<b>Total Equity</b>	10,369	10,620	<b>10,932</b>
<b>Debt to Adj. EBITDA<sup>2</sup> Trailing 12-month</b>	2.4x	2.3x	<b>2.3x</b>

A disciplined capital management strategy intended to provide Willis Towers Watson with **the financial flexibility** to reinvest in our businesses, capitalize on market growth opportunities, and support significant value creation for shareholders

Our capital structure provides a solid foundation for business strength and growth in the long-term

A solid history of effectively managing our leverage with a commitment to **maintaining investment grade credit rating**

Taking a **disciplined approach to managing outstanding debt** with the near-term focus on liquidity management and reducing the leverage profile

<sup>1</sup> Total Debt equals sum of current debt and long-term debt as shown on the Consolidated Balance Sheets.  
<sup>2</sup> Signifies Non-GAAP financial measure. See appendix for Non-GAAP reconciliations.



# A Capital Strategy Fit For The Short & Long-Term

## Disciplined approach to capital allocation

A capital light business model and capital structure allow us to shift capital between growth and value creation based on changes in the businesses and/or the macro environment

A strong focus on return on investment to optimize the use of cash

A disciplined approach to managing our pipeline of investment opportunities. Matching capital with opportunities that yields the best results for our clients, colleagues, and shareholders

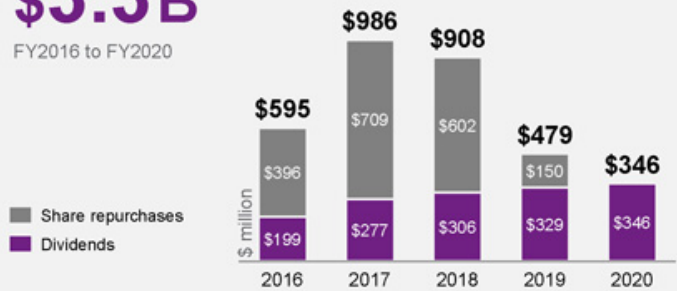
## Goals to prioritize use of cash

1. Reinvest in our capabilities, businesses, and processes
2. Invest in innovation, technology, and new business opportunities
3. Pursue opportunistic mergers, acquisitions, and divestitures
4. Strengthen balance sheet and liquidity
5. Return excess cash to shareholders through share repurchase<sup>1</sup>
6. Sustain dividends and payout ratio

## CASH RETURNED TO SHAREHOLDERS

# \$3.3B

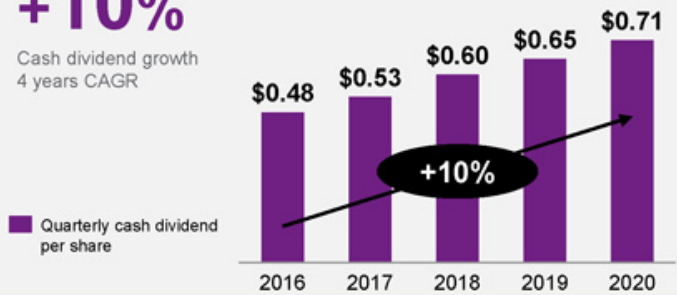
FY2016 to FY2020



## MEANINGFUL DIVIDEND GROWTH

# +10%

Cash dividend growth  
4 years CAGR



<sup>1</sup> Due to certain prohibitions under the transaction agreement in connection with the pending business combination with Aon, we did not repurchase shares in 2020 and no share repurchase is expected in 2021

## Appendix: Reconciliation of Non-GAAP Measures



## Appendix 1: Constant currency and organic revenue change

As reported, USD millions, except %

	Three Months Ended		As Reported % Change	Components of Revenue Change <sup>(1)</sup>			
	December 31, 2020	December 31, 2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
Human Capital & Benefits	\$ 865	\$ 865	0%	2%	(2)%	0%	(1)%
Corporate Risk & Broking	888	877	1%	2%	(1)%	0%	(1)%
Investment, Risk & Reinsurance	292	314	(7)%	2%	(9)%	(11)%	1%
Benefits Delivery & Administration	693	595	16%	0%	16%	0%	16%
<b>Segment Revenue</b>	<b>2,738</b>	<b>2,651</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>(1)%</b>	<b>3%</b>
Reimbursable expenses and other	26	39					
<b>Revenue</b>	<b>\$ 2,764</b>	<b>\$ 2,690</b>	<b>3%</b>	<b>2%</b>	<b>1%</b>	<b>(1)%</b>	<b>2%</b>

	Years Ended		As Reported % Change	Components of Revenue Change <sup>(1)</sup>			
	December 31, 2020	December 31, 2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
Human Capital & Benefits	\$ 3,278	\$ 3,298	(1)%	0%	(1)%	0%	0%
Corporate Risk & Broking	2,977	2,946	1%	0%	1%	0%	1%
Investment, Risk & Reinsurance	1,651	1,637	1%	0%	1%	(3)%	4%
Benefits Delivery & Administration	1,359	1,035	31%	0%	31%	21%	10%
<b>Segment Revenue</b>	<b>9,265</b>	<b>8,916</b>	<b>4%</b>	<b>0%</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>
Reimbursable expenses and other	87	123					
<b>Revenue</b>	<b>\$ 9,352</b>	<b>\$ 9,039</b>	<b>3%</b>	<b>0%</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>

<sup>(1)</sup> Components of revenue change may not add due to rounding

## Appendix 2: Adjusted operating income and margin, adjusted EBITDA and margin

As reported, USD millions, except %

	Three Months Ended December 31,			
	2020		2019	
<b>Income from operations</b>	\$ 587	21.2%	\$ 687	25.5%
Adjusted for certain items:				
Amortization	114		121	
Restructuring costs	24		—	
Transaction and integration expenses	45		1	
Provision for significant litigation <sup>(1)</sup>	50		—	
<b>Adjusted operating income</b>	<u>\$ 820</u>	<u>29.7%</u>	<u>\$ 809</u>	<u>30.1%</u>

	Three Months Ended December 31,			
	2020		2019	
<b>Net Income</b>	\$ 483	17.5%	\$ 551	20.5%
Provision for income taxes	119		124	
Interest expense	60		62	
Depreciation	70		69	
Amortization	114		121	
Restructuring costs	24		—	
Transaction and integration expenses	45		1	
Provision for significant litigation <sup>(1)</sup>	50		—	
Loss on disposal of operations	2		2	
<b>Adjusted EBITDA and Adjusted EBITDA Margin</b>	<u>\$ 967</u>	<u>35.0%</u>	<u>\$ 930</u>	<u>34.6%</u>

	Years Ended December 31,			
	2020		2019	
<b>Income from operations</b>	\$ 1,183	12.6%	\$ 1,329	14.7%
Adjusted for certain items:				
Abandonment of long-lived asset	35		—	
Amortization	462		489	
Restructuring costs	24		—	
Transaction and integration expenses	110		13	
Provision for significant litigation <sup>(1)</sup>	65		—	
<b>Adjusted operating income</b>	<u>\$ 1,879</u>	<u>20.1%</u>	<u>\$ 1,831</u>	<u>20.3%</u>

	Years Ended December 31,			
	2020		2019	
<b>Net Income</b>	\$ 1,020	10.9%	\$ 1,073	11.9%
Provision for income taxes	318		249	
Interest expense	244		234	
Depreciation <sup>(1)</sup>	308		240	
Amortization	462		489	
Restructuring costs	24		—	
Transaction and integration expenses	110		13	
Provision for significant litigation <sup>(1)</sup>	65		—	
(Gain)/loss on disposal of operations	(81)		2	
<b>Adjusted EBITDA and Adjusted EBITDA Margin</b>	<u>\$ 2,470</u>	<u>26.4%</u>	<u>\$ 2,300</u>	<u>25.4%</u>

<sup>(1)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

<sup>(2)</sup> Includes abandonment of long-lived asset of \$35 million for the year ended December 31, 2020.

## Appendix 3: Adjusted net income and adjusted diluted earnings per share

As reported, USD millions, except % and EPS

	Three Months Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
<b>Net Income attributable to Willis Towers Watson</b>	<b>\$ 476</b>	<b>\$ 544</b>	<b>\$ 996</b>	<b>\$ 1,044</b>
Adjusted for certain items:				
Amortization	114	121	35	—
Restructuring costs	24	—	462	489
Transaction and integration expenses	45	1	24	—
Provision for significant litigation <sup>(i)</sup>	50	—	110	13
Loss on disposal of operations	2	2	65	—
Tax effect on certain items listed above <sup>(ii)</sup>	(53)	(31)	(81)	2
Tax effect of the CARES Act	23	—	(149)	(121)
<b>Adjusted Net Income</b>	<b>\$ 681</b>	<b>\$ 637</b>	<b>\$ 1,523</b>	<b>\$ 1,427</b>
Weighted-average shares of common stock, diluted	130	130	130	130
<b>Diluted Earnings Per Share</b>	<b>\$ 3.66</b>	<b>\$ 4.18</b>	<b>\$ 7.65</b>	<b>\$ 8.02</b>
Adjusted for certain items: <sup>(iii)</sup>				
Amortization	0.87	0.93	0.27	—
Restructuring costs	0.18	—	3.55	3.75
Transaction and integration expenses	0.35	0.01	0.18	—
Provision for significant litigation <sup>(i)</sup>	0.38	—	0.84	0.10
Loss on disposal of operations	0.02	0.02	0.50	—
(Gain)/loss on disposal of operations	(0.41)	(0.24)	(0.62)	0.02
Tax effect on certain items listed above <sup>(ii)</sup>	0.18	—	(1.14)	(0.93)
Tax effect of the CARES Act	—	—	0.47	—
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 5.23</b>	<b>\$ 4.90</b>	<b>\$ 11.70</b>	<b>\$ 10.96</b>

<sup>(i)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

<sup>(ii)</sup> The tax effect was calculated using an effective tax rate for each item.

<sup>(iii)</sup> Per share values and totals may differ due to rounding.

## Appendix 4: Adjusted income before taxes and adjusted income tax rate, free cash flow

As reported, USD millions, except %

	Three Months Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
<b>Income from operations before income taxes</b>	\$ 602	\$ 675	\$ 1,338	\$ 1,322
Adjusted for certain items:				
Amortization	114	121	35	—
Restructuring costs	24	—	462	489
Transaction and integration expenses	45	1	24	—
Provision for significant litigation <sup>(i)</sup>	50	—	110	13
Loss on disposal of operations	2	2	65	—
<b>Adjusted income before taxes</b>	<b>\$ 837</b>	<b>\$ 799</b>	<b>\$ 1,953</b>	<b>\$ 1,826</b>
Provision for income taxes	\$ 119	\$ 124	\$ 318	\$ 249
Tax effect on certain items listed above <sup>(i)</sup>	53	31	149	121
Tax effect of the CARES Act	(23)	—	(61)	—
<b>Adjusted income taxes</b>	<b>\$ 149</b>	<b>\$ 155</b>	<b>\$ 406</b>	<b>\$ 370</b>
<b>U.S. GAAP tax rate</b>	<b>19.7%</b>	<b>18.3%</b>	<b>23.8%</b>	<b>18.8%</b>
<b>Adjusted income tax rate</b>	<b>17.8%</b>	<b>19.4%</b>	<b>20.8%</b>	<b>20.3%</b>

	Years Ended December 31,	
	2020	2019
<b>Cash flows from operating activities</b>	\$ 1,774	\$ 1,081
Less: Additions to fixed assets and software for internal use	(223)	(246)
<b>Free Cash Flow</b>	<b>\$ 1,551</b>	<b>\$ 835</b>

<sup>(i)</sup> In the fourth quarter of 2020, the Company agreed in principle to settle both the federal litigation and the Delaware litigation associated with the 2016 Willis/Towers Watson merger for aggregate payments of \$90 million. The Company subsequently filed definitive settlement agreements with both courts in January 2021. We described this litigation in the Company's Periodic Report on Form 10-Q for the quarter ended September 30, 2020, and we will provide an update regarding the settlements in the Company's 2020 Annual Report on Form 10-K. As a result of the settlements, the Company increased its provision for such litigation (net of insurance and other recoveries) from \$15 million to \$65 million during the fourth quarter of 2020. The settlements are contingent upon final approval by the courts in both the federal litigation and the Delaware litigation. The Company agreed to the settlements and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlements, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants.

<sup>(ii)</sup> The tax effect was calculated using an effective tax rate for each item.



## About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has more than 46,000 employees and services clients in more than 140 countries. 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. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](https://willistowerswatson.com).

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