UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018
OR

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

For the transition period from __________ to __________

Commission File Number: 001-16503

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

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

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

As of August 1, 2018, there were outstanding 130,769,522 ordinary shares, nominal value $0.000304635 per share, of the registrant.

WILLIS TOWERS WATSON

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For the Three and Six Months Ended June 30, 2018

Certain Definitions

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

‘We’, ‘Us’, ‘Company’, ‘Willis Towers Watson’, ‘Our’, ‘Willis Towers Watson plc’ or ‘WTW’	Willis Towers Watson Public Limited Company, a company organized under the laws of Ireland, and its subsidiaries
‘shares’	The ordinary shares of Willis Towers Watson Public Limited Company, nominal value $0.000304635 per share
‘Legacy Willis’ or ‘Willis’	Willis Group Holdings Public Limited Company and its subsidiaries, predecessor to Willis Towers Watson, prior to the Merger
‘Legacy Towers Watson’ or ‘Towers Watson’	Towers Watson & Co. and its subsidiaries
‘Merger’	Merger of Willis Group Holdings Public Limited Company and Towers Watson & Co. pursuant to the Agreement and Plan of Merger, dated June 29, 2015, as amended on November 19, 2015, and completed on January 4, 2016
‘Gras Savoye’	GS & Cie Groupe SAS
‘U.S.’	United States
‘U.K.’	United Kingdom
‘Brexit’	The United Kingdom’s exit from the European Union on March 29, 2019
‘E.U.’ or ‘E.U. 27’	European Union or European Union 27 (the number of member countries following the United Kingdom’s exit)

Disclaimer Regarding Forward-looking Statements

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

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

- our ability to successfully establish, execute and achieve our global business strategy;
- changes in demand for our services, including any decline in defined benefit pension plans or the purchasing of insurance;
- 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;
- consolidation in or conditions affecting the industries in which we operate;
- the impact of seasonality and differences in timing of renewals;
- the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation;
- the risk that the Stanford litigation settlement approval will be overturned on appeal, the risk that the bar order may be challenged in other jurisdictions, and the deductibility of the charge relating to the settlement;
- the risk of material adverse outcomes on existing litigation or investigation matters;
- any changes in the regulatory environment in which the Company operates, 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 properly identify and manage conflicts of interest;
- reputational damage;
- reliance on third-party services;
- our ability to successfully integrate the Towers Watson, Gras Savoye and Willis businesses, operations and employees, and realize anticipated growth, synergies and cost savings;
- the potential impact of the Merger on relationships, including with employees, suppliers, clients and competitors;
- the possibility that the anticipated benefits from the Merger cannot be fully realized or may take longer to realize than expected;
- the diversion of time and attention of our management team while the Merger and other acquisitions are being integrated;
- our ability to retain and hire key personnel;

- our ability to successfully manage ongoing organizational changes;
- failure to protect client data or breaches of information systems;
- disasters or business continuity problems;
- doing business internationally, including the impact of exchange rates;
- compliance with extensive government regulation;
- the risk of sanctions being imposed on us by governments, or changes to associated sanction regulations;
- the potential impact of the U.K.'s withdrawal from membership in the E.U., referred to as Brexit;
- technological change;
- changes and developments in the insurance industry or the U.S. healthcare system;
- our ability to make divestitures or acquisitions and our ability to integrate or manage such acquired businesses;
- the risk that we may not be able to repurchase our intended number of outstanding shares due to M&A activity or investment opportunities, market or business conditions, or other factors;
- the inability to protect the Company's intellectual property rights, or the potential infringement upon the intellectual property rights of others;
- 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 federal income tax consequences of the Merger, the impact of recent changes to U.S. tax laws, including on our effective tax rate, and the enactment of additional, or the revision of existing, state, federal, and/or foreign tax laws and regulations;
- changes in accounting principles, estimates and assumptions, including the impact of the adoption of the new revenue recognition and pension accounting standards;
- U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares;
- fluctuations in our pension liabilities;
- fluctuation in revenue against our relatively fixed expenses; and
- our holding company structure could prevent us from being able to receive dividends or other distributions in needed amounts from our subsidiaries.

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

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

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	$ 1,990	$ 1,953	$ 4,282	$ 4,272
Costs of providing services				
Salaries and benefits	1,275	1,211	2,652	2,464
Other operating expenses	406	391	829	792
Depreciation	51	51	100	97
Amortization	140	149	281	300
Restructuring costs	—	27	—	54
Transaction and integration expenses	55	63	98	103
Total costs of providing services	1,927	1,892	3,960	3,810
Income from operations	63	61	322	462
Interest expense	(52)	(46)	(103)	(92)
Other income, net	63	34	119	77
INCOME FROM OPERATIONS BEFORE INCOME TAXES	74	49	338	447
Provision for income taxes	(9)	(8)	(52)	(54)
NET INCOME	65	41	286	393
Income attributable to non-controlling interests	(7)	(8)	(13)	(16)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 58	$ 33	$ 273	$ 377
EARNINGS PER SHARE				
Basic earnings per share	$ 0.44	$ 0.24	$ 2.06	$ 2.77
Diluted earnings per share	$ 0.44	$ 0.24	$ 2.05	$ 2.75
Cash dividends declared per share	$ 0.60	$ 0.53	$ 1.20	$ 1.06
Comprehensive (loss)/income before non-controlling interests	$ (111)	$ 181	$ 194	$ 512
Comprehensive income attributable to non-controlling interests	(6)	(16)	(13)	(27)
Comprehensive (loss)/income attributable to Willis Towers Watson	$ (117)	$ 165	$ 181	$ 485

See accompanying notes to the condensed consolidated financial statements

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

	June 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$ 911	$ 1,030
Fiduciary assets	14,126	12,155
Accounts receivable, net	2,394	2,246
Prepaid and other current assets	458	430
Total current assets	17,889	15,861
Fixed assets, net	924	985
Goodwill	10,468	10,519
Other intangible assets, net	3,562	3,882
Pension benefits assets	902	764
Other non-current assets	468	447
Total non-current assets	16,324	16,597
TOTAL ASSETS	$ 34,213	$ 32,458
LIABILITIES AND EQUITY		
Fiduciary liabilities	$ 14,126	$ 12,155
Deferred revenue and accrued expenses	1,357	1,711
Short-term debt and current portion of long-term debt	85	85
Other current liabilities	814	804
Total current liabilities	16,382	14,755
Long-term debt	4,589	4,450
Liability for pension benefits	1,185	1,259
Deferred tax liabilities	691	615
Provision for liabilities	546	558
Other non-current liabilities	446	544
Total non-current liabilities	7,457	7,426
TOTAL LIABILITIES	23,839	22,181
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NON-CONTROLLING INTEREST	27	28
EQUITY (i)		
Additional paid-in capital	10,566	10,538
Retained earnings	1,270	1,104
Accumulated other comprehensive loss, net of tax	(1,605)	(1,513)
Treasury shares, at cost, 17,519 shares in 2018 and 2017, and 40,000 shares, €1 nominal value, in 2018 and 2017	(3)	(3)
Total Willis Towers Watson shareholders' equity	10,228	10,126
Non-controlling interests	119	123
Total equity	10,347	10,249
TOTAL LIABILITIES AND EQUITY	$ 34,213	$ 32,458

(i) Equity includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 130,729,558 (2018) and 132,139,581 (2017); Outstanding 130,729,558 (2018) and 132,139,581 (2017); (b) Ordinary shares, €1 nominal value; Authorized and Issued 40,000 shares in 2018 and 2017; and (c) Preference shares, $0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2018 and 2017.

See accompanying notes to the condensed consolidated financial statements

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

	Six Months Ended June 30,	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	$ 286	$ 393
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	104	112
Amortization	281	300
Net periodic benefit of defined benefit pension plans	(78)	(65)
Provision for doubtful receivables from clients	10	11
Benefit from deferred income taxes	(48)	(74)
Share-based compensation	4	33
Net loss on disposal of operations	9	—
Non-cash foreign exchange loss/(gain)	15	(13)
Other, net	3	33
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	81	(174)
Fiduciary assets	(2,193)	(1,934)
Fiduciary liabilities	2,193	1,934
Other assets	70	(216)
Other liabilities	(325)	(73)
Provisions	(17)	52
Net cash from operating activities	395	319
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to fixed assets and software for internal use	(141)	(119)
Capitalized software costs	(25)	(32)
Acquisitions of operations, net of cash acquired	(8)	(13)
Net proceeds from sale of operations	4	—
Other, net	17	9
Net cash used in investing activities	(153)	(155)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net borrowings on revolving credit facility	197	283
Senior notes issued	—	650
Proceeds from issuance of other debt	—	32
Debt issuance costs	—	(9)
Repayments of debt	(43)	(695)
Repurchase of shares	(269)	(296)
Proceeds from issuance of shares	18	37
Payments of deferred and contingent consideration related to acquisitions	(41)	(44)
Cash paid for employee taxes on withholding shares	(30)	(3)
Dividends paid	(149)	(137)
Acquisitions of and dividends paid to non-controlling interests	(18)	(14)
Net cash used in financing activities	(335)	(196)
DECREASE IN CASH AND CASH EQUIVALENTS	(93)	(32)
Effect of exchange rate changes on cash and cash equivalents	(26)	14
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,030	870
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 911	$ 852

See accompanying notes to the condensed consolidated financial statements

WILLIS TOWERS WATSON

Condensed Consolidated Statements of Changes in Equity

(In millions of U.S. dollars and number of shares in thousands)
(Unaudited)

	Shares outstanding	Additional paid-in capital	Retained earnings	Treasury shares	AOCL [(i)]	Total WTW shareholders' equity	Non-controlling interests	Total equity	Redeemable non-controlling interest [(ii)]	Total
Balance as of December 31, 2016	136,297	$ 10,596	$ 1,452	$ (99)	$ (1,884)	$ 10,065	$ 118	$ 10,183	$ 51	
Adoption of ASU 2016-16	—	—	(3)	—	—	(3)	—	(3)	—	
Shares repurchased	(2,238)	—	(278)	(18)	—	(296)	—	(296)	—	
Shares canceled	—	—	—	96	—	96	—	96	—	
Net income	—	—	377	—	—	377	11	388	5	$ 393
Dividends	—	—	(146)	—	—	(146)	(12)	(158)	(3)	
Other comprehensive income	—	—	—	—	108	108	7	115	4	$ 119
Issuance of shares under employee stock compensation plans	554	38	—	—	—	38	—	38	—	
Share-based compensation	—	33	—	—	—	33	—	33	—	
Additional non-controlling interests	—	(1)	—	—	—	(1)	—	(1)	—	
Foreign currency translation	—	(8)	—	—	—	(8)	—	(8)	—	
Balance as of June 30, 2017	134,613	$ 10,658	$ 1,402	$ (21)	$ (1,776)	$ 10,263	$ 124	$ 10,387	$ 57	
Balance as of December 31, 2017	132,140	$ 10,538	$ 1,104	$ (3)	$ (1,513)	$ 10,126	$ 123	$ 10,249	$ 28	
Adoption of ASC 606	—	—	317	—	—	317	—	317	—	
Shares repurchased	(1,768)	—	(269)	—	—	(269)	—	(269)	—	
Net income	—	—	273	—	—	273	11	284	2	$ 286
Dividends	—	—	(155)	—	—	(155)	(16)	(171)	(2)	
Other comprehensive (loss)/income	—	—	—	—	(92)	(92)	1	(91)	(1)	$ (92)
Issuance of shares under employee stock compensation plans	358	18	—	—	—	18	—	18	—	
Share-based compensation	—	4	—	—	—	4	—	4	—	
Foreign currency translation	—	6	—	—	—	6	—	6	—	
Balance as of June 30, 2018	130,730	$ 10,566	$ 1,270	$ (3)	$ (1,605)	$ 10,228	$ 119	$ 10,347	$ 27	

(i) Accumulated other comprehensive loss, net of tax ('AOCL').
(ii) The non-controlling interest is related to Max Matthiessen Holding AB.

See accompanying notes to the condensed consolidated financial statements

Note 1 — Nature of Operations

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

We offer our clients a broad range of services to help them identify and control their risks, and to enhance business performance by improving their ability to attract, retain and engage a talented workforce. Our risk control services range from strategic risk consulting (including providing actuarial analysis), to a variety of due diligence services, to the provision of practical on-site risk control services (such as health and safety or property loss control consulting), as well as analytical and advisory services (such as hazard modeling and reinsurance optimization studies). We assist clients in planning how to manage incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans. We help our clients enhance their business performance by delivering consulting services, technology and solutions that help them anticipate, identify and capitalize on emerging opportunities in human capital management, including areas such as employee benefits, total rewards, talent and benefits outsourcing. In addition, we provide investment advice to help 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 U.S. Through this exchange and those for active employees, we help our clients move to a more sustainable economic model by capping and controlling the costs associated with healthcare benefits. We are not an insurance company, and therefore we do not underwrite insurable risks for our own account.

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

Note 2 — Basis of Presentation and Recent Accounting Pronouncements

Basis of Presentation

The accompanying unaudited quarterly condensed consolidated financial statements of Willis Towers Watson and our subsidiaries are presented in accordance with the rules and regulations of the Securities and Exchange Commission ('SEC') for quarterly reports on Form 10-Q and therefore do not include all of the information and footnotes required by U.S. generally accepted accounting principles ('GAAP'). We have reclassified certain prior period amounts to conform to current period presentation due to the adoption of certain updated accounting standards (see below for further discussion). In the opinion of management, these condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of the condensed consolidated financial statements and results for the interim periods. All intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated financial statements should be read together with the Company's Annual Report on Form 10-K, filed with the SEC on February 28, 2018, and may be accessed via EDGAR on the SEC's web site at www.sec.gov.

The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the results that can be expected for the entire year. The Company experiences seasonal fluctuations of its revenue. Revenue is typically higher during the Company's first and fourth quarters due to the timing of broking-related activities. The results reflect certain estimates and assumptions made by management, including those estimates used in calculating acquisition consideration and fair value of tangible and intangible assets and liabilities, professional liability claims, estimated bonuses, valuation of billed and unbilled receivables, and anticipated tax liabilities that affect the amounts reported in the condensed consolidated financial statements and related notes.

Recent Accounting Pronouncements

Not Yet Adopted

In February 2016, the Financial Accounting Standards Board ('FASB') issued Accounting Standard Update ('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. Additional ASUs have since been issued which provide amended and additional guidance for the implementation of ASU No. 2016-02. All related guidance has been codified into, and is now known as, Accounting Standards Codification (‘ASC’) 842 (‘ASC 842’). ASC 842 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. The Company is still in the process of finalizing its complete inventory of lease agreements to determine the full impact the standard will have, however 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. While the Company is still evaluating which practical expedients afforded by ASC 842 it will select, the Company has provisionally determined the following:

- The Company will adopt the standard using the modified retrospective approach whereby it will recognize a transition adjustment at the effective date of ASC 842, January 1, 2019, rather than at the beginning of the earliest comparative period presented.
- Additionally, to prepare for the additional required disclosures and new accounting treatment, the Company is currently implementing additional tools to its lease accounting and data collection processes, which will be in place and effective on January 1, 2019.

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 condensed consolidated financial statements upon adopting this ASU since the most recent Step 1 goodwill impairment test resulted in fair values in excess of carrying values for all reporting units at October 1, 2017.

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 condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, 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 will adopt this standard on January 1, 2019, and is evaluating the impact that this standard will have on its condensed consolidated financial statements.

Adopted

In May 2014, the FASB issued 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 606, *Revenue From Contracts With Customers* (‘ASC 606’). The guidance was effective for, and was adopted by, the Company as of January 1, 2018 using the modified retrospective method, and has a material impact on the condensed consolidated financial statements and their accompanying notes containing our 2018 information. A full description of each impact, as well as the new disclosures required by ASC 606, is discussed below and in Note 3 — Revenue.

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 and it has applied the standard retrospectively in this Quarterly Report on Form 10-Q. As a result of adopting this ASU, the Company classified or reclassified net periodic pension and postretirement benefit credits totaling $61 million and $140 million for the three and six months ended June 30, 2018, respectively, and $63 million and $125 million for the three and six months ended June 30, 2017, respectively, from salaries and benefits expense to other income, net, in the condensed consolidated statements of comprehensive income.

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 on January 1, 2018 on a prospective basis. While there was no impact to the condensed consolidated statement of cash flows for the six months ended June 30, 2018, the Company will reflect the new guidance prospectively as applicable transactions occur.

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 and will be applied prospectively to any award modified on or after this date. There is no immediate impact to the accompanying condensed consolidated financial statements, until such time as an award may be modified in 2018 or forward.

Changes to Accounting Policies

As a result of the adoption of ASC 606 on January 1, 2018, we have updated our accounting policies for each revenue stream. These policies relate to the accounting for revenue and certain related costs for our 2018 results, consistent with the modified retrospective adoption guidance we have elected to apply. Our revenue recognition policies for 2017 and prior reporting periods are reflected in the notes to our annual consolidated financial statements as filed on February 28, 2018, and amended on June 6, 2018, in our Annual Report on Form 10-K. We have also included an accounting policy resulting from U.S. Tax Reform.

Accounting for income taxes on Global Intangible Low-Taxed Income ('GILTI')

We recognize the tax on GILTI as a period expense in the period the tax is incurred. Under this policy, we have not provided deferred taxes related to temporary differences, that upon their reversal, will affect the amount of income subject to GILTI in the period.

Revenue Recognition

We recognize revenue from a variety of services, with broking, consulting and outsourced administration representing our most significant offerings. All other revenue streams, which can be recognized at either point in time or over time, are individually less significant and are grouped in Other in our revenue disaggregation disclosures in Note 3 — Revenue. These Other revenue streams represent approximately 5% of customer contract revenue for the three and six months ended June 30, 2018.

Broking — Representing approximately 46% and 48% of customer contract revenue for the three and six months ended June 30, 2018, respectively, in our broking arrangements, we earn revenue by acting as an intermediary in the placement of effective insurance policies. Generally, we act as an agent and view our clients to be the party looking to obtain insurance coverage for various risks, or employers or sponsoring organizations looking to obtain insurance coverage for their employees or members. Also, we act as an agent in reinsurance broking arrangements where our client is the party looking to cede risks to the reinsurance markets. Our primary performance obligation under the majority of these arrangements is to place an effective insurance or reinsurance policy, but there can also be significant post-placement obligations in certain contracts to which we need to allocate revenue. The most common of these is for claims handling or call center support. The revenue recognition method for these, after the relative fair value allocation, is described further as part of the 'Outsourced Administration' description below.

Due to the nature of the majority of our broking arrangements, no single document constitutes the contract for ASC 606 purposes. Our services may be governed by a mixture of different types of contractual arrangements depending on the jurisdiction or type of coverage, including terms of business agreements, broker-of-record letters, statements of work or local custom and practice. This is then confirmed by the client's acceptance of the underlying insurance contract. Prior to the policy inception date, the client has not accepted nor formally committed to perform under the arrangement (i.e. pay for the insurance coverage in place). Therefore in the majority of broking arrangements, the contract date is the date the insurance policy incepts. However, in certain instances such as Medicare broking or Affinity arrangements, where the employer or sponsoring organization is our customer, client acceptance of underlying individual policy placements is not required, and therefore the date at which we have a contract with a customer is not dependent upon placement.

As noted, our primary performance obligations typically consist of only the placement of an effective insurance policy which precedes the inception date of the policy. Therefore, most of our fulfillment costs are incurred before we can recognize revenue, and are thus deferred during the pre-placement process. Where we have material post-placement services obligations, we estimate the relative fair value of the post-placement services using either the expected cost-plus-margin or the market assessment approach.

Fees for our broking services consist of commissions or fees negotiated in lieu of commissions. At times, we may receive additional income for performing these services from the insurance and reinsurance carriers market, which is collectively referred to as 'market derived income'. In situations in which our fees are not fixed but are variable, we must estimate the likely commission per policy, taking into account the likelihood of cancellation before the end of the policy. For Medicare broking, Affinity arrangements and proportional treaty reinsurance broking, the commissions to which we will be entitled can vary based on the underlying individual insurance policies that are placed. For proportional treaty reinsurance broking in particular, we base the estimate of transaction prices on supportable evidence from an analysis of past transactions, and only include amounts that are probable of being received or not refunded (referred to as applying 'constraint' under ASC 606). This results in us estimating a transaction price that may be significantly lower than the ultimate amount of commissions we may collect. The transaction price is then adjusted over time as we receive confirmation of our remuneration through receipt of treaty statements.

We recognize revenue for most broking arrangements as of a point in time at the later of the policy inception date or when the policy placement is complete, because this is viewed as the date when control is transferred to the client. For Medicare broking, we recognize revenue over time, as we stand ready under our agreements to place retiree Medicare coverage. For this type of broking arrangement, we recognize the majority of our placement revenue in the fourth quarter of the calendar year when the majority of the placement or renewal activity occurs.

Consulting — We earn revenue for advisory and consulting work that may be structured as different types of service offerings, including annual recurring projects, projects of a short duration or stand-ready obligations. Collectively, our consulting arrangements represent approximately 39% and 37% of customer contract revenue for the three and six months ended June 30, 2018, respectively.

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.

In assessing our performance obligations, our consulting work is typically highly integrated, with the various promised services representing inputs of the combined overall output. We view these arrangements to represent a single performance obligation. To the extent we do not integrate our services, as is the case with unrelated services that may be sourced from different areas of our business, we consider these separate performance obligations.

Fee terms can be in the form of fixed-fees (including fixed-fees offset by commissions), time-and-expense fees, commissions, per-participant fees, or fees based on assets under management. Payment is typically due on a monthly basis as we perform under the contract, and we are entitled to be reimbursed for work performed to date in the event of termination.

The majority of our revenue from these consulting engagements is recognized over time, either because our clients are simultaneously receiving and consuming the benefits of our services, or because we have an enforceable right to payment for performance rendered to date. Additionally, from time to time, we may be entitled to an additional fee based on achieving certain performance criteria. To the extent that we cannot estimate with reasonable assurance the likelihood that we will achieve the performance target, we will 'constrain' this portion of the transaction price and recognize it when or as the uncertainty is resolved.

We use different performance measures to determine our revenue depending on the nature of the engagement:

- *Annual recurring projects* and *projects of short duration.* These projects are typically straightforward and highly predictable in nature with either time and expense or fixed fee terms. Time-and-expense fees are recognized as hours or expenses are incurred using the 'right to invoice' practical expedient allowed under ASC 606. For fixed-fee arrangements, to the extent estimates can be made of the remaining work required under the arrangement, revenues are based upon the proportional performance method, using the value of labor hours compared to the estimated total value of labor hours. We believe that cost represents a faithful depiction of transfer of value because the completion of these performance obligations is based upon the professional services of employees of differing experience levels and thereby costs. It is appropriate that satisfaction of these performance obligations considers both the number of hours incurred by each employee and the value of each labor hour worked (as opposed to simply the hours worked).
- *Stand-ready obligations.* These projects consist of repetitive monthly or quarterly services performed consistently each period. As none of the activities provided under these services are performed at specified times and quantities, but at the discretion of each customer, our obligation is to stand-ready to perform these services on an as-needed basis. These arrangements represent a 'series' performance obligation in accordance with ASC 606. Each time increment (i.e. each month or quarter) of standing ready to provide the overall services is distinct and the customer obtains value from each period of service independent of the other periods of service.

Where we recognize revenue on a proportional performance basis, the amount we recognize is affected by a number of factors that can change the estimated amount of work required to complete the project such as the staffing on the engagement and/or the level of client participation. Our 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.

Outsourced Administration — We provide customized benefits outsourcing and co-sourcing solutions services in relation to the administration of defined benefit, defined contribution, and health and welfare plans. These plans are sponsored by our clients to provide benefits to their active or retired employees. Additionally, these services include operating call centers, and may include providing access to, and managing a variety of consumer-directed savings accounts. The operation of call centers and consumer-directed accounts can be provisioned as part of an ongoing administration or solutions service, or separately as part of a broking arrangement. The products and services available to all clients are the same, but the selections by the client can vary and portray customized products and services based on the customer's specific needs. Our services often include the use of proprietary systems that are configured for each of our clients' needs. In total, our outsourced administration services represent approximately 10% of customer contract revenue for the three and six months ended June 30, 2018.

These contracts typically consist of an implementation phase and an ongoing administration phase:

- *Implementation phase.* Work performed during the implementation phase is considered a set-up activity because it does not transfer a service to the customer, and therefore costs are deferred during this phase of the arrangement. Since these arrangements are longer term in nature and subject to more changes in scope as the project progresses, our contracts generally provide that if the client terminates a contract, we are entitled to an additional payment for services performed through the termination date designed to recover our up-front costs of implementation.
- *Ongoing administration phase.* The ongoing administration phase includes a variety of plan administration services, system hosting and support services. More specifically, these services include data management, calculations, reporting, fulfillment/communications, compliance services, call center support, and in our health and welfare arrangements, annual onboarding and enrollment support. While there are a variety of activities performed, the overall nature of the obligation is to provide an integrated outsourcing solution to the customer. The arrangement represents a stand-ready obligation to perform these activities on an as-needed basis. The customer obtains value from each period of service, and each time increment (i.e., each month, or each benefits cycle in our health and welfare arrangements) is distinct and substantially the same. Accordingly, the ongoing administration services represent a 'series' in accordance with ASC 606 and are deemed one performance obligation.

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. Fees for these arrangements can be fixed, per- participant-per-month, or in the case of call center services provided in conjunction with our broking services, an allocation based on commissions. Our fees are not typically payable until the commencement of the ongoing administration phase. However, in our health and welfare arrangements, we begin transferring services to our customers approximately four months prior to payments being due as part of our annual onboarding and enrollment work. Although our per-participant-per-month and commission-based fees are considered variable, they are typically predictable in nature, and therefore we generally do not 'constrain' any portion of our transaction price estimates. Once fees become payable, payment is typically due on a monthly basis as we perform under the contract, and are entitled to be reimbursed for work performed to date in the event of termination.

Revenue is recognized over time as the services are performed because our clients are simultaneously receiving and consuming the benefits of our services. For our health and welfare arrangements where each benefits cycle represents a time increment under the series guidance, revenue is recognized based on proportional performance. We use an input measure (value of labor hours worked) as the measure of progress. Given that the service is stand-ready in nature, it can be difficult to predict the remaining obligation under the benefits cycle. Therefore, the input measure is based on the historical effort expended each month, which is measured as labor cost. This results in slightly more revenue being recognized during periods of annual onboarding since we are performing both our normal monthly services and our annual services during this portion of the benefits cycle.

For all other outsourced administration arrangements where a month represents our time increment under the series guidance, we allocate transaction price to the month we are performing our services. Therefore, the amount recognized each month is the variable consideration related to that month plus the fixed monthly or annual fee. The fixed annual or monthly fee is recognized on a straight-line basis. Revenue recognition for these types of arrangements is therefore more consistent throughout the year.

Reimbursed expenses — 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 as incurred. Reimbursed expenses represented approximately 1% of customer contract revenue for the three and six months ended June 30, 2018. Taxes collected from customers and remitted to government authorities are recorded net and are excluded from revenue.

Cost to obtain or fulfill contracts

Costs to obtain customers include commissions for brokers under specific agreements that would not be incurred without a contract being signed and executed. The Company has elected to apply the ASC 606 ‘practical expedient’ which allows us to expense these costs as incurred if the amortization period related to the resulting asset would be one year or less. The Company has no significant instances of contracts that would be amortized for a period greater than a year, and therefore has no contract costs capitalized for these arrangements.

Costs to fulfill include costs incurred by the Company that are expected to be recovered within the expected contract period. The costs associated with our system implementation activities and consulting contracts are recorded through time entry.

For our broking business, the Company must estimate the fulfillment costs incurred during the pre-placement of the broking contracts. These judgments include:

- which activities in the pre-placement process should be eligible for capitalization;
- the amount of time and effort expended on those pre-placement activities;
- the amount of payroll and related costs eligible for capitalization; and,
- the monthly or quarterly timing of underlying insurance and reinsurance policy inception dates.

We amortize costs to fulfill over the period we receive the related benefits. For broking pre-placement costs, this is typically less than a year. In our system implementation and consulting arrangements, we include the likelihood of contract renewals in our estimate of the amortization period, resulting in most costs being amortized for a greater length of time than the initial contract term.

Note 3 — Revenue

As of January 1, 2018, the Company adopted ASC 606. The adoption of this new guidance had a material impact to the amounts and classification of certain balances within our condensed consolidated financial statements and disclosures in the accompanying notes.

We adopted ASC 606 using the modified retrospective approach, and elected to apply the following ‘practical expedients’ during adoption:

- We elected to apply the new standard only to contracts that are not completed as of the transition date. This had the net effect of reducing revenue recognized under ASC 606 due to the change in method in our Health and Benefits broking business. See a further discussion and quantification for the quarterly results below.

- We elected to reflect the aggregate effect of all modifications made to contracts prior to the transition date, January 1, 2018, rather than retrospectively restating the contracts for each of these modifications.

We recognized the cumulative effect of initially applying ASC 606 as an adjustment to the opening balance of retained earnings. The comparative periods included within this Quarterly Report on Form 10-Q have not been restated and continue to be reported under the accounting standards in effect for those periods.

The cumulative effect of the changes made to our consolidated January 1, 2018 balance sheet for the adoption of ASC 606 were as follows:

Balance Sheet	**Balance at December 31, 2017**	**Adjustments due to ASC 606**		**Balance at January 1, 2018**
ASSETS				
Accounts receivable, net	$ 2,246	$ 309	*a*	$ 2,555
Prepaid and other current assets	430	89	*b*	519
Fixed assets, net	985	(83)	*c*	902
Other non-current assets	447	39	*c*	486
LIABILITIES				
Deferred revenue and accrued expenses	1,711	(74)	*d*	1,637
Deferred tax liabilities	615	99	*e*	714
Provision for liabilities	558	12	*f*	570
EQUITY				
Retained earnings	1,104	317	*g*	1,421

In accordance with the modified retrospective adoption requirements of ASC 606, the following disclosures represent the impact of adoption on our condensed consolidated statement of comprehensive income, balance sheet and statement of cash flows:

	Three Months Ended June 30, 2018			
Statement of Comprehensive Income	**As Reported**	**Balances Without Adoption of ASC 606**	**Effect of Change**	
Revenue	$ 1,990	$ 2,022	$ (32)	*h*
Costs of providing services				
Salaries and benefits	1,275	1,272	3	*i*
Depreciation	51	56	(5)	*i*
Income from operations	63	93	(30)	
INCOME FROM OPERATIONS BEFORE INCOME TAXES	74	104	(30)	
Provision for income taxes	(9)	(15)	6	*j*
NET INCOME	65	89	(24)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	58	82	(24)	
EARNINGS PER SHARE				
Basic earnings per share	$ 0.44	$ 0.62	$ (0.18)	
Diluted earnings per share	$ 0.44	$ 0.62	$ (0.18)	

Statement of Comprehensive Income	Six Months Ended June 30, 2018 As Reported	Balances Without Adoption of ASC 606	Effect of Change	
Revenue	$ 4,282	$ 4,573	$ (291)	*h*
Costs of providing services				
Salaries and benefits	2,652	2,624	28	*i*
Depreciation	100	110	(10)	*i*
Income from operations	322	631	(309)	
INCOME FROM OPERATIONS BEFORE INCOME TAXES	338	647	(309)	
Provision for income taxes	(52)	(111)	59	*j*
NET INCOME	286	536	(250)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	273	523	(250)	
EARNINGS PER SHARE				
Basic earnings per share	$ 2.06	$ 3.95	$ (1.89)	
Diluted earnings per share	$ 2.05	$ 3.94	$ (1.89)	

Balance Sheet	As of June 30, 2018 As Reported	Balances Without Adoption of ASC 606	Effect of Change	
ASSETS				
Accounts receivable, net	$ 2,394	$ 2,406	$ (12)	*a*
Prepaid and other current assets	458	389	69	*b*
Fixed assets, net	924	1,022	(98)	*c*
Other non-current assets	468	415	53	*c*
LIABILITIES				
Deferred revenue and accrued expenses	1,357	1,464	(107)	*d*
Other current liabilities	814	873	(59)	*e*
Deferred tax liabilities	691	592	99	*e*
Provision for liabilities	546	534	12	*f*
EQUITY				
Retained earnings	1,270	1,203	67	*g*

Statement of Cash Flows	Six Months Ended June 30, 2018 As Reported	Balances Without Adoption of ASC 606	Effect of Change	
Net cash from operating activities	$ 395	$ 419	$ (24)	*k*
Capitalized software costs	(25)	(49)	24	*k*

Explanation of Changes

The adoption of ASC 606 had the following impacts to our balance sheets at January 1, 2018 and June 30, 2018:

a. Accounts receivable, net, now includes receivables that have been billed, not yet billed and short-term contract assets. This adjustment is the result of the cumulative adjustments to revenue that have not yet been collected from our customers, but are expected to be collected within the next twelve months. The most significant increases to this balance result from revenue acceleration under ASC 606 for Medicare and proportional treaty broking commissions.

b. Prepaid and other current assets include the impact of costs deferred in connection with our broking pre-placement activities. These costs are being deferred while the related pre-placement work is performed, and amortized as the related revenue is recognized, typically upon policy inception. Since the amortization period associated with these fulfillment costs is less than one year, these deferred costs have been classified as a current asset.

c. Prior to the adoption of ASC 606, costs that we deferred related to certain system implementation activities had been included in fixed assets, net. These costs, adjusted based on the guidance in ASC 606, have now been included in other non-current assets. Additionally we have included less significant impacts of adjustments to deferred tax assets and have classified non-current contract assets within non-current assets.

d. Deferred revenue has been adjusted primarily to reflect revenue acceleration in our Medicare broking business. Additional adjustments were included to accelerate the license component of certain software arrangements and to net deferred revenue with contract assets.

e. Other current liabilities, which includes current taxes payable, and deferred tax liabilities, have been adjusted for the tax effects of the individual changes resulting from the adoption of ASC 606. The income tax expense was calculated based on the U.S. and foreign statutory rates applicable to adjustments made. Where applicable, a U.S. statutory rate of 21% was used.

f. Provision for liabilities has been adjusted for additional reserves for long-term post-placement obligations in our broking business.

g. Retained earnings has been adjusted for the net impact of the adoption of ASC 606. See the discussion of the significant pre-tax changes by revenue stream in the following section.

The following changes are now reflected in our condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2018. Each description also includes a discussion of the impact to retained earnings as of the adoption date.

	Retained Earnings Increase/(Decrease) at January 1, 2018	Increase/(Decrease) for the Three Months Ended June 30, 2018	Increase/(Decrease) for the Six Months Ended June 30, 2018
Revenue adjustments			
Medicare broking	$ 311	$ (78)	$ (151)
Proportional treaty reinsurance broking	50	5	29
Health and benefits broking	—	35	(155)
Other adjustments	28	6	(14)
Total adjustments related to revenue	389	(32)	(291)
Cost adjustments			
System implementation activities	(46)	2	4
Other cost adjustments	75	(4)	14
Total adjustments related to costs	29	(2)	18
Tax effect	(101)	(6)	(59)
Total net adjustments	$ 317	$ (24)	$ (250)

h. Revenue was adjusted for the following significant changes:

- *Medicare broking* — The majority of revenue recognition for this offering, within our Individual Marketplace business, has moved from monthly ratable recognition over the policy period, to recognition upon placement of the policy. Consequently, the Company will now recognize approximately two-thirds of one calendar year of expected commissions during its fourth quarter of the preceding calendar year. The remainder of the revenue is recognized consistently with methods used prior to the adoption of ASC 606. Therefore, at the adoption date, we have reflected a $271 million pre-tax increase 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, we have reflected a $40 million pretax adjustment to increase retained earnings related to previously deferred contingent revenue from placements made prior to 2018 because the earnings process was complete under ASC 606. During the three and six months ended June 30, 2018, the accounting for this revenue stream under ASC 606 represented a reduction of revenue from ASC 605, *Revenue Recognition* (‘ASC 605’) accounting methods of $78 million and $151 million, respectively.

- *Proportional treaty reinsurance broking* — The revenue recognition for proportional treaty reinsurance broking commissions, within our Investment, Risk and Reinsurance segment, has moved from recognition upon the receipt of the monthly or quarterly treaty statements from the ceding insurance carriers, 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 reflected a $50 million pretax increase 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 years. For the three and six months ended June 30, 2018, ASC 606 revenue was higher than ASC 605 revenue by approximately $5 million and $29 million, respectively, related to this adjustment.

- *Health and benefits broking* — Revenue for certain Health and Benefits broking arrangements, in our Human Capital and Benefits segment, 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. The total changes to revenue as a result of this accounting change for the three and six months ended June 30, 2018 was an increase of $35 million and a decrease of $155 million, respectively.

- *Other adjustments* — Certain other revenue changes with individually less significant adjustments were made to retained earnings as of the adoption date totaling a net $28 million. The cumulative changes to revenue for the three and six months ended June 30, 2018 for other revenue streams not discussed above resulting from the ASC 606 adoption was an increase of $6 million and a decrease of $14 million, respectively.

i. Salaries and benefits and depreciation expense have been impacted by the guidance for deferred costs. Our accounting for these deferred costs has changed for certain revenue streams with system implementation activities, and other types of arrangements with associated costs, that now meet the criteria for cost deferral under ASC 606:

- *System implementation activities* — For those portions of the business that previously deferred costs, the length of time over which we amortize those costs will extend to a longer estimated contract term. For 2017 and prior years, these costs were amortized over a typical period of 3-5 years in accordance with the initial stated terms of the customer agreements. Additionally, the composition of deferred costs has been adjusted to reflect the guidance in ASC 606. A reduction adjustment to retained earnings of $46 million was recorded on the adoption date to reflect these changes. Further, the amortization of the costs are no longer classified as depreciation expense, but rather included in salaries and benefits. These adjustments resulted in an increase in expenses of $2 million and $4 million for the three and six months ended June 30, 2018, respectively.

- *Other cost adjustments* — This guidance now applies to our broking arrangements and certain consulting engagements. While the costs deferred for our broking arrangements will typically be amortized within one year, costs now deferred related to certain consulting arrangements will be amortized over a longer term. We have increased pre-tax retained earnings by $75 million primarily to reflect the total changes to contract costs as of the adoption date. For the three and six months ended June 30, 2018, these changes resulted in expenses decreasing by $4 million and increasing by $14 million, respectively.

j. The provision for income taxes for the three and six months ended June 30, 2018 was $6 million and $59 million, respectively, lower than our provision on an ASC 605 basis. The income tax expense was calculated based on the U.S. and foreign statutory rates applicable to adjustments made. Where applicable, a U.S. statutory rate of 21% was used. There was a $101 million net tax reduction to retained earnings upon adoption of ASC 606.

The following changes are now reflected in our condensed consolidated statement of cash flows for the six months ended June 30, 2018.

k. As part of the changes in accounting for deferred costs, amounts capitalized relating to system implementation activities are now classified as operating cash outflows. Prior to 2018, those costs capitalized under previous guidance were included in the Capitalized software costs as an investing cash outflow.

Disaggregation of Revenue

The Company reports revenue by segment in Note 4 — Segment Information. The following tables present revenue by service offering and segment, as well as a reconciliation to total revenue for the three and six months ended June 30, 2018. Along with reimbursable expenses and other, total revenue by service offering represents our revenue from customer contracts. See Note 4 — Segment Information for further information.

	Three months ended June 30, 2018					
	HCB	CRB	IRR	BDA	Corporate (i)	Total
Broking	$ 61	$ 610	$ 224	$ 4	$ —	$ 899
Consulting	602	39	107	—	3	751
Outsourced administration	68	16	—	115	—	199
Other	44	2	45	—	2	93
Total revenues by service offering	775	667	376	119	5	1,942
Reimbursable expenses and other (i)	17	—	1	2	4	24
Total revenue from customer contracts	$ 792	$ 667	$ 377	$ 121	$ 9	$ 1,966
Interest and other income (ii)	5	7	9	—	3	24
Total revenue	$ 797	$ 674	$ 386	$ 121	$ 12	$ 1,990

	Six months ended June 30, 2018					
	HCB	CRB	IRR	BDA	Corporate (i)	Total
Broking	$ 137	$ 1,274	$ 615	$ 8	$ —	$ 2,034
Consulting	1,233	83	224	—	6	1,546
Outsourced administration	142	39	—	233	—	414
Other	91	5	104	—	3	203
Total revenues by service offering	1,603	1,401	943	241	9	4,197
Reimbursable expenses and other (i)	31	—	3	4	5	43
Total revenue from customer contracts	$ 1,634	$ 1,401	$ 946	$ 245	$ 14	$ 4,240
Interest and other income (ii)	9	13	16	—	4	42
Total revenue	$ 1,643	$ 1,414	$ 962	$ 245	$ 18	$ 4,282

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

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

Individual revenue streams aggregating to less than 5% of total revenue have been included within the Other line in the tables above.

The following tables present revenue by the geography where our work is performed for the three and six months ended June 30, 2018. The reconciliation to total revenue on our condensed consolidated statements of comprehensive income and to segment revenue is shown in the tables above.

	Three months ended June 30, 2018					
	HCB	CRB	IRR	BDA	Corporate	Total
North America	$ 467	$ 259	$ 105	$ 119	$ 5	$ 955
Great Britain	120	170	182	—	—	472
Western Europe	124	121	51	—	—	296
International	64	117	38	—	—	219
Total revenue by geography	$ 775	$ 667	$ 376	$ 119	$ 5	$ 1,942

	Six months ended June 30, 2018					
	HCB	CRB	IRR	BDA	Corporate	Total
North America	$ 929	$ 474	$ 258	$ 241	$ 9	$ 1,911
Great Britain	249	318	477	—	—	1,044
Western Europe	278	360	122	—	—	760
International	147	249	86	—	—	482
Total revenue by geography	$ 1,603	$ 1,401	$ 943	$ 241	$ 9	$ 4,197

Contract Balances

The Company reports accounts receivable, net on the condensed consolidated balance sheet, which includes billed and unbilled receivables and current contract assets. In addition to accounts receivable, net, the Company had the following non-current contract assets and deferred revenue balances at June 30, 2018 and January 1, 2018:

	June 30, 2018	January 1, 2018
Billed receivables, net of allowance for doubtful debts of $49 million and $45 million	$ 1,827	$ 1,933
Unbilled receivables	371	276
Current contract assets	196	346
Accounts receivable, net	$ 2,394	$ 2,555
Non-current contract assets	$ 5	$ 5
Deferred revenue	$ 484	$ 463

The Company receives payments from customers based on billing schedules or terms as written in our contracts. Those balances denoted as contract assets relate to situations where we have completed some or all performance under the contract, however our right to consideration is conditional. Contract assets result most materially in our Medicare broking and proportional treaty broking businesses. Billed and unbilled receivables are recorded when the right to consideration becomes unconditional. Deferred revenue relates to payments received in advance of performance under the contract, and is recognized as revenue as (or when) we perform under the contract.

During the three and six months ended June 30, 2018, revenue of approximately $52 million and $136 million, respectively, was recognized that was reflected as deferred revenue at January 1, 2018. During the three months ended June 30, 2018, revenue of approximately $66 million was recognized that was reflected as deferred revenue at March 31, 2018. The primary driver for the changes in contract assets and liabilities from January 1, 2018 to June 30, 2018 was the collection of cash, which either reduced the contract assets, or added additional deferred revenue.

During the three and six months ended June 30, 2018, the Company recognized no material revenue related to performance obligations satisfied in a prior period.

Performance Obligations

The Company has contracts for which performance obligations have not been satisfied as of June 30, 2018 or have been partially satisfied as of June 30, 2018. The following table shows the expected timing for the satisfaction of the remaining performance obligations. This table does not include contract renewals nor variable consideration, which was excluded from the transaction prices in accordance with the guidance on constraining estimates of variable consideration.

In addition, the Company has elected not to disclose the remaining performance obligations when one or both of the following circumstances apply:

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

	Remainder of 2018	2019	2020 onward	Total
Revenue expected to be recognized on contracts as of June 30, 2018	$ 220	$ 390	$ 638	$ 1,248

Since most of the Company's contracts are cancellable with less than one year's notice, and have no substantive penalty for cancellation, the majority of the Company's remaining performance obligations as of June 30, 2018 has been excluded from the table above.

Costs to obtain or fulfill a contract

The Company incurs costs to obtain or fulfill contracts which it would not incur if a contract with a customer was not executed.

The following table shows the categories of costs that are capitalized and deferred over the expected life of a contract.

	Costs to fulfill
Balance at January 1, 2018	$ 126
New capitalized costs	222
Amortization	(228)
Impairments	—
Foreign currency translation	(2)
Balance at June 30, 2018	$ 118

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')

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.

The Company experiences seasonal fluctuations of its revenue. Revenue is typically higher during the Company's first and fourth quarters due to timing of broking-related activities, and although the mix of quarterly income will change as a result of the adoption of ASC 606, our first and fourth quarters will continue to be the highest.

Beginning in 2018, we made certain changes that affect our segment results that are not material. These changes include the following:

- To better align our business within our segments, we (1) moved portions of our Insurance, Consulting and Technology business from IRR to CRB; (2) moved certain resources that support our outsourced administration offerings from HCB to BDA; and (3) moved our CEEMEA-based strategy study business from our Health and Benefits business in HCB to CRB.
- As part of the continued integration of our businesses, we have applied our 2018 corporate expense allocation methodology to our 2017 segment results in order to standardize our methodologies and allocate those expenses for period over period comparatives. Such methodology updates include (1) an increased allocation for Gras Savoye as it no longer benefits as a new acquisition; (2) adjustments relating to changes in segment and total headcount; and (3) the addition of certain allocable direct expenses, which lowers the corporate expense allocation.

In connection with our segment realignment, we reassigned a proportional amount of the carrying value of goodwill between the CRB and IRR segments. See Note 7 — Goodwill and Other Intangible Assets for further information.

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

The following table presents segment revenue and segment operating income for our reportable segments for the three months ended June 30, 2018 and 2017.

	Three Months Ended June 30,									
	HCB		CRB		IRR		BDA		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Segment revenue	$ 780	$ 726	$ 674	$ 644	$ 385	$ 374	$ 119	$ 178	$ 1,958	$ 1,922
Segment operating income/(loss)	$ 149	$ 122	$ 97	$ 104	$ 89	$ 89	$ (31)	$ 35	$ 304	$ 350

The following table presents segment revenue and segment operating income for our reportable segments for the six months ended June 30, 2018 and 2017.

	Six Months Ended June 30,									
	HCB		CRB		IRR		BDA		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Segment revenue	$ 1,612	$ 1,675	$ 1,414	$ 1,316	$ 959	$ 865	$ 241	$ 359	$ 4,226	$ 4,215
Segment operating income/(loss)	$ 342	$ 467	$ 222	$ 221	$ 350	$ 303	$ (63)	$ 73	$ 851	$ 1,064

The following table presents reconciliations of the information reported by segment to the Company’s consolidated amounts reported for the three and six months ended June 30, 2018 and 2017.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue:				
Total segment revenue	$ 1,958	$ 1,922	$ 4,226	$ 4,215
Reimbursable expenses and other	32	31	56	57
Revenue	$ 1,990	$ 1,953	$ 4,282	$ 4,272
Total segment operating income	$ 304	$ 350	$ 851	$ 1,064
Amortization	(140)	(149)	(281)	(300)
Restructuring costs	—	(27)	—	(54)
Transaction and integration expenses	(55)	(63)	(98)	(103)
Unallocated, net [(i)]	(46)	(50)	(150)	(145)
Income from operations	63	61	322	462
Interest expense	(52)	(46)	(103)	(92)
Other income, net	63	34	119	77
Income from operations before income taxes	$ 74	$ 49	$ 338	$ 447

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

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

Note 5 — Restructuring Costs

The Company had two major elements of the restructuring costs included in its condensed consolidated financial statements, which were the Operational Improvement Program and the Business Restructure Program. Costs for each program were fully accrued and completed by the end of 2017 and 2016, respectively. No additional costs for either program have been incurred during 2018.

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 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 $27 million and $54 million for the three and six months ended June 30, 2017, respectively, related to the Operational Improvement Program. The Company 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, however, cash payments pertaining to the program were made primarily in 2017.

An analysis of total restructuring costs recognized in the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2017 by segment is as follows:

	Three Months Ended June 30, 2017					
	HCB	CRB	IRR	BDA	Corporate	Total
Termination benefits	$ —	$ 5	$ 1	$ —	$ 1	$ 7
Professional services and other	—	15	1	—	4	20
Total	$ —	$ 20	$ 2	$ —	$ 5	$ 27

	Six Months Ended June 30, 2017					
	HCB	CRB	IRR	BDA	Corporate	Total
Termination benefits	$ —	$ 9	$ 3	$ —	$ 1	$ 13
Professional services and other	1	30	2	—	8	41
Total	$ 1	$ 39	$ 5	$ —	$ 9	$ 54

The changes in the Company's liability under the Operational Improvement Program from its commencement to June 30, 2018 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
Cash payments	(9)	(6)	(15)
Balance at June 30, 2018	$ 5	$ 1	$ 6

The changes in the Company's liability under the Business Restructure Program from its commencement to June 30, 2018 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
Cash payments	(1)	—	(1)
Balance at June 30, 2018	$ —	$ —	$ —

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 '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 Accounting Standards Codification ('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.

As of June 30, 2018, our accounting for U.S. Tax Reform is incomplete. However, as noted in our 2017 Annual Report on Form 10-K, the Company was able to make reasonable estimates of certain effects and recorded provisional adjustments. We expect to complete our accounting within the measurement period for all provisional amounts.

For the following provisional items, we did not record any additional measurement period adjustments during the three and six months ended June 30, 2018, for the following reasons:

> *Reduction of the federal corporate tax rate* – The provisional amount of $208 million income tax benefit recorded at December 31, 2017 may be affected due to the continued refinement of our transition tax calculation, additional analysis of tax amounts in other comprehensive income, future guidance issued or other items relating to U.S. Tax Reform. We will continue to analyze and refine our calculations related to the measurement of the deferred tax balances.
>
> *Indefinite reinvestment assertion* – The provisional amount of $1 million for foreign withholding and state income taxes in relation to the future repatriation of earnings previously deemed indefinitely reinvested may be affected by our global working capital and cash requirements.

Bonus Depreciation – The provisional tax deduction of $40 million may be affected by the Company’s ongoing analysis of capital expenditures that qualify for immediate expensing.

Executive compensation – The provisional income tax expense of $8 million relating to our compensation plans not qualifying for the binding contract exception may be affected by the completion of our analysis of the binding contract requirement on our various compensation plans.

For the following provisional items, incremental measurement adjustments were recognized during the six months ended June 30, 2018 (there were no adjustments made during the three months ended June 30, 2018), but the item is still determined to be provisional for the following reasons:

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 originally recorded a provisional amount for the one time transition tax liability for its foreign subsidiaries owned by U.S. corporate shareholders, resulting in a U.S. federal income tax expense of $70 million and state income tax expense of $2 million. However, the Internal Revenue Service (‘IRS’) clarified the application of the ‘with’ and ‘without’ approach for calculating the transition tax liability in determining the amount payable over eight years, and as it will appear on the U.S. federal corporate income tax return. Based on this guidance the Company has revised its provisional estimate for the U.S. federal transition tax liability. The provisional amount of U.S. federal transition tax liability has been reduced by $64 million due to the utilization of interest loss carryforwards resulting from the transition tax income inclusion. The Company has not made any further measurement period adjustments related to the transition tax. The Company expects to revise its estimates of E&P, non-U.S. income taxes and cash balances throughout 2018 which could affect the measurement of this liability. Furthermore, additional guidance may be released which could also impact these estimates.

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. The FASB Staff Q&A, Topic 740 No. 5, Accounting for GILTI, states that an entity can make a policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the period the tax is incurred. The Company is treating the taxes due on U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the ‘period cost method’) and has included a reasonable estimate of the GILTI in its full year estimated annual effective tax rate; it is not expected to be material. We will continue to refine our calculations based on future guidance and actual results, which may result in changes to this amount.

The Company's accounting for changes in its valuation allowance as a result of U.S. Tax Reform is incomplete, and it is not yet able to make reasonable estimates of the realizability of certain deferred tax assets. The Company must assess whether valuation allowance 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 June 30, 2018, no provisional adjustments have been recorded.

Provision for income taxes for the three and six months ended June 30, 2018 was $9 million and $52 million, respectively, compared to $8 million and $54 million for the three and six months ended June 30, 2017, respectively. The effective tax rate was 12.7% and 15.5% for the three and six months ended June 30, 2018, respectively, and 16.8% and 12.1% for the three and six months ended June 30, 2017. These effective tax rates are calculated using extended values from our condensed consolidated statements of comprehensive income, and are therefore more precise tax rates than can be calculated from rounded values. Historically, our effective tax rate was low as compared to the U.S statutory tax rate of 35% due to our global mix of income and deductions in jurisdictions with high statutory tax rates, primarily the U.S. While the U.S. federal corporate income tax rate has decreased, effective January 1, 2018, from 35% to 21% as a result of U.S. Tax Reform, certain deferred tax benefits realized as a result of the Merger have now been reduced as well. This offsets, in part, the benefit of U.S. Tax Reform, thus increasing our effective income tax rate between the periods. However, the effective income tax rate for the three months ended June 30, 2018 was lower than the three months ended June 30, 2017 due to the change in the geographic mix of income.

Historically, we provided taxes on the cumulative earnings of certain legacy Towers Watson subsidiaries. The historical cumulative earnings of other legacy Towers Watson subsidiaries have been reinvested indefinitely. However, 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 changed our assertion with respect to certain legacy Towers Watson subsidiaries. For those subsidiaries from which we were able to make a reasonable estimate of the tax effects of such repatriation, we have recorded an estimate for foreign withholding and state income taxes. For all other subsidiaries, we continue to assert that the historical cumulative earnings have been reinvested indefinitely.

The Company records valuation allowances against net deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized. We have liabilities for uncertain tax positions under ASC 740 of $53 million, excluding interest and penalties. The Company believes the outcomes that are reasonably possible within the next 12 months may result in a reduction in the liability for uncertain tax positions of approximately $1 million to $4 million, excluding interest and penalties.

Note 7 — Goodwill and Other Intangible Assets

The components of goodwill are outlined below for the six months ended June 30, 2018:

	HCB	CRB	IRR	BDA	Total
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
Goodwill reassigned in segment realignment(i)	—	72	(72)	—	—
Goodwill acquired during the period	—	—	5	—	5
Goodwill disposed of during the period	—	—	(5)	—	(5)
Foreign exchange	(25)	(21)	(5)	—	(51)
Balance at June 30, 2018:					
Goodwill, gross	4,317	2,312	1,774	2,557	10,960
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - June 30, 2018	$ 4,187	$ 1,950	$ 1,774	$ 2,557	$ 10,468

(i) Represents the preliminary reallocation of goodwill related to certain businesses which were realigned among the segments as of January 1, 2018. See Note 4 — Segment Information for further information.

Other Intangible Assets

The following table reflects changes in the net carrying amounts of the components of finite-lived intangible assets for the six months ended June 30, 2018:

	Balance at December 31, 2017	Intangible assets acquired	Intangible assets disposed	Amortization (i)	Foreign exchange	Balance at June 30, 2018
Client relationships	$ 2,342	$ 3	$ (6)	$ (182)	$ (26)	$ 2,131
Management contracts	56	—	—	(2)	(4)	50
Software	473	—	—	(73)	(3)	397
Trademark and trade name	966	—	—	(22)	(1)	943
Product	33	—	—	(2)	(1)	30
Favorable agreements	10	—	—	—	—	10
Other	2	—	—	—	(1)	1
Total amortizable intangible assets	$ 3,882	$ 3	$ (6)	$ (281)	$ (36)	$ 3,562

(i) Amortization associated with favorable lease agreements is recorded in Other operating expenses in the condensed 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 $140 million and $281 million for three and six months ended June 30, 2018, respectively, and $149 million and $300 million for the three and six months ended June 30, 2017, respectively.

Our acquired unfavorable lease liabilities were $25 million and $26 million at June 30, 2018 and December 31, 2017, respectively, and are recorded in other non-current liabilities in the condensed consolidated balance sheet.

The following table reflects the carrying value of finite-lived intangible assets and liabilities at June 30, 2018 and December 31, 2017:

	June 30, 2018		December 31, 2017	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Client relationships	$ 3,403	$ (1,272)	$ 3,462	$ (1,120)
Management contracts	63	(13)	68	(12)
Software	756	(359)	764	(291)
Trademark and trade name	1,054	(111)	1,055	(89)
Product	38	(8)	39	(6)
Favorable agreements	15	(5)	14	(4)
Other	5	(4)	6	(4)
Total finite-lived assets	$ 5,334	$ (1,772)	$ 5,408	$ (1,526)
Unfavorable agreements	$ 34	$ (9)	$ 34	$ (8)
Total finite-lived intangible liabilities	$ 34	$ (9)	$ 34	$ (8)

The weighted average remaining life of amortizable intangible assets and liabilities at June 30, 2018 was 14.1 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 remainder of 2018 and for subsequent years:

	Amortization	Rent offset
Remainder of 2018	$ 253	$ (2)
2019	473	(2)
2020	420	(3)
2021	343	(2)
2022	285	(3)
Thereafter	1,778	(3)
Total	$ 3,552	$ (15)

Note 8 — 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 10 — Fair Value Measurements and Note 14 — 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 condensed 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 June 30, 2018 and December 31, 2017, and had net fair value liabilities of nil and $1 million, respectively.

Foreign Currency Risk

Certain non-U.S. subsidiaries receive revenue and incur expenses in currencies other than their functional currency, and as a result, the foreign subsidiary's functional currency revenue will fluctuate as the currency rates change. Additionally, the forecast Pounds sterling expenses of our London brokerage market operations may exceed their Pounds sterling revenue, and they may also hold 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 June 30, 2018 and December 31, 2017 had total notional amounts of $650 million and $937 million, respectively, and had net fair value liabilities of $12 million and $21 million, respectively.

At June 30, 2018, the Company estimates, based on current interest and exchange rates, there will be $13 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 June 30, 2018, our longest outstanding maturity was 2.5 years.

The effects of the material derivative instruments that are designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2018 and 2017 are as follows:

Three Months Ended June 30,	(Loss)/gain recognized in OCI (effective portion)		Location of loss reclassified from Accumulated OCI into income (effective element)	Loss reclassified from Accumulated OCI into income (effective element)		Location of gain recognized in income (ineffective portion and amount excluded from effectiveness testing)	Gain recognized in income (ineffective portion and amount excluded from effectiveness testing)	
	2018	2017		2018	2017		2018	2017
Forward exchange contracts	$ (24)	$ 9	Other income, net	$ (7)	$ (20)	Interest expense	$ —	$ —

Six Months Ended June 30,	(Loss)/gain recognized in OCI (effective portion)		Location of loss reclassified from Accumulated OCI into income (effective element)	Loss reclassified from Accumulated OCI into income (effective element)		Location of gain recognized in income (ineffective portion and amount excluded from effectiveness testing)	Gain recognized in income (ineffective portion and amount excluded from effectiveness testing)	
	2018	2017		2018	2017		2018	2017
Forward exchange contracts	$ (9)	$ 12	Other income, net	$ (18)	$ (43)	Interest expense	$ —	$ 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 June 30, 2018 and December 31, 2017, we had notional amounts of $891 million and $971 million, respectively, and had net fair value assets of nil and $3 million, respectively.

The effects of derivatives that have not been designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2018 and 2017 are as follows:

		Gain/(loss) recognized in income			
		Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives not designated as hedging instruments:	Location of gain/(loss) recognized in income	2018	2017	2018	2017
Forward exchange contracts	Other income, net	$ 2	$ 1	$ (3)	$ 9

Note 9 — Debt

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

	June 30, 2018	December 31, 2017
Current portion of term loan due 2019	$ 85	$ 85

Long-term debt consists of the following:

	June 30, 2018	December 31, 2017
Revolving $1.25 billion credit facility	$ 1,081	$ 884
Term loan due 2019	42	84
7.000% senior notes due 2019	186	186
5.750% senior notes due 2021	497	497
3.500% senior notes due 2021	448	447
2.125% senior notes due 2022 (i)	627	644
4.625% senior notes due 2023	248	248
3.600% senior notes due 2024	645	645
4.400% senior notes due 2026	544	544
6.125% senior notes due 2043	271	271
	$ 4,589	$ 4,450

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

At June 30, 2018 and December 31, 2017, we were in compliance with all financial covenants.

Note 10 — Fair Value Measurements

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

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

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

- Available-for-sale securities are classified as Level 1 because we use quoted market prices in determining the fair value of these securities.
- Market values for our derivative instruments have been used to determine the fair value of 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 Earnings Before Interest, Tax, Depreciation and Amortization ('EBITDA') growth for the acquired business.

The following table presents our assets and liabilities measured at fair value on a recurring basis at June 30, 2018 and December 31, 2017:

		Fair Value Measurements on a Recurring Basis at June 30, 2018			
	Balance Sheet Location	**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	$ 19	$ —	$ —	$ 19
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 5	$ —	$ 5
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 50	$ 50
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 17	$ —	$ 17

		Fair Value Measurements on a Recurring Basis at December 31, 2017			
	Balance Sheet Location	**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

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

(ii) Probability weightings are based on our knowledge of the past and planned performance of the acquired entity to which the contingent consideration applies. The weighted average discount rate used on our material contingent consideration calculations was 9.50% and 9.64% at June 30, 2018 and December 31, 2017, 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)	**June 30, 2018**
Balance at December 31, 2017	$ 51
Obligations assumed	1
Payments	(2)
Realized and unrealized gains	1
Foreign exchange	(1)
Balance at June 30, 2018	$ 50

There were no significant transfers between Levels 1, 2 or 3 in the six months ended June 30, 2018 and 2017, respectively.

The following tables present our liabilities not measured at fair value on a recurring basis at June 30, 2018 and December 31, 2017:

	June 30, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Short-term debt and current portion of long-term debt	$ 85	$ 85	$ 85	$ 85
Long-term debt	$ 4,589	$ 4,700	$ 4,450	$ 4,706

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 11 — Retirement Benefits

Defined Benefit Plans and Post-retirement Welfare Plan

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

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

The following tables set forth the components of net periodic benefit (income)/cost for the Company's defined benefit pension and PRW plans for the three and six months ended June 30, 2018 and 2017:

	Three Months Ended June 30,							
	2018				2017			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 17	$ 5	$ 5	$ —	$ 17	$ 7	$ 4	$ —
Interest cost	35	24	4	1	35	24	5	1
Expected return on plan assets	(69)	(77)	(7)	—	(62)	(71)	(8)	—
Settlement	—	20	—	—	—	—	—	—
Amortization of net loss	3	12	1	—	3	13	1	—
Amortization of prior service credit	—	(5)	—	—	—	(4)	—	—
Net periodic benefit (income)/cost	$ (14)	$ (21)	$ 3	$ 1	$ (7)	$ (31)	$ 2	$ 1

	Six Months Ended June 30,							
	2018				2017			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 33	$ 10	$ 10	$ —	$ 33	$ 15	$ 9	$ —
Interest cost	70	48	9	2	70	46	9	2
Expected return on plan assets	(137)	(155)	(15)	—	(123)	(139)	(15)	—
Settlement	—	20	—	—	—	—	—	—
Amortization of net loss	6	24	1	—	6	26	1	—
Amortization of prior service credit	—	(10)	—	—	—	(9)	—	—
Net periodic benefit (income)/cost	$ (28)	$ (63)	$ 5	$ 2	$ (14)	$ (61)	$ 4	$ 2

As a result of adopting ASU 2017-07, within the condensed consolidated statements of comprehensive income, service cost is included within salaries and benefits expense. The remainder of the components of net periodic benefit income of $61 million and $140 million for the three and six months ended June 30, 2018, respectively, and $63 million and $125 million for the three and six months ended June 30, 2017, respectively, are included within other income, net. These reclassifications include amounts for those plans which are immaterial for disclosure.

During the second quarter of 2018, as a result of past changes in U.K. legislation and the low interest rate environment, the Company determined that the amount of transfer payments from the Legacy Willis U.K. pension plan would exceed the plan's service and interest cost for the full year 2018. 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 $20 million for the three and six months ended June 30, 2018.

Employer Contributions to Defined Benefit Pension Plans

The Company made no contributions to its U.S. plans for the six months ended June 30, 2018 but anticipates making $50 million in contributions over the remainder of the fiscal year. The Company made contributions of $44 million to its U.K. plans for the six months ended June 30, 2018 and anticipates making additional contributions of $42 million for the remainder of the fiscal year. The Company made contributions of $7 million to its other plans for the six months ended June 30, 2018 and anticipates making additional contributions of $6 million for the remainder of the fiscal year.

Defined Contribution Plans

The Company made contributions to its defined contribution plans of $41 million and $89 million during the three and six months ended June 30, 2018, respectively, and $37 million and $79 million during the three and six months ended June 30, 2017, respectively.

Note 12 — Commitments and Contingencies

Indemnification Agreements

Willis Towers Watson has various agreements which provide that it may be obligated to indemnify the other party to the agreement with respect to certain matters. Generally, these indemnification provisions are included in contracts arising in the normal course of business and in connection with the purchase and sale of certain businesses. Although it is not possible to predict the maximum potential amount of future payments that may become due under these indemnification agreements because of the conditional nature of Willis Towers Watson's obligations and the unique facts of each particular agreement, the Company does not believe that 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 condensed consolidated financial statements. The Company also receives subpoenas in the ordinary course of business and, from time to time, receives requests for information in connection with governmental investigations.

Errors and omissions claims, lawsuits, and other proceedings arising in the ordinary course of business are covered in part by professional indemnity or other appropriate insurance. See Note 13 for the amounts accrued at June 30, 2018 and December 31, 2017 in the condensed 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 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 Securities Litigation

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

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

On March 9, 2018, Regents filed a putative class action complaint on behalf of a putative class of Legacy Towers Watson stockholders against the Company, Legacy Willis, ValueAct, and Messrs. Haley, Casserley, and Ubben, in the Delaware Court of Chancery, captioned The Regents of the University of California v. John J. Haley, et al., C.A. No. 2018-0166. Based on similar allegations as the Eastern District of Virginia action described above, the complaint asserts claims against Mr. Haley for breach of fiduciary duty and against all other defendants for aiding and abetting breach of fiduciary duty. Also on March 9, 2018, Regents filed a motion for consolidation of all pending and subsequently filed Delaware Court of Chancery actions, and for appointment as Lead Plaintiff and for the appointment of Bernstein as Lead Counsel for the putative class. On March 29, 2018, Fort Myers and Alaska responded to Regents' motion and cross-moved for appointment as Co-Lead Plaintiffs and for the appointment of their counsel, Grant & Eisenhofer P.A. and Kessler Topaz Meltzer & Check, LLP as Co-Lead Counsel. On April 2, 2018, the court consolidated the Delaware Court of Chancery actions and all related actions subsequently filed in or transferred to the Delaware Court of Chancery. On June 5, 2018, the court denied Regents' motion for appointment of Lead Plaintiff and Lead Counsel and granted Fort Myers' and Alaska's cross-motion. On June 20, 2018, Fort Myers and Alaska designated the complaint previously filed by Alaska (the 'Alaska Complaint') as the operative complaint in the consolidated action. The defendants have not yet responded to the Alaska Complaint.

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

Stanford Financial Group

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

The 15 actions are as follows:

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

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

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

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

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

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

  On September 16, 2014, the court (a) denied the plaintiffs' request to defer resolution of the defendants' motions to dismiss, but granted the plaintiffs' request to enter a scheduling order; (b) requested the submission of supplemental briefing by all parties on the defendants' motions to dismiss, which the parties submitted on September 30, 2014; and (c) entered an order setting a schedule for briefing and discovery regarding plaintiffs' motion for class certification, which schedule, among other things, provided for the submission of the plaintiffs' motion for class certification (following the completion of briefing and discovery) on April 20, 2015.

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

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

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

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

- *Ranni v. Willis of Colorado, Inc., et al., C.A.* No. 9-22085, was filed on July 17, 2009 against Willis Group Holdings plc and Willis of Colorado, Inc. in the U.S. District Court for the Southern District of Florida. The complaint was filed on behalf of a putative class of Venezuelan and other South American Stanford investors and alleges claims under Section 10(b) of the Securities Exchange Act of 1934 (and Rule 10b-5 thereunder) and Florida statutory and common law and seeks damages in an amount to be determined at trial. On October 6, 2009, *Ranni* was transferred, for consolidation or coordination with other Stanford-related actions (including *Troice*), to the Northern District of Texas by the U.S. Judicial Panel on Multidistrict Litigation (the 'JPML'). The defendants have not yet responded to the complaint in *Ranni*. On August 26, 2014, the plaintiff filed a notice of voluntary dismissal of the action without prejudice.

- *Canabal, et al. v. Willis of Colorado, Inc., et al., C.A.* No. 3:9-CV-1474-D, was filed on August 6, 2009 against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate named as a defendant in *Troice*, among others, also in the Northern District of Texas. The complaint was filed individually and on behalf of a putative class of Venezuelan Stanford investors, alleged claims under Texas statutory and common law and sought damages in excess of $1 billion, punitive damages, attorneys' fees and costs. On December 18, 2009, the parties in *Troice* and *Canabal* stipulated to the consolidation of those actions (under the *Troice* civil action number), and, on December 31, 2009, the plaintiffs in *Canabal* filed a notice of dismissal, dismissing the action without prejudice.

- *Rupert, et al. v. Winter, et al.*, Case No. 2009C115137, was filed on September 14, 2009 on behalf of 97 Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under the Securities Act of 1933, Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $300 million, attorneys' fees and costs. On October 20, 2009, certain defendants, including Willis of Colorado, Inc., (i) removed *Rupert* to the U.S. District Court for the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On April 1, 2010, the JPML issued a final transfer order for the transfer of *Rupert* to the Northern District of Texas. On January 24, 2012, the court remanded *Rupert* to Texas state court (Bexar County), but stayed the action until further order of the court. On August 13, 2012, the plaintiffs filed a motion to lift the stay, which motion was denied by the court on September 16, 2014. On October 10, 2014, the plaintiffs appealed the court's denial of their motion to lift the stay to the U.S. Court of Appeals for the Fifth Circuit. On January 5, 2015, the Fifth Circuit consolidated the appeal with the appeal in the *Rishmague, et ano. v. Winter, et al.* action discussed below, and the consolidated appeal, was fully briefed as of March 24, 2015. Oral argument on the consolidated appeal was held on September 2, 2015. On September 16, 2015, the Fifth Circuit affirmed. The defendants have not yet responded to the complaint in *Rupert*.

- *Casanova, et al. v. Willis of Colorado, Inc., et al.,* C.A. No. 3:10-CV-1862-O, was filed on September 16, 2010 on behalf of seven Stanford investors against Willis Group Holdings plc, Willis Limited, Willis of Colorado, Inc. and the same Willis associate, among others, also in the Northern District of Texas. The complaint alleges claims under Texas statutory and common law and seeks actual damages in excess of $5 million, punitive damages, attorneys' fees and costs. On February 13, 2015, the parties filed an Agreed Motion for Partial Dismissal pursuant to which they agreed to the dismissal of certain claims pursuant to the motion to dismiss decisions in the *Troice* action discussed above and the *Janvey* action discussed below. Also on February 13, 2015, the defendants except Willis Group Holdings plc answered the complaint in the *Casanova* action. On June 19, 2015, Willis Group Holdings plc filed a motion to dismiss the complaint for lack of personal jurisdiction. Plaintiffs have not opposed the motion.

- *Rishmague, et ano. v. Winter, et al.*, Case No. 2011CI2585, was filed on March 11, 2011 on behalf of two Stanford investors, individually and as representatives of certain trusts, against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $37 million and attorneys' fees and costs. On April 11, 2011, certain defendants, including Willis of Colorado, Inc., (i) removed *Rishmague* to the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On August 8, 2011, the JPML issued a final transfer order for the transfer of *Rishmague* to the Northern District of Texas, where it is currently pending. On August 13, 2012, the plaintiffs joined with the plaintiffs in the *Rupert* action in their motion to lift the court's stay of the *Rupert* action. On September 9, 2014, the court remanded *Rishmague* to Texas state court (Bexar County), but stayed the action until further order of the court and denied the plaintiffs' motion to lift the stay. On October 10, 2014, the plaintiffs appealed the court's denial of their motion to lift the stay to the Fifth Circuit. On January 5, 2015, the Fifth Circuit consolidated the appeal with the appeal in the *Rupert* action, and the consolidated appeal was fully briefed as of March 24, 2015. Oral argument on the consolidated appeal was held on September 2, 2015. On September 16, 2015, the Fifth Circuit affirmed. The defendants have not yet responded to the complaint in *Rishmague*.

- *MacArthur v. Winter, et al.*, Case No. 2013-07840, was filed on February 8, 2013 on behalf of two Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Harris County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks actual, special, consequential and treble damages of approximately $4 million and attorneys' fees and costs. On March 29, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. (i) removed *MacArthur* to the U.S. District Court for the Southern District of Texas and (ii) notified the JPML of the pendency of this related action. On April 2, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. filed a motion in the Southern District of Texas to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. Also on April 2, 2013, the court presiding over *MacArthur* in the Southern District of Texas transferred the action to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On September 29, 2014, the parties stipulated to the remand (to Texas state court (Harris County)) and stay of *MacArthur* until further order of the court (in accordance with the court's September 9, 2014 decision in *Rishmague* (discussed above)), which stipulation was 'so ordered' by the court on October 14, 2014. The defendants have not yet responded to the complaint in *MacArthur*.

- *Florida suits*: On February 14, 2013, five lawsuits were filed against Willis Group Holdings plc, Willis Limited and Willis of Colorado, Inc. in Florida state court (Miami-Dade County) alleging violations of Florida common law. The five suits are: (1) *Barbar, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05666CA27, filed on behalf of 35 Stanford investors seeking compensatory damages in excess of $30 million; (2) *de Gadala-Maria, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05669CA30, filed on behalf of 64 Stanford investors seeking compensatory damages in excess of $83.5 million; (3) *Ranni, et ano. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05673CA06, filed on behalf of two Stanford investors seeking compensatory damages in excess of $3 million; (4) *Tisminesky, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05676CA09, filed on behalf of 11 Stanford investors seeking compensatory damages in excess of $6.5 million; and (5) *Zacarias, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05678CA11, filed on behalf of 10 Stanford investors seeking compensatory damages in excess of $12.5 million. On June 3, 2013, Willis of Colorado, Inc. removed all five cases to the Southern District of Florida and, on June 4, 2013, notified the JPML of the pendency of these related actions. On June 10, 2013, the court in *Tisminesky* issued an order *sua sponte* staying and administratively closing that action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation and coordination with the other Stanford-related actions. On June 11, 2013, Willis of Colorado, Inc. moved to stay the other four actions pending the JPML's transfer decision. On June 20, 2013, the JPML issued a conditional transfer order for the transfer of the five actions to the Northern District of Texas, the transmittal of which was stayed for seven days to allow for any opposition to be filed. On June 28, 2013, with no opposition having been filed, the JPML lifted the stay, enabling the transfer to go forward.

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

  On April 1, 2015, the defendants except Willis Group Holdings plc filed motions to dismiss the complaints in *Zacarias*, *Tisminesky* and *de Gadala-Maria*. On June 19, 2015, Willis Group Holdings plc filed motions to dismiss the complaints in *Zacarias*, *Tisminesky* and *de Gadala-Maria* for lack of personal jurisdiction. On July 15, 2015, the court dismissed the complaint in *Zacarias* in its entirety with leave to replead within 21 days. On July 21, 2015, the court dismissed the complaints in *Tisminesky* and *de Gadala-Maria* in their entirety with leave to replead within 21 days. On August 6, 2015, the plaintiffs in *Zacarias*, *Tisminesky* and *de Gadala-Maria* filed amended complaints (in which, among other things, Willis Group Holdings plc was no longer named as a defendant). On September 11, 2015, the defendants filed motions to dismiss the amended complaints. The motions await disposition by the court.

- *Janvey, et al. v. Willis of Colorado, Inc., et al.*, Case No. 3:13-CV-03980-D, was filed on October 1, 2013 also in the Northern District of Texas against Willis Group Holdings plc, Willis Limited, Willis North America Inc., Willis of

Colorado, Inc. and the same Willis associate. The complaint was filed (i) by Ralph S. Janvey, in his capacity as Court-Appointed Receiver for the Stanford Receivership Estate, and the Official Stanford Investors Committee (the 'OSIC') against all defendants and (ii) on behalf of a putative, worldwide class of Stanford investors against Willis North America Inc. Plaintiffs Janvey and the OSIC allege claims under Texas common law and the court's Amended Order Appointing Receiver, and the putative class plaintiffs allege claims under Texas statutory and common law. Plaintiffs seek actual damages in excess of $1 billion, punitive damages and costs. As alleged by the Stanford Receiver, the total amount of collective losses allegedly sustained by all investors in Stanford certificates of deposit is approximately $4.6 billion.

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

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

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

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

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

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

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

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

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

The settlement is contingent on a number of conditions, including court approval of the settlement and a bar order prohibiting any continued or future litigation against Willis related to Stanford, which may not be given. Therefore, the ultimate resolution of these matters may differ from the amount provided for. The Company continues to dispute the allegations and, to the extent litigation proceeds, to defend the lawsuits vigorously.

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

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

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

On September 7, 2016, Plaintiffs filed with the Court a motion to approve the settlement. On October 19, 2016, the Court preliminarily approved the settlement. Several of the plaintiffs in the other actions above objected to the settlement, and a hearing to consider final approval of the settlement was held on January 20, 2017, after which the Court reserved decision. On August 23, 2017, the Court approved the settlement, including the bar orders. Several of the objectors have since appealed the settlement approval and bar orders to the Fifth Circuit. The briefing related to the appeals is now completed. 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. On April 4, 2018, the City of Houston City Council approved the settlement. On April 13, 2018, the court entered an order dismissing the case with prejudice, and the settlement became effective on that date. The settlement provides that 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 agreed to pay a total of $40 million, which was paid in full in April 2018. The Company accrued its portion of the settlement prior to 2018.

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. 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 had standing to appeal by April 9, 2018. No class members filed an appeal and, therefore, the judgment is now final.

The settlement amount of $9.75 million was paid on June 5, 2018.

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.

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

Given the status of the investigation, the Company is currently unable to assess the terms on which the Commission 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 referral with respect to the investment consulting industry to the U.K. Competition & Markets Authority (the 'CMA'). The CMA then commenced a market investigation, and the Company is currently cooperating with the investigation.

The CMA released its provisional findings on July 18, 2018, finding that there is an adverse effect on competition. To address these provisional findings, the CMA has proposed certain remedies, including mandatory tendering when trustees first purchase fiduciary management services, the reporting of investment performance to customers using a set of common standards, transparency in reporting of fees in fiduciary management and the expansion of the FCA's regulatory perimeter to include the main activities of investment consultancy and fiduciary management providers. The Company is generally supportive of these proposed remedies and will be responding to the CMA on their provisional findings in detail in the coming weeks. The CMA investigation will conclude by March 13, 2019. It is possible that the CMA will revise their proposed remedies when it concludes its investigation. 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 two years to conclude. Two of the Company's subsidiaries have responded to extensive data requests which had phased response times through May 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 13 — Supplementary Information for Certain Balance Sheet Accounts

Additional details of specific balance sheet accounts are detailed below.

Deferred revenue and accrued expenses consists of the following:

	June 30, 2018	December 31, 2017
Accounts payable, accrued liabilities and deferred income	$ 715	$ 772
Discretionary compensation	166	313
Accrued compensation	248	439
Accrued vacation	143	93
Other employee-related liabilities	85	94
Total deferred revenue and accrued expenses	$ 1,357	$ 1,711

Provision for liabilities consists of the following:

	June 30, 2018	December 31, 2017
Claims, lawsuits and other proceedings	$ 453	$ 474
Other provisions	93	84
Total provision for liabilities	$ 546	$ 558

Other non-current liabilities consists of the following:

	June 30, 2018	December 31, 2017
Incentives from lessors	$ 131	$ 138
Deferred compensation plan liability	137	135
Contingent and deferred consideration on acquisition	1	41
Liabilities for uncertain tax positions	53	60
Lease-related liabilities	31	28
Other non-current liabilities	93	142
Total other non-current liabilities	$ 446	$ 544

Note 14 — Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of non-controlling interests, and net of tax are provided in the following table for the three and six months ended June 30, 2018 and 2017. 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Quarter-to-date activity:								
Balance at March 31, 2018 and 2017, respectively	$ (307)	$ (724)	$ 9	$ (62)	$ (1,132)	$ (1,122)	$ (1,430)	$ (1,908)
Other comprehensive (loss)/income before reclassifications	(199)	77	(20)	8	35	24	(184)	109
Loss reclassified from accumulated other comprehensive loss (net of income tax expense of $11 and $7, respectively)	—	—	6	15	3	8	9	23
Net current-period other comprehensive (loss)/income	(199)	77	(14)	23	38	32	(175)	132
Balance at June 30, 2018 and 2017, respectively	$ (506)	$ (647)	$ (5)	$ (39)	$ (1,094)	$ (1,090)	$ (1,605)	$ (1,776)
Year-to-date activity:								
Balance at December 31, 2017 and 2016, respectively	$ (365)	$ (650)	$ (10)	$ (82)	$ (1,138)	$ (1,152)	$ (1,513)	$ (1,884)
Other comprehensive (loss)/income before reclassifications	(141)	3	(11)	9	34	44	(118)	56
Loss reclassified from accumulated other comprehensive loss (net of income tax expense of $12 and $13, respectively)	—	—	16	34	10	18	26	52
Net current-period other comprehensive (loss)/income	(141)	3	5	43	44	62	(92)	108
Balance at June 30, 2018 and 2017, respectively	$ (506)	$ (647)	$ (5)	$ (39)	$ (1,094)	$ (1,090)	$ (1,605)	$ (1,776)

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

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

Note 15 — 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 June 30, 2018 and 2017, there were 0.6 million and 0.9 million time-based share options; 0.6 million and 1.0 million performance-based options; 0.1 million and 0.5 million restricted time-based stock units; 0.7 million and 0.6 million restricted performance-based stock units, respectively. In addition, the Company had 0.3 million performance-based phantom units outstanding at June 30, 2018; there were no phantom units outstanding at June 30, 2017.

Basic and diluted earnings per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income attributable to Willis Towers Watson	$ 58	$ 33	$ 273	$ 377
Basic average number of shares outstanding	132	136	132	136
Dilutive effect of potentially issuable shares	1	1	1	1
Diluted average number of shares outstanding	133	137	133	137
Basic earnings per share	$ 0.44	$ 0.24	$ 2.06	$ 2.77
Dilutive effect of potentially issuable shares	—	—	(0.01)	(0.02)
Diluted earnings per share	$ 0.44	$ 0.24	$ 2.05	$ 2.75

For the three and six months ended June 30, 2018, 0.3 million and 0.1 million restricted stock units were not included in the computation of the dilutive effect of potentially issuable shares because their effect was anti-dilutive.

Note 16 — Financial Information for Issuers and Other Guarantor Subsidiaries

As of June 30, 2018 Willis Towers Watson has issued the following debt securities ('WTW Debt Securities'):

a) Willis Towers Watson plc (the parent company) has $500 million senior notes outstanding, which were issued on March 15, 2016;

b) 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; and

c) 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 and €540 million ($609 million) were issued on May 26, 2016, and $1.1 billion currently outstanding on a consolidated basis under the $1.25 billion revolving credit facility issued on March 7, 2017.

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

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

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

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

The presentation of the financial information for issuers and other guarantor subsidiaries has been changed from prior filings in that the three previously disclosed separate notes that presented the three different issuer and related guarantor scenarios have been combined into one note. This new presentation still includes all of the financial information of the appropriate issuing and guarantor entities, with some minor reclassifications from what had been previously disclosed for each entity. We believe that the new presentation will help to reduce the complexity of the information and offer a more meaningful analysis for the reader.

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

Presented below is condensed financial information for:

(i) Willis Towers Watson plc, which is both an issuer and guarantor, on a parent company only basis;

(ii) Willis North America, which is both an issuer and guarantor, on a company only basis;

(iii) Trinity Acquisition plc, which is both an issuer and guarantor, on a company only basis;

(iv) Other guarantors, which are all wholly owned direct or indirect subsidiaries of the parent, on a combined basis;

(v) Non-guarantors, which are all wholly owned direct or indirect subsidiaries of the parent, on a combined basis;

(vi) Eliminations, which are consolidating adjustments on a combined basis; and

(vii) The consolidated company.

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2018						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
Revenue	$ —	$ 1	$ —	$ —	$ 1,989	$ —	$ 1,990
Costs of providing services							
Salaries and benefits	—	21	—	—	1,254	—	1,275
Other operating expenses	2	20	—	52	332	—	406
Depreciation	—	—	—	1	50	—	51
Amortization	—	—	—	—	140	—	140
Restructuring costs	—	—	—	—	—	—	—
Transaction and integration expenses	—	—	—	—	55	—	55
Total costs of providing services	2	41	—	53	1,831	—	1,927
(Loss)/income from operations	(2)	(40)	—	(53)	158	—	63
Intercompany (expense)/income	—	(9)	30	97	(118)	—	—
Interest expense	(8)	(11)	(27)	—	(6)	—	(52)
Other income, net	—	—	—	1	62	—	63
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES	(10)	(60)	3	45	96	—	74
Benefit from/(provision for) income taxes	—	8	—	(8)	(9)	—	(9)
Equity account for subsidiaries	68	(35)	(8)	26	—	(51)	—
NET INCOME/(LOSS)	58	(87)	(5)	63	87	(51)	65
Income attributable to non-controlling interests	—	—	—	—	(7)	—	(7)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 58	$ (87)	$ (5)	$ 63	$ 80	$ (51)	$ 58
Comprehensive loss before non-controlling interests	$ (117)	$ (153)	$ (178)	$ (111)	$ (40)	$ 488	$ (111)
Comprehensive income attributable to non-controlling interest	—	—	—	—	(6)	—	(6)
Comprehensive loss attributable to Willis Towers Watson	$ (117)	$ (153)	$ (178)	$ (111)	$ (46)	$ 488	$ (117)

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2017						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
Revenue	$ —	$ 5	$ —	$ —	$ 1,948	$ —	$ 1,953
Costs of providing services							
Salaries and benefits	1	10	—	—	1,200	—	1,211
Other operating expenses	1	—	—	37	353	—	391
Depreciation	—	—	—	2	49	—	51
Amortization	—	—	—	2	147	—	149
Restructuring costs	—	(3)	—	—	30	—	27
Transaction and integration expenses	—	(1)	—	29	35	—	63
Total costs of providing services	2	6	—	70	1,814	—	1,892
(Loss)/income from operations	(2)	(1)	—	(70)	134	—	61
Intercompany (expense)/income	—	(9)	31	107	(129)	—	—
Interest expense	(8)	(6)	(26)	—	(6)	—	(46)
Other income, net	—	—	—	—	34	—	34
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES	(10)	(16)	5	37	33	—	49
Benefit from/(provision for) income taxes	1	1	(1)	(4)	(5)	—	(8)
Equity account for subsidiaries	42	50	(115)	(11)	—	34	—
NET INCOME/(LOSS)	33	35	(111)	22	28	34	41
Income attributable to non-controlling interests	—	—	—	—	(8)	—	(8)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 33	$ 35	$ (111)	$ 22	$ 20	$ 34	$ 33
Comprehensive income before non-controlling interests	$ 165	$ 136	$ 15	$ 156	$ 152	$ (443)	$ 181
Comprehensive income attributable to non-controlling interest	—	—	—	—	(16)	—	(16)
Comprehensive income attributable to Willis Towers Watson	$ 165	$ 136	$ 15	$ 156	$ 136	$ (443)	$ 165

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2018						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
Revenue	$ —	$ 7	$ —	$ —	$ 4,275	$ —	$ 4,282
Costs of providing services							
Salaries and benefits	1	36	—	—	2,615	—	2,652
Other operating expenses	2	25	—	94	708	—	829
Depreciation	—	—	—	2	98	—	100
Amortization	—	—	—	1	280	—	281
Restructuring costs	—	—	—	—	—	—	—
Transaction and integration expenses	—	5	—	1	92	—	98
Total costs of providing services	3	66	—	98	3,793	—	3,960
(Loss)/income from operations	(3)	(59)	—	(98)	482	—	322
Intercompany (expense)/income	—	(14)	60	189	(235)	—	—
Interest expense	(15)	(22)	(54)	—	(12)	—	(103)
Other income, net	—	—	—	2	117	—	119
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES	(18)	(95)	6	93	352	—	338
Benefit from/(provision for) income taxes	—	13	(1)	(16)	(48)	—	(52)
Equity account for subsidiaries	291	(42)	134	207	—	(590)	—
NET INCOME/(LOSS)	273	(124)	139	284	304	(590)	286
Income attributable to non-controlling interests	—	—	—	—	(13)	—	(13)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 273	$ (124)	$ 139	$ 284	$ 291	$ (590)	$ 273
Comprehensive income/(loss) before non-controlling interests	$ 181	$ (175)	$ 48	$ 192	$ 202	$ (254)	$ 194
Comprehensive income attributable to non-controlling interest	—	—	—	—	(13)	—	(13)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 181	$ (175)	$ 48	$ 192	$ 189	$ (254)	$ 181

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2017						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
Revenue	$ —	$ 11	$ —	$ —	$ 4,261	$ —	$ 4,272
Costs of providing services							
Salaries and benefits	2	20	—	—	2,442	—	2,464
Other operating expenses	2	10	—	44	736	—	792
Depreciation	—	—	—	3	94	—	97
Amortization	—	—	—	2	298	—	300
Restructuring costs	—	—	—	4	50	—	54
Transaction and integration expenses	—	2	—	30	71	—	103
Total costs of providing services	4	32	—	83	3,691	—	3,810
(Loss)/income from operations	(4)	(21)	—	(83)	570	—	462
Intercompany income/(expense)	—	18	59	168	(245)	—	—
Interest expense	(15)	(16)	(51)	—	(10)	—	(92)
Other income, net	—	—	—	—	77	—	77
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES	(19)	(19)	8	85	392	—	447
Benefit from/(provision for) income taxes	1	3	(1)	(8)	(49)	—	(54)
Equity account for subsidiaries	395	225	225	300	—	(1,145)	—
NET INCOME	377	209	232	377	343	(1,145)	393
Income attributable to non-controlling interests	—	—	—	—	(16)	—	(16)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 377	$ 209	$ 232	$ 377	$ 327	$ (1,145)	$ 377
Comprehensive income before non-controlling interests	$ 485	$ 283	$ 334	$ 490	$ 438	$ (1,518)	$ 512
Comprehensive income attributable to non-controlling interest	—	—	—	—	(27)	—	(27)
Comprehensive income attributable to Willis Towers Watson	$ 485	$ 283	$ 334	$ 490	$ 411	$ (1,518)	$ 485

Unaudited Condensed Consolidating Balance Sheet

	As of June 30, 2018						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
ASSETS							
Cash and cash equivalents	$ 1	$ —	$ —	$ 1	$ 909	$ —	$ 911
Fiduciary assets	—	—	—	—	14,126	—	14,126
Accounts receivable, net	—	—	—	—	2,394	—	2,394
Prepaid and other current assets	—	299	1	31	320	(193)	458
Total current assets	1	299	1	32	17,749	(193)	17,889
Intercompany receivables, net	5,966	—	2,200	—	—	(8,166)	—
Fixed assets, net	—	—	—	25	899	—	924
Goodwill	—	—	—	—	10,468	—	10,468
Other intangible assets, net	—	—	—	59	3,562	(59)	3,562
Pension benefits assets	—	—	—	—	902	—	902
Other non-current assets	4	70	2	27	444	(79)	468
Total non-current assets	5,970	70	2,202	111	16,275	(8,304)	16,324
Investments in subsidiaries	4,852	6,031	2,320	7,960	—	(21,163)	—
TOTAL ASSETS	$ 10,823	$ 6,400	$ 4,523	$ 8,103	$ 34,024	$ (29,660)	$ 34,213
LIABILITIES AND EQUITY							
Fiduciary liabilities	$ —	$ —	$ —	$ —	$ 14,126	$ —	$ 14,126
Deferred revenue and accrued expenses	—	—	—	4	1,353	—	1,357
Short-term debt and current portion of long-term debt	1	—	—	—	84	—	85
Other current liabilities	97	12	27	16	803	(141)	814
Total current liabilities	98	12	27	20	16,366	(141)	16,382
Intercompany payables, net	—	634	—	3,658	3,874	(8,166)	—
Long-term debt	497	1,136	2,914	—	42	—	4,589
Liability for pension benefits	—	—	—	—	1,185	—	1,185
Deferred tax liabilities	—	—	—	—	768	(77)	691
Provision for liabilities	—	120	—	—	426	—	546
Other non-current liabilities	—	—	—	—	446	—	446
Total non-current liabilities	497	1,890	2,914	3,658	6,741	(8,243)	7,457
TOTAL LIABILITIES	595	1,902	2,941	3,678	23,107	(8,384)	23,839
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	—	27	—	27
EQUITY							
Total Willis Towers Watson shareholders' equity	10,228	4,498	1,582	4,425	10,771	(21,276)	10,228
Non-controlling interests	—	—	—	—	119	—	119
Total equity	10,228	4,498	1,582	4,425	10,890	(21,276)	10,347
TOTAL LIABILITIES AND EQUITY	$ 10,823	$ 6,400	$ 4,523	$ 8,103	$ 34,024	$ (29,660)	$ 34,213

Unaudited Condensed Consolidating Balance Sheet

	As of December 31, 2017						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	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	—	267	1	44	264	(146)	430
Total current assets	2	271	1	45	15,688	(146)	15,861
Intercompany receivables, net	6,202	—	2,501	—	—	(8,703)	—
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	—	115	3	31	388	(90)	447
Total non-current assets	6,202	115	2,504	116	16,513	(8,853)	16,597
Investments in subsidiaries	4,506	6,125	1,918	8,425	—	(20,974)	—
TOTAL ASSETS	$ 10,710	$ 6,511	$ 4,423	$ 8,586	$ 32,201	$ (29,973)	$ 32,458
LIABILITIES AND EQUITY							
Fiduciary liabilities	$ —	$ —	$ —	$ —	$ 12,155	$ —	$ 12,155
Deferred revenue and accrued expenses	—	19	—	7	1,685	—	1,711
Short-term debt and current portion of long-term debt	—	—	—	—	85	—	85
Other current liabilities	87	83	33	27	724	(150)	804
Total current liabilities	87	102	33	34	14,649	(150)	14,755
Intercompany payables, net	—	787	—	3,895	4,021	(8,703)	—
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	—	19	—	5	520	—	544
Total non-current liabilities	497	1,912	2,883	3,900	7,026	(8,792)	7,426
TOTAL LIABILITIES	584	2,014	2,916	3,934	21,675	(8,942)	22,181
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	—	28	—	28
EQUITY							
Total Willis Towers Watson shareholders' equity	10,126	4,497	1,507	4,652	10,375	(21,031)	10,126
Non-controlling interests	—	—	—	—	123	—	123
Total equity	10,126	4,497	1,507	4,652	10,498	(21,031)	10,249
TOTAL LIABILITIES AND EQUITY	$ 10,710	$ 6,511	$ 4,423	$ 8,586	$ 32,201	$ (29,973)	$ 32,458

Unaudited Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2018						
	Willis Towers Watson plc	**Willis North America**	**Trinity Acquisition plc**	**Other guarantors**	**Non-guarantors**	**Eliminations**	**Consolidated**
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 154	$ —	$ (240)	$ 170	$ 644	$ (333)	$ 395
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES							
Additions to fixed assets and software for internal use	—	—	—	(2)	(139)	—	(141)
Capitalized software costs	—	—	—	—	(25)	—	(25)
Acquisitions of operations, net of cash acquired	—	—	—	—	(8)	—	(8)
Net proceeds from sale of operations	—	—	—	—	4	—	4
Other, net	—	—	—	—	17	—	17
Proceeds from/(repayments of) intercompany investing activities, net	245	(97)	137	139	(351)	(73)	—
Net cash from/(used in) investing activities	$ 245	$ (97)	$ 137	$ 137	$ (502)	$ (73)	$ (153)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES							
Net borrowings on revolving credit facility	—	150	47	—	—	—	197
Repayments of debt	—	—	—	—	(43)	—	(43)
Repurchase of shares	(269)	—	—	—	—	—	(269)
Proceeds from issuance of shares	18	—	—	—	—	—	18
Payments of deferred and contingent consideration related to acquisitions	—	—	—	—	(41)	—	(41)
Cash paid for employee taxes on withholding shares	—	—	—	—	(30)	—	(30)
Dividends paid	(149)	—	(332)	(1)	—	333	(149)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	—	(18)	—	(18)
(Repayments of)/proceeds from intercompany financing activities, net	—	(53)	388	(306)	(102)	73	—
Net cash (used in)/from financing activities	$ (400)	$ 97	$ 103	$ (307)	$ (234)	$ 406	$ (335)
DECREASE IN CASH AND CASH EQUIVALENTS	(1)	—	—	—	(92)	—	(93)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	(26)	—	(26)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2	—	—	1	1,027	—	1,030
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1	$ —	$ —	$ 1	$ 909	$ —	$ 911

Unaudited Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2017						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 448	$ 39	$ 434	$ (311)	$ (116)	$ (175)	$ 319
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES							
Additions to fixed assets and software for internal use	—	—	—	(5)	(114)	—	(119)
Capitalized software costs	—	—	—	—	(32)	—	(32)
Acquisitions of operations, net of cash acquired	—	—	—	—	(13)	—	(13)
Other, net	—	—	—	—	9	—	9
Proceeds from/(repayments of) intercompany investing activities, net	948	7	(473)	78	184	(744)	—
(Increase)/decrease in investment in subsidiaries	(1,000)	—	—	941	59	—	—
Net cash (used in)/from investing activities	$ (52)	$ 7	$ (473)	$ 1,014	$ 93	$ (744)	$ (155)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES							
Net borrowings on revolving credit facility	—	—	283	—	—	—	283
Senior notes issued	—	650	—	—	—	—	650
Proceeds from issuance of other debt	—	—	—	—	32	—	32
Debt issuance costs	—	(5)	(4)	—	—	—	(9)
Repayments of debt	—	(399)	(215)	—	(81)	—	(695)
Repurchase of shares	(296)	—	—	—	—	—	(296)
Proceeds from issuance of shares	37	—	—	—	—	—	37
Payments of deferred and contingent consideration related to acquisitions	—	—	—	—	(44)	—	(44)
Cash paid for employee taxes on withholding shares	—	—	—	—	(3)	—	(3)
Dividends paid	(137)	(59)	—	—	(116)	175	(137)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	—	(14)	—	(14)
(Repayments of)/proceeds from intercompany financing activities, net	—	(233)	(25)	(696)	210	744	—
Net cash (used in)/from financing activities	$ (396)	$ (46)	$ 39	$ (696)	$ (16)	$ 919	$ (196)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	—	—	—	7	(39)	—	(32)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	14	—	14
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	—	—	870	—	870
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ —	$ —	$ 7	$ 845	$ —	$ 852

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

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

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

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

Executive Overview

Market Conditions

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

Insurance market rates vary by geography, industry and client segment. As a result, and due to the global and diverse nature of our business, we view rates in the aggregate.

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

On March 29, 2019, the U.K. will leave the E.U., however, many aspects of the political negotiations, including the nature of any transitional arrangement, future immigration requirements, and other matters remain uncertain. Post-Brexit businesses such as ours, which conduct regulated activity and provide services to both U.K. and E.U. 27/European Economic Area clients will need to operate differently. We are working to ensure that, where possible, clients will have the same access to the same services, experts, and relationship managers as they do today. To do this, we are planning to put in place appropriate regulatory, structural and operating models to allow our business to function post-Brexit. For a further discussion of the risks of Brexit to the Company, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 28, 2018.

On an annual basis for 2018, although we expect that approximately 22% of our revenue will be generated in the U.K., we expect that only about 12% of revenue will be denominated in Pounds sterling, as much of the insurance business is transacted in U.S. dollars. We expect that approximately 20% of our expenses will be denominated in Pounds sterling. We have a Company hedging strategy for this aspect of our business, which is designed to mitigate significant fluctuations in currency.

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

See Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 28, 2018, and subsequent filings, for a discussion of risks that may affect our ability to compete.

Financial Statement Overview

In accordance with the modified retrospective adoption requirements of ASC 606 (see Note 3 — Revenue within Notes to the Condensed Consolidated Financial Statements in Part I, Item 1.), the tables below set forth our summarized condensed consolidated statements of comprehensive income and data as a percentage of revenue for the periods indicated. Our results for the three and six months ended June 30, 2018 have also been presented without the adoption of ASC 606.

	Three Months Ended June 30,					
	2018				2017	
	As reported		Without adoption of ASC 606		As reported	
	($ in millions, except per share data)					
Revenue	$ 1,990	100 %	$ 2,022	100 %	$ 1,953	100 %
Costs of providing services						
Salaries and benefits	1,275	64 %	1,272	63 %	1,211	62 %
Other operating expenses	406	20 %	406	20 %	391	20 %
Depreciation	51	3 %	56	3 %	51	3 %
Amortization	140	7 %	140	7 %	149	8 %
Restructuring costs	—	— %	—	— %	27	1 %
Transaction and integration expenses	55	3 %	55	3 %	63	3 %
Total costs of providing services	1,927		1,929		1,892	
Income from operations	63	3 %	93	5 %	61	3 %
Interest expense	(52)	(3)%	(52)	(3)%	(46)	(2)%
Other income, net	63	3 %	63	3 %	34	2 %
Provision for income taxes	(9)	— %	(15)	(1)%	(8)	— %
Income attributable to non-controlling interests	(7)	— %	(7)	— %	(8)	— %
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 58	3 %	$ 82	4 %	$ 33	2 %
Diluted earnings per share	$ 0.44		$ 0.62		$ 0.24	

	Six Months Ended June 30,					
	2018				2017	
	As reported		Without adoption of ASC 606		As reported	
	($ in millions, except per share data)					
Revenue	$ 4,282	100 %	$ 4,573	100 %	$ 4,272	100 %
Costs of providing services						
Salaries and benefits	2,652	62 %	2,624	57 %	2,464	58 %
Other operating expenses	829	19 %	829	18 %	792	19 %
Depreciation	100	2 %	110	2 %	97	2 %
Amortization	281	7 %	281	6 %	300	7 %
Restructuring costs	—	— %	—	— %	54	1 %
Transaction and integration expenses	98	2 %	98	2 %	103	2 %
Total costs of providing services	3,960		3,942		3,810	
Income from operations	322	8 %	631	14 %	462	11 %
Interest expense	(103)	(2)%	(103)	(2)%	(92)	(2)%
Other income, net	119	3 %	119	3 %	77	2 %
Provision for income taxes	(52)	(1)%	(111)	(2)%	(54)	(1)%
Income attributable to non-controlling interests	(13)	— %	(13)	— %	(16)	— %
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 273	6 %	$ 523	11 %	$ 377	9 %
Diluted earnings per share	$ 2.05		$ 3.94		$ 2.75	

Consolidated Revenue

Revenue for the three months ended June 30, 2018 was $2.0 billion, and $2.0 billion without the adoption of ASC 606. Revenue for the three months ended June 30, 2017 was $2.0 billion, which when compared to current year as-reported revenue, results in an increase of $37 million, or an increase of $69 million when adjusting for the impact of ASC 606. Revenue for the six months ended June 30, 2018 was $4.3 billion, and $4.6 billion without the adoption of ASC 606. Revenue for the six months ended June 30, 2017 was $4.3 billion, which when compared to current year as-reported revenue, results in an increase of $10 million, or an increase of $301 million when adjusting for the impact of ASC 606. Revenue growth was 2% and flat for the three and six months ended June 30, 2018, respectively. Adjusting for the impacts of foreign currency, acquisitions and disposals and ASC 606, our organic revenue growth was 3% and 4% for the three and six months ended June 30, 2018. The organic increase in revenue was driven by strong performances in all segments.

Our revenue can be materially impacted by changes in currency conversions, which can fluctuate significantly over the course of a calendar year. For the three months ended June 30, 2018, currency translation increased our consolidated revenue by $38 million; for the six months ended June 30, 2018, currency translation increased our consolidated revenue by $161 million. The primary currencies driving these changes were the Euro and Pound sterling.

The following table details our top five markets based on the percentage of consolidated revenue (in U.S. dollars) from the countries where work is performed for the six months ended June 30, 2018. These figures do not represent the currency of the related revenue, which is presented in the next table.

Geographic Region	% of Revenue
United States	43%
United Kingdom	25%
France	5%
Germany	3%
Canada	3%

The table below details the percentage of our revenue and expenses by transactional currency for the six months ended June 30, 2018.

Transactional Currency	Revenue	Expenses (i)
U.S. dollars	51%	48%
Pounds sterling	14%	21%
Euro	18%	13%
Other currencies	17%	18%

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

The following table sets forth the total revenue for the three and six months ended June 30, 2018 and 2017 and the components of the change in total revenue for the three and six months ended June 30, 2018, as compared to the respective prior year period:

	Three Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Revenue	$ 1,990	$ 1,953	2%	2%	**—%**	(2)%	(1)%	**3%**

	Six Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Revenue	$ 4,282	$ 4,272	—%	4%	**(4)%**	(6)%	(1)%	**4%**

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

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

Segment Revenue

Beginning in 2018, we made certain changes that affect our segment results that are not material. These changes include the realignment of certain businesses within our segments, as well as changes to certain allocation methodologies to better reflect the ongoing nature of our businesses. The prior period comparatives included in the tables below have been retrospectively adjusted to reflect our current segment presentation. See Part I, Item 1. Note 4 — Segment Information of this Form 10-Q report for a further discussion of these changes.

The segment descriptions below should be read in conjunction with the full descriptions of our businesses contained in Part I, Item 1. Business, within our Annual Report on Form 10-K, filed with the SEC on February 28, 2018.

The Company experiences seasonal fluctuations in its revenue. Revenue is typically higher during the Company's first and fourth quarters due primarily to the timing of broking-related activities, and although the mix of quarterly income will change as a result of the adoption of ASC 606, our first and fourth quarters will continue to be the highest.

Human Capital and Benefits ('HCB')

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

The following table sets forth HCB segment revenue for the three months ended June 30, 2018 and 2017, and the components of the change in revenue for the three months ended June 30, 2018 from the three months ended June 30, 2017.

	Three Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 780	$ 726	7%	2%	**5%**	4%	(1)%	**3%**

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

HCB segment revenue, for the three months ended June 30, 2018 and 2017 was $780 million and $726 million, respectively. Retirement revenues increased in the second quarter with growth in North America, Great Britain and Western Europe related to a general increase in demand for consulting and project work. Health and Benefits had solid growth with increased advisory work and global benefit marketplace placements, while the Technology and Administration Solutions business experienced growth in Great Britain and Western Europe as a result of new administration clients and project activity. Talent and Rewards revenues declined due to lower demand for advisory projects in North America and Great Britain.

The following table sets forth HCB segment revenue for the six months ended June 30, 2018 and 2017, and the components of the change in revenue for the six months ended June 30, 2018 from the six months ended June 30, 2017.

	Six Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 1,612	$ 1,675	(4)%	3%	**(7)%**	(9)%	(1)%	**3%**

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

HCB segment revenue for the six months ended June 30, 2018 and 2017 was $1.6 billion and $1.7 billion respectively. On an organic basis the HCB segment experienced growth across all regions. Retirement grew in North America, Great Britain and International with a slight offset in Western Europe. The overall growth in Retirement was driven by an increase in demand for consulting and project work. Increased advisory work and global benefit marketplace placements drove the organic growth in all regions for Health & Benefits. Technology and Administration Solutions experienced growth in Western Europe, Great Britain and International as a result of new administration clients and project activity. Talent and Rewards grew slightly with growth in Western Europe and International, partially offset by a decline in North America and Great Britain. Talent and Rewards growth was due to new administration clients and project activity.

Corporate Risk and Broking (‘CRB’)

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

The following table sets forth CRB revenue for the three months ended June 30, 2018 and 2017, and the components of the change in revenue for the three months ended June 30, 2018 from the three months ended June 30, 2017.

	Three Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 674	$ 644	5%	2%	**3%**	1%	—%	**2%**

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

CRB segment revenue for the three months ended June 30, 2018 and 2017 was $674 million and $644 million, respectively. The increase was driven by growth globally across most geographies, highlighted by particular strength in the International and North America regions, attributable to new business generation and strong management of the renewal book portfolio.

The following table sets forth CRB revenue for the six months ended June 30, 2018 and 2017, and the components of the change in revenue for the six months ended June 30, 2018 from the six months ended June 30, 2017.

	Six Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 1,414	$ 1,316	7%	5%	**3%**	(1)%	—%	**4%**

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

CRB segment revenue for the six months ended June 30, 2018 and 2017 was $1.4 billion and $1.3 billion respectively. Revenue growth was experienced in every region. The primary drivers of the growth for the segment were new business generation and strong management of the renewal book portfolio.

Investment, Risk and Reinsurance (‘IRR’)

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

The following table sets forth IRR revenue for the three months ended June 30, 2018 and 2017, and the components of the change in revenue for the three months ended June 30, 2018 from the three months ended June 30, 2017.

	Three Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 385	$ 374	3%	3%	**—%**	2%	(3)%	**1%**

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

IRR segment revenue for the three months ended June 30, 2018 and 2017 was $385 million and $374 million, respectively. Reinsurance, Investment, Insurance Consulting and Technology, and Max Matthiessen all posted revenue growth, primarily as a result of increased sales. Wholesale revenues declined, mainly driven by the timing of revenue that was accelerated into the first quarter of 2018 and less demand in its Specialty and Programs businesses. Underwriting and Capital Management experienced a decline as a result of the divestiture of a portion of the U.S. programs business in 2017 and the Loan Protector businesses in the first quarter of 2018.

The following table sets forth IRR revenue for the six months ended June 30, 2018 and 2017, and the components of the change in revenue for the six months ended June 30, 2018 from the six months ended June 30, 2017.

	Six Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 959	$ 865	11%	5%	**6%**	5%	(2)%	**4%**

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

IRR segment revenue for the six months ended June 30, 2018 and 2017 was $959 million and $865 million, respectively. Reinsurance, Investment, Insurance Consulting and Technology and Max Matthiessen all posted revenue growth, primarily as a result of increased sales. Wholesale experienced a slight decline due to less demand in its Specialty and Programs businesses. Underwriting and Capital Management experienced a decline as a result of the divestiture of a portion of the U.S. programs business in 2017 and the Loan Protector businesses in the first quarter of 2018.

Benefits Delivery and Administration (‘BDA’)

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

The following table sets forth BDA revenue for the three months ended June 30, 2018 and 2017, and the components of the change in revenue for the three months ended June 30, 2018 from the three months ended June 30, 2017.

	Three Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 119	$ 178	(34)%	—%	**(34)%**	(43)%	—%	**9%**

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

BDA segment revenue for the three months ended June 30, 2018 and 2017 was $119 million and $178 million, respectively, with the decline solely related to the impact of ASC 606, which concentrates revenue to the fourth quarter. BDA’s organic growth is the result of its expanded client base, new membership and enrollments across all businesses.

The following table sets forth BDA revenue for the six months ended June 30, 2018 and 2017, and the components of the change in revenue for the six months ended June 30, 2018 from the six months ended June 30, 2017.

	Six Months Ended June 30,			Components of Revenue Change (i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Segment revenue	$ 241	$ 359	(33)%	—%	**(33)%**	(42)%	—%	**9%**

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

BDA segment revenue for the six months ended June 30, 2018 and 2017 was $241 million and $359 million, respectively. As a result of adopting ASC 606, revenue in our Medicare broking business in Individual Marketplace is now concentrated in the fourth quarter of each year, as this was the driver of the reduction in revenue for the first half of 2018. On an organic basis, Individual Marketplace led the segment growth due to increased membership from the 2017 fall enrollment period. Group Marketplace and Benefits Outsourcing grew as a result of additional 2018 enrollments, and new outsourcing client wins and special projects.

Costs of Providing Services

Total costs of providing services were $1.9 billion for the three months ended June 30, 2018, compared to $1.9 billion for the three months ended June 30, 2017, an increase of $35 million or 2%. Total costs of providing services were $4.0 billion for the six months ended June 30, 2018, compared to $3.8 billion for the six months ended June 30, 2017, an increase of $150 million or 4%. See the supplemental information below for further information.

Salaries and benefits

Salaries and benefits for the three months ended June 30, 2018 were $1.3 billion, compared to $1.2 billion for the three months ended June 30, 2017, an increase of $64 million; and for the six months ended June 30, 2018 were $2.7 billion, compared to $2.5 billion for the six months ended June 30, 2017, an increase of $188 million. The increases for both periods of 2018 were primarily a result of higher base salary adjustments and incentive accruals, as well as increased medical benefits costs.

Salaries and benefits as a percentage of revenue increased from 62% to 64% for the quarter and from 58% to 62% year-to-date due to the adoption of ASC 606, which decreased revenue for both the three and six months ended June 30, 2018.

Other operating expenses

Other operating expenses for the three months ended June 30, 2018 were $406 million, compared to $391 million for the three months ended June 30, 2017, an increase of $15 million, or 4%. This increase was primarily due to higher professional services expenses, partially offset by lower occupancy costs.

Other operating expenses for the six months ended June 30, 2018 were $829 million, compared to $792 million for the six months ended June 30, 2017, an increase of $37 million, or 5%. This increase was primarily due to higher professional services expenses, partially offset by lower professional liability and occupancy costs.

Depreciation

Depreciation for both the three months ended June 30, 2018 and 2017 was $51 million. Depreciation for the six months ended June 30, 2018 was $100 million, compared to $97 million for the six months ended June 30, 2017, an increase of $3 million, or 3%. This increase was primarily due to a higher depreciable base of assets resulting from additional assets placed in service during 2017.

Amortization

Amortization for the three months ended June 30, 2018 was $140 million, compared to $149 million for the three months ended June 30, 2017, a decrease of $9 million, or 6%. Amortization for the six months ended June 30, 2018 was $281 million, compared to $300 million for the six months ended June 30, 2017, a decrease of $19 million, or 6%. Our intangible amortization was more heavily weighted to the initial years of the useful lives of the related intangibles, and therefore amortization will continue to decrease over time.

Restructuring costs

Restructuring costs were $27 million and $54 million for the three and six months ended June 30, 2017, respectively.

These costs were incurred during the prior year period related to the Operational Improvement Program which was completed, and for which costs were fully accrued, by the end of 2017. We spent a cumulative amount of $441 million on restructuring charges for this program since it began in the second quarter of 2014. Refer to Part 1, Item 1. Note 5 — Restructuring Costs for additional information regarding these costs.

Transaction and integration expenses

Transaction and integration expenses for the three months ended June 30, 2018 were $55 million, compared to $63 million for the three months ended June 30, 2017, a decrease of $8 million, or 13%. Transaction and integration expenses for the six months ended June 30, 2018 were $98 million, compared to $103 million for the six months ended June 30, 2017, a decrease of $5 million, or 5%. The decrease in expenses resulted from the completion of certain integration activities in connection with the Merger.

Income from Operations

Income from operations for the three months ended June 30, 2018 was $63 million, compared to $61 million for the three months ended June 30, 2017, an increase of $2 million. Adjusting for the impact of ASC 606, which reduced operating income in the second quarter of 2018 by $30 million, income from operations would have increased by $32 million. This increase was due to continued organic revenue growth across all segments.

Income from operations for the six months ended June 30, 2018 was $322 million, compared to $462 million for the six months ended June 30, 2017, a decrease of $140 million. Adjusting for the impact of ASC 606, which reduced operating income in the first six months of 2018 by $309 million, income from operations would have increased by $169 million. This increase was due to strong organic revenue growth across all segments, particularly in the first quarter of 2018.

Interest Expense

Interest expense for the three months ended June 30, 2018 was $52 million, compared to $46 million for the three months ended June 30, 2017, an increase of $6 million, or 13%. Interest expense for the six months ended June 30, 2018 was $103 million, compared to $92 million for the six months ended June 30, 2017, an increase of $11 million, or 12%. The increase in interest expense resulted from additional levels of indebtedness.

Other Income, Net

As a result of the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which was retrospectively applied to our 2017 presentation as well, we now classify all components of net periodic benefit cost except service cost, resulting from our defined benefit plans, in this line item.

Other income, net for the three months ended June 30, 2018 was $63 million, compared to $34 million for the three months ended June 30, 2017, an increase of $29 million, primarily resulting from favorable foreign exchange activity for the quarter.

Other income, net for the six months ended June 30, 2018 was $119 million, compared to $77 million for the six months ended June 30, 2017, an increase of $42 million. The additional income in 2018 as compared to the prior year related to the more favorable foreign exchange activity occurring in the second quarter of approximately $36 million, along with increased pension benefit activity of $15 million, partially offset by a loss on disposal of operations of $9 million.

Provision for Income Taxes

Provision for income taxes for the three months ended June 30, 2018 was $9 million, compared with $8 million for the three months ended June 30, 2017, an increase to income tax expense of $1 million. The effective tax rate was 12.7% for the three months ended June 30, 2018, and 16.8% for the three months ended June 30, 2017. Provision for income taxes for the six months ended June 30, 2018 was $52 million, compared with $54 million for the six months ended June 30, 2017, a decrease to income tax expense of $2 million. The effective tax rate was 15.5% for the six months ended June 30, 2018, and 12.1% for the six months ended June 30, 2017. These effective tax rates are calculated using extended values from our condensed consolidated statements of comprehensive income, and are therefore more precise tax rates than can be calculated from rounded values.

Prior to U.S. Tax Reform, our effective tax rate was lower than the U.S. statutory tax rate of 35%, primarily due to our global mix of income and deductions in jurisdictions with high statutory income tax rates. For 2018, while the U.S. federal corporate income tax rate has decreased as a result of U.S. Tax Reform, certain deferred tax benefits realized as a result of both the Merger and deductions in jurisdictions with high statutory income tax rates have now been reduced as well. This offsets, in part, the benefit of U.S. Tax Reform, thus increasing our effective income tax rate for the six months ended June 30, 2018 as compared to the prior year. However, the effective income tax rate for the three months ended June 30, 2018 was lower than the three months ended June 30, 2017 due to the change in the geographic mix of income.

Net Income Attributable to Willis Towers Watson

Net income attributable to Willis Towers Watson for the three months ended June 30, 2018 was $58 million, compared to $33 million for the three months ended June 30, 2017, an increase of $25 million, or 76%. Adjusting for the impact of ASC 606, which reduced net income in the second quarter of 2018 by $24 million, net income attributable to Willis Towers Watson would have increased by $49 million. This increase was due to continued organic revenue growth across all segments.

Net income attributable to Willis Towers Watson for the six months ended June 30, 2018 was $273 million, compared to $377 million for the six months ended June 30, 2017, a decrease of $104 million, or 28%. Adjusting for the impact of ASC 606, which reduced net income in the first six months of 2018 by $250 million, net income attributable to Willis Towers Watson would have increased by $146 million. This increase was due to strong organic revenue growth across all segments, particularly in the first quarter of 2018.

Supplemental Information - Adoption of New Revenue Standard

As discussed in the notes to the condensed consolidated financial statements, Note 3 — Revenue, the Company adopted ASC 606, *Revenue from Contracts with Customers*, as of January 1, 2018. Since the Company adopted the guidance using the modified retrospective method, the Company has provided the impact to the affected financial statement line items within the condensed consolidated financial statements for 2018; the 2017 comparative financial statement line items have not been restated in accordance with the new standard. In an effort to help the readers of this Form 10-Q better understand the impact that this guidance has on our reported segment results, we have included below the revenue and operating income by segment as reported, as well as without the adoption of ASC 606, and a brief explanation of the changes (amounts exclude results not allocated to the operating segments):

	Three Months Ended June 30, 2018				Six Months Ended June 30, 2018			
	As Reported	Balances Without Adoption of ASC 606	Effect of Change		As Reported	Balances Without Adoption of ASC 606	Effect of Change	
HCB								
Revenue	$ 780	$ 750	$ 30	*a*	$ 1,612	$ 1,772	$ (160)	*a*
Operating income	149	119	30	*a, e*	342	503	(161)	*a, e*
CRB								
Revenue	674	669	5	*b*	1,414	1,427	(13)	*b*
Operating income	97	85	12	*b, f*	222	231	(9)	*b, f*
IRR								
Revenue	385	379	6	*c*	959	918	41	*c*
Operating income	89	86	3	*c, f*	350	327	23	*c, f*
BDA								
Revenue	119	195	(76)	*d*	241	390	(149)	*d*
Operating (loss)/income	(31)	49	(80)	*d, e*	(63)	91	(154)	*d, e*

Explanation of Changes

Revenue and operating expenses were adjusted for the following significant changes:

a. Revenue recognition for certain arrangements in our Health and Benefits broking business will now be recognized more 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 for all contracts entered into for 2017 and prior years. The total change to revenue as a result of this accounting change for the three and six months ended June 30, 2018 was an increase of $35 million and a decrease of $155 million, respectively.

b. Revenue recognition for certain affinity broking arrangements that was recognized at a point in time on the effective date of the policy is now being recognized over the policy year to reflect the ongoing nature of our services.

c. The most significant change in our IRR segment results is due to the change in accounting for our proportional treaty reinsurance broking arrangements. The revenue recognition for proportional treaty reinsurance broking commissions has moved from recognition upon the receipt of the monthly or quarterly treaty statements from the ceding insurance carriers, to the recognition of an estimate of expected commissions upon the policy effective date. For the three and six months ended June 30, 2018, ASC 606 revenue was higher than ASC 605 revenue by approximately $5 million and $29 million, respectively, related to this adjustment.

d. The majority of revenue recognition within our Medicare broking arrangements in Individual Marketplace has moved from monthly ratable recognition over the policy period, to recognition upon placement of the policy. Consequently, the Company will now recognize approximately two-thirds of one calendar year of expected commissions during the fourth quarter of the preceding calendar year. The remainder of the revenue is recognized consistently with methods used prior to the adoption of ASC 606. During the three and six months ended June 30, 2018, the accounting for this revenue stream under ASC 606 resulted in a reduction of revenue from ASC 605 of $78 million and $151 million, respectively.

e. *System implementation activities* — For those portions of the business that previously deferred costs, the length of time over which we amortize those costs will extend to a longer estimated contract term. For the 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. Additionally, the composition of deferred costs has been adjusted to reflect the guidance in ASC 606. These adjustments resulted in an increase in expenses of $2 million and $4 million for the three and six months ended June 30, 2018, respectively.

f. *Other arrangements* — This guidance now applies to our broking arrangements. The costs deferred for our broking arrangements will typically be amortized within one year. For the three and six months ended June 30, 2018, these changes resulted in expenses decreasing by $4 million and increasing by $14 million, respectively.

Impact of U.S. Tax Reform

On December 22, 2017, the U.S. government enacted comprehensive tax legislation, commonly referred to as 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 Accounting Standards Codification ('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.

As of June 30, 2018, our accounting for U.S. Tax Reform is incomplete. However, as noted in our 2017 Annual Report on Form 10-K, the Company was able to make reasonable estimates of certain effects and recorded provisional adjustments. We expect to complete our accounting within the measurement period for all provisional amounts.

For the following provisional items, we did not record any additional measurement period adjustments during the three and six months ended June 30, 2018, for the following reasons:

Reduction of the federal corporate tax rate – The provisional amount of $208 million income tax benefit recorded at December 31, 2017 may be affected due to the continued refinement of our transition tax calculation, additional analysis of tax amounts in other comprehensive income, future guidance issued or other items relating to U.S. Tax Reform. We will continue to analyze and refine our calculations related to the measurement of the deferred tax balances.

Indefinite reinvestment assertion – The provisional amount of $1 million for foreign withholding and state income taxes in relation to the future repatriation of earnings previously deemed indefinitely reinvested may be affected by our global working capital and cash requirements.

Bonus Depreciation – The provisional tax deduction of $40 million may be affected by the Company's ongoing analysis of capital expenditures that qualify for immediate expensing.

Executive compensation – The provisional income tax expense of $8 million relating to our compensation plans not qualifying for the binding contract exception may be affected by the completion of our analysis of the binding contract requirement on our various compensation plans.

For the following provisional items, incremental measurement adjustments were recognized during the six months ended June 30, 2018 (there were no adjustments made during the three months ended June 30, 2018), but the item is still determined to be provisional for the following reasons:

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 originally recorded a provisional amount for the one time transition tax liability for its foreign subsidiaries owned by U.S. corporate shareholders, resulting in a U.S. federal income tax expense of $70 million and state income tax expense of $2 million. However, the Internal Revenue Service (‘IRS’) clarified the application of the ‘with’ and ‘without’ approach for calculating the transition tax liability in determining the amount payable over eight years, and as it will appear on the U.S. federal corporate income tax return. Based on this guidance the Company has revised its provisional estimate for the U.S. federal transition tax liability. The provisional amount of U.S. federal transition tax liability has been reduced by $64 million due to the utilization of interest loss carryforwards resulting from the transition tax income inclusion. The Company has not made any further measurement period adjustments related to the transition tax. The Company expects to revise its estimates of E&P, non-U.S. income taxes and cash balances throughout 2018 which could affect the measurement of this liability. Furthermore, additional guidance may be released which could also impact these estimates.

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. The FASB Staff Q&A, Topic 740 No. 5, Accounting for GILTI, states that an entity can make a policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the period the tax is incurred. The Company is treating the taxes due on U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the ‘period cost method’) and has included a reasonable estimate of the GILTI in its full year estimated annual effective tax rate; it is not expected to be material. We will continue to refine our calculations based on future guidance and actual results, which may result in changes to this amount.

The Company's accounting for changes in its valuation allowance as a result of U.S. Tax Reform is incomplete, and it is not yet able to make reasonable estimates of the realizability of certain deferred tax assets. The Company must assess whether valuation allowance 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 June 30, 2018, no provisional adjustments have been recorded.

Liquidity and Capital Resources

Executive Summary

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

Based on our current balance sheet and cash flows, current market conditions and information available to us at this time, we believe that Willis Towers Watson has access to sufficient liquidity, which includes our undrawn revolving credit facilities, to meet our cash needs for the next twelve months, including investing in the business for growth, creating value through the integration of Willis, Towers Watson and Gras Savoye, scheduled debt repayments, dividend payments, and contemplated share repurchases, subject to market conditions and other factors.

The Company accrues taxes 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 our 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 changed our assertion with respect to certain legacy Towers Watson subsidiaries. For those subsidiaries from which we were able to make a reasonable estimate of the tax effects of such repatriation, we have recorded an estimate for foreign withholding and state income taxes. If future events, including material changes in estimates of cash, working capital, long-term investment requirements or additional guidance relating to U.S. Tax Reform, necessitate that these earnings be distributed, an additional provision for income and foreign withholding taxes, net of credits, may be necessary. Other potential sources of cash may be through the settlement of intercompany loans or return of capital distributions in a tax-efficient manner.

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

Assets and liabilities associated with non-U.S. entities have been translated into U.S. dollars as of June 30, 2018 at U.S. dollar rates that fluctuate compared to historical periods. As a result, cash flows derived from changes in the condensed consolidated balance sheets include the impact of the change in foreign exchange translation rates.

Cash and Cash Equivalents

Our cash and cash equivalents at June 30, 2018 totaled $911 million, compared to $1.0 billion at December 31, 2017. The decrease in cash from December 31, 2017 to June 30, 2018 was primarily due to capital expenditures, dividends and share repurchases partially offset by positive cash flows from our operating activities.

Additionally, at June 30, 2018, $165 million was available to draw against our $1.25 billion revolving credit facility as compared to $362 million, which was available to draw against the facility at December 31, 2017.

Included within cash and cash equivalents at June 30, 2018 and December 31, 2017 are amounts held for regulatory capital adequacy requirements, including $92 million and $90 million, respectively, held within our regulated U.K. entities.

Summarized Condensed Consolidated Cash Flows

The following table presents the summarized condensed consolidated cash flow information for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30,	
	2018	2017
	(in millions)	
Net cash from/(used in):		
Operating activities	$ 395	$ 319
Investing activities	(153)	(155)
Financing activities	(335)	(196)
DECREASE IN CASH AND CASH EQUIVALENTS	(93)	(32)
Effect of exchange rate changes on cash and cash equivalents	(26)	14
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,030	870
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 911	$ 852

Cash Flows From Operating Activities

Cash flows from operating activities were $395 million for the six months ended June 30, 2018, compared to cash flows from operating activities of $319 million for the six months ended June 30, 2017. The $395 million of net cash from operating activities for the six months ended June 30, 2018 included net income of $286 million, adjusted for $300 million of non-cash adjustments, largely offset by changes in operating assets and liabilities of $191 million. This increase in cash flows from operations as compared to the prior year primarily resulted from cash collections from customers.

The $319 million of net cash from operating activities for the six months ended June 30, 2017 included net income of $393 million, adjusted for $337 million of non-cash adjustments, partially offset by changes in operating assets and liabilities of $411 million.

Cash Flows Used In Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2018 and 2017 were $153 million and $155 million, respectively, primarily driven by capital expenditures and capitalized software additions.

Cash Flows Used In Financing Activities

Cash flows used in financing activities for the six months ended June 30, 2018 were $335 million. The significant financing activities included share repurchases of $269 million and dividend payments of $149 million, which were partially offset by net borrowings of $154 million.

Cash flows used in financing activities for the six months ended June 30, 2017 were $196 million. The significant financing activities included net borrowings of $261 million, as well as $37 million in proceeds from the issuance of shares, which were more than offset by share repurchases of $296 million and dividend payments of $137 million.

Indebtedness

Total debt, total equity, and the capitalization ratios at June 30, 2018 and December 31, 2017 were as follows:

	June 30, 2018	December 31, 2017
	($ in millions)	
Long-term debt	$ 4,589	$ 4,450
Short-term debt and current portion of long-term debt	85	85
Total debt	$ 4,674	$ 4,535
Total Willis Towers Watson shareholders’ equity	$ 10,228	$ 10,126
Capitalization ratio	31.4%	30.9%

At June 30, 2018, our material mandatory debt repayments over the next twelve months include scheduled repayments of $85 million on our term loan maturing in 2019.

At June 30, 2018 and December 31, 2017, we were in compliance with all financial covenants.

Fiduciary Funds

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

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

At June 30, 2018 and December 31, 2017, we had fiduciary funds of $3.5 billion and $3.3 billion, respectively.

Share Repurchase Program

The Company is authorized to repurchase shares, by way of redemption, and will consider whether to do so from time to time, based on many factors, including market conditions. There are no expiration dates for our repurchase plans or programs. At June 30, 2018, approximately $0.7 billion remained on the current repurchase authority. The maximum number of shares that could be repurchased based on the closing price of our ordinary shares on June 29, 2018 of $151.60 was 4,825,680.

During the three and six months ended June 30, 2018, the Company had the following share repurchase activity:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Shares repurchased	1,768,175	1,768,175
Average price per share	$152.22	$152.22
Aggregate repurchase cost (excluding broker costs)	$269 million	$269 million

Capital Commitments

Capital expenditures for fixed assets and software for internal use were $141 million during the six months ended June 30, 2018. The Company estimates that there will be additional such expenditures of approximately $110 million during the remainder of 2018. We expect cash from operations to adequately provide for these cash needs. There have been no material changes to our capital commitments since December 31, 2017.

Dividends

Total cash dividends of $149 million were paid during the six months ended June 30, 2018. In May 2018, the board of directors approved a quarterly cash dividend of $0.60 per share ($2.40 per share annualized rate), which was paid on July 16, 2018 to shareholders of record as of June 30, 2018.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Transactions

See Part II, Item 7. 'Off-Balance Sheet Arrangements and Contractual Obligations' in our Annual Report on Form 10-K, filed with the SEC on February 28, 2018, for a discussion pertaining to off-balance sheet transactions.

Contractual Obligations

Operating Leases. We lease office space and furniture under operating lease agreements with terms typically ranging from three to twenty years. We have determined that there is not a large concentration of leases that will expire in any one fiscal year. Consequently, management anticipates that any increase in future rent expense on leases will be mainly market-driven. We also lease cars and selected computer equipment under operating lease agreements. For acquired operating leases, intangible assets or liabilities have been recognized for the difference between the contractual cash obligations and the estimated market rates at the time of acquisition. These intangibles are amortized to rent expense but do not affect our contractual cash obligations. There have been no material changes to our operating lease obligations since we filed our Annual Report on Form 10-K with the SEC on February 28, 2018.

Transition Tax. During the three months ended December 31, 2017, the Company recorded a provisional $70 million tax payable for the one-time Federal transition tax liability for its foreign subsidiaries owned by U.S. corporate shareholders. During the first quarter of 2018, the IRS clarified the application of the 'with' and 'without' approach for calculating the transition tax liability in determining the amount payable over eight years and as it will appear on the U.S. federal corporate income tax return. Based on this guidance the Company revised its provisional estimate for the U.S. federal transition tax liability during the first quarter of 2018. The provisional amount of U.S. federal transition tax liability has been reduced by $64 million due to the utilization of interest loss carryforwards resulting from the transition tax income inclusion. The Company will continue to elect to pay the $6 million one-time tax liability over an eight-year period without interest. The Company has not made any further measurement-period adjustments related to transition tax.

Material changes to our other contractual obligations since we filed our Annual Report on Form 10-K with the SEC on February 28, 2018 are discussed in Note 9 — Debt and Note 11 — Retirement Benefits.

Non-GAAP Financial Measures

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

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

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

Additionally in 2018, we adopted ASC 606, which has a material impact on the amount, timing and classification of certain revenue and costs included in our condensed consolidated financial statements. Since the Company adopted the guidance using the modified retrospective method, it has provided the impact to the affected financial statement line items within the condensed consolidated financial statements for 2018; the 2017 comparative financial statement line items have not been restated in accordance with the new standard. In an effort to help the readers of this Form 10-Q better understand the impact that this guidance had on our non-GAAP measures, we have presented these measures as reported, as well as without the adoption of ASC 606, and a brief explanation of the changes.

Furthermore, the compensation for senior executives under certain long-term incentive programs is determined based on the results of our non-GAAP measures for the period 2016 through 2018 calculated without the adoption of ASC 606. Therefore, to ensure transparency, we consider it necessary to also provide the non-GAAP measures without the adoption of ASC 606. This will enable financial statement users the ability to evaluate management's performance based on the same elements utilized for performance-based remuneration.

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

- 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 one-time Merger-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when these programs will have concluded.

- Gains and losses on disposals of operations - Adjustment to remove the gain or loss resulting from disposed operations.

- Pension settlement and curtailment gains and losses - Adjustment to remove significant pension settlement and curtailment gains and losses to better present how the Company is performing.

- Provisions for significant litigation - We will include provisions for litigation matters which we believe are not representative of our core business operations.

- Venezuelan currency devaluation - Foreign exchange losses incurred as a consequence of the Venezuelan government's enforced changes to exchange rate mechanisms.

- 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.

- Tax effect of U.S. Tax Reform - Relates to the (1) U.S. income tax adjustment of deferred taxes upon the change in the federal corporate tax rate, (2) the impact of the one-time transition tax on accumulated foreign earnings net of foreign tax credits, and (3) the re-measurement of our net deferred tax liabilities associated with the U.S. tax on certain foreign earnings offset with a write-off of deferred tax assets that will no longer be realizable under U.S. Tax Reform.

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

Constant Currency Change and Organic Change

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

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

- *Organic change* - Excludes the impact of fluctuations in foreign currency exchange rates as described above, the period-over-period impact of acquisitions and divestitures and the impact of adopting ASC 606 on 2018 revenue. We believe that excluding transaction-related items from our U.S. GAAP financial measures provides useful supplemental information to our investors, and it is important in illustrating what our core operating results would have been had we not included these transaction-related items, since the nature, size and number of these transaction-related items can vary from period to period.

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

Reconciliations of the reported changes to the constant currency and organic changes for the three and six months ended June 30, 2018 from the three and six months ended June 30, 2017 are as follows:

	Three Months Ended June 30,			Components of Revenue Change(i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Revenue	$ 1,990	$ 1,953	2%	2%	**—%**	(2)%	(1)%	**3%**

	Six Months Ended June 30,			Components of Revenue Change(i)				
	2018	2017	As Reported Change	Currency Impact	Constant Currency Change	Impact of ASC 606	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Revenue	$ 4,282	$ 4,272	—%	4%	**(4)%**	(6)%	(1)%	**4%**

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

Adjusting for the impacts of foreign currency, acquisitions and disposals and ASC 606 in the calculation of our organic activity, our revenue grew by 3% and 4% for the three and six months ended June 30, 2018, respectively. These organic increases in revenue were driven by strong performances in all segments.

Adjusted Operating Income

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

Adjusted operating income is defined as income from operations adjusted for amortization, 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.

Reconciliations of income from operations to adjusted operating income for the three and six months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018		2017	2018		2017
	As reported	Without adoption of ASC 606	As reported	As reported	Without adoption of ASC 606	As reported
	(in millions)					
Income from operations	$ 63	$ 93	$ 61	$ 322	$ 631	$ 462
Adjusted for certain items:						
Amortization	140	140	149	281	281	300
Restructuring costs	—	—	27	—	—	54
Transaction and integration expenses	55	55	63	98	98	103
Adjusted operating income	$ 258	$ 288	$ 300	$ 701	$ 1,010	$ 919

Adjusted operating income without the adoption of ASC 606 decreased for the three months ended June 30, 2018 to $288 million, from $300 million for the three months ended June 30, 2017. Salaries and benefits expense as a percentage revenue increased for the quarter as compared to the prior year.

Adjusted operating income without the adoption of ASC 606 increased for the six months ended June 30, 2018 to $1.0 billion, compared to $919 million for the six months ended June 30, 2017, as a result of strong organic revenue growth from increased client demand across all segments. Additionally, on a year-to-date basis, salaries as a percentage of revenue decreased.

Adjusted EBITDA

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

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

Reconciliations of net income to adjusted EBITDA for the three and six months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018		2017	2018		2017
	As reported	Without adoption of ASC 606	As reported	As reported	Without adoption of ASC 606	As reported
	(in millions)					
NET INCOME	$ 65	$ 89	$ 41	$ 286	$ 536	$ 393
Provision for income taxes	9	15	8	52	111	54
Interest expense	52	52	46	103	103	92
Depreciation	51	56	51	100	110	97
Amortization	140	140	149	281	281	300
Restructuring costs	—	—	27	—	—	54
Transaction and integration expenses	55	55	63	98	98	103
Pension settlement and curtailment gains and losses	20	20	—	20	20	—
Loss on disposal of operations	—	—	—	9	9	—
Venezuela currency devaluation	—	—	2	—	—	2
Adjusted EBITDA	$ 392	$ 427	$ 387	$ 949	$ 1,268	$ 1,095

Adjusted EBITDA without the adoption of ASC 606 for the three months ended June 30, 2018 was $427 million, compared to $387 million for the three months ended June 30, 2017. Adjusted EBITDA without the adoption of ASC 606 for the six months ended June 30, 2018 was $1.3 billion, compared to $1.1 billion for the six months ended June 30, 2017. These increases were primarily due to organic revenue growth from increased client demand across all segments, bolstered by increased pension credits on a year-to-date basis and favorable foreign exchange movements.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

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

Reconciliations of net income attributable to Willis Towers Watson to adjusted diluted earnings per share for the three months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended March 31,		
	2018		2017
	As reported	Without adoption of ASC 606	As reported
	($ in millions)		
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 58	$ 82	$ 33
Adjusted for certain items:			
Amortization	140	140	149
Restructuring costs	—	—	27
Transaction and integration expenses	55	55	63
Pension settlement and curtailment gains and losses	20	20	—
Venezuela currency devaluation	—	—	2
Tax effect on certain items listed above (i)	(48)	(48)	(76)
Adjusted net income	$ 225	$ 249	$ 198
Weighted average shares of common stock — diluted	133	133	137
Diluted earnings per share	$ 0.44	$ 0.62	$ 0.24
Adjusted for certain items (ii):			
Amortization	1.06	1.06	1.09
Restructuring costs	—	—	0.20
Transaction and integration expenses	0.41	0.41	0.46
Pension settlement and curtailment gains and losses	0.15	0.15	—
Venezuela currency devaluation	—	—	0.02
Tax effect on certain items listed above (i)	(0.36)	(0.36)	(0.56)
Adjusted diluted earnings per share	$ 1.70	$ 1.88	$ 1.45

(i) The tax effect was calculated using an effective tax rate for each item.
(ii) Per share values and totals were calculated using extended values.

Reconciliations of net income attributable to Willis Towers Watson to adjusted diluted earnings per share for the six months ended June 30, 2018 and 2017 are as follows:

	Six Months Ended March 31,		
	2018		2017
	As reported	Without adoption of ASC 606	As reported
	($ in millions)		
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 273	$ 523	$ 377
Adjusted for certain items:			
Amortization	281	281	300
Restructuring costs	—	—	54
Transaction and integration expenses	98	98	103
Pension settlement and curtailment gains and losses	20	20	—
Loss on disposal of operations	9	9	—
Venezuela currency devaluation	—	—	2
Tax effect on certain items listed above (i)	(95)	(95)	(145)
Tax effects of internal reorganization	—	—	19
Adjusted net income	$ 586	$ 836	$ 710
Weighted average shares of common stock — diluted	133	133	137
Diluted earnings per share	$ 2.05	$ 3.94	$ 2.75
Adjusted for certain items (ii):			
Amortization	2.11	2.11	2.19
Restructuring costs	—	—	0.39
Transaction and integration expenses	0.74	0.74	0.75
Pension settlement and curtailment gains and losses	0.15	0.15	—
Loss on disposal of operations	0.07	0.07	—
Venezuela currency devaluation	—	—	0.02
Tax effect on certain items listed above (i)	(0.71)	(0.71)	(1.06)
Tax effects of internal reorganization	—	—	0.14
Adjusted diluted earnings per share	$ 4.41	$ 6.29	$ 5.18

(i) The tax effect was calculated using an effective tax rate for each item.
(ii) Per share values and totals were calculated using extended values.

Our adjusted diluted earnings per share without the adoption of ASC 606 increased for both the three and six months ended June 30, 2018 as compared to the prior year primarily due to organic revenue growth from increased client demand across all segments, bolstered by increased pension credits on a year-to-date basis and favorable foreign exchange movements.

Adjusted Income Before Taxes and Adjusted Income Taxes/Tax Rate

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

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

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

Reconciliations of income from operations before income taxes to adjusted income before taxes and provision for income taxes to adjusted income taxes for the three and six months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018		2017	2018		2017
	As reported	Without adoption of ASC 606	As reported	As reported	Without adoption of ASC 606	As reported
	($ in millions)					
INCOME FROM OPERATIONS BEFORE INCOME TAXES	$ 74	$ 104	$ 49	$ 338	$ 647	$ 447
Adjusted for certain items:						
Amortization	140	140	149	281	281	300
Restructuring costs	—	—	27	—	—	54
Transaction and integration expenses	55	55	63	98	98	103
Pension settlement and curtailment gains and losses	20	20	—	20	20	—
Loss on disposal of operations	—	—	—	9	9	—
Venezuela currency devaluation	—	—	2	—	—	2
Adjusted income before taxes	$ 289	$ 319	$ 290	$ 746	$ 1,055	$ 906
Provision for income taxes	$ 9	$ 15	$ 8	$ 52	$ 111	$ 54
Tax effect on certain items listed above (i)	48	48	76	95	95	145
Tax effects of internal reorganization	—	—	—	—	—	(19)
Adjusted income taxes	$ 57	$ 63	$ 84	$ 147	$ 206	$ 180
U.S. GAAP tax rate	12.7%	14.3%	16.8%	15.5%	17.1%	12.1%
Adjusted income tax rate	19.7%	19.6%	29.1%	19.7%	19.5%	20.0%

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

Our U.S. GAAP tax rate is lower than the U.S. statutory tax rate of 21%. Prior to U.S. Tax Reform, this was primarily due to our global mix of income and deductions in jurisdictions with high statutory income tax rates. For 2018, while the U.S. federal corporate income tax rate has decreased as a result of U.S. Tax Reform, certain deferred tax benefits realized as a result of both the Merger and deductions in jurisdictions with high statutory income tax rates have now been reduced as well. This offsets, in part, the benefit of U.S. Tax Reform, thus increasing our income tax rate. However, the effective income tax rate for the three months ended June 30, 2018 was lower than the three months ended June 30, 2017 due to the change in the geographic mix of income.

Our U.S. GAAP tax rates without the adoption of ASC 606 were 14.3% and 16.8% for the three months ended June 30, 2018 and 2017, respectively, and 17.1% and 12.1% for the six months ended June 30, 2018 and 2017, respectively.

Our adjusted income tax rates without the adoption of ASC 606 were 19.6% and 29.1% for the three months ended June 30, 2018 and 2017, respectively, and 19.5% and 20.0% for the six months ended June 30, 2018 and 2017, respectively.

Free Cash Flow

Free cash flow is defined as 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.

Reconciliations of cash flows from operating activities to free cash flow for the six months ended June 30, 2018 and 2017 are as follows:

	Six Months Ended June 30,		
	2018		2017
	As reported	Without adoption of ASC 606	As reported
	(in millions)		
Cash flows from operating activities	$ 395	$ 419	$ 319
Less: Additions to fixed assets and software for internal use	(141)	(141)	(119)
Free cash flow	$ 254	$ 278	$ 200

The increase in free cash flows without the adoption of ASC 606 in 2018 as compared to 2017 primarily resulted from increased cash collections from our customers.

Critical Accounting Policies and Estimates

As a result of the adoption of ASC 606, the Company has updated its Critical Accounting Policies and Estimates to include a discussion of certain significant estimates and judgments regarding the accounting for revenue and costs to fulfill customer contracts.

Revenue recognition

We use significant estimates related to revenue recognition most commonly during our estimation of the transaction prices or where we recognize revenue over time on a proportional performance basis. A brief description of these policies and estimates is included below:

Estimation of transaction prices — This process occurs most frequently in certain broking transactions. In situations in which our fees are not fixed but are variable, we must estimate the likely commission per policy, taking into account the likelihood of cancellation before the end of the policy. For Medicare broking, Affinity arrangements and proportional treaty reinsurance broking, the commissions to which we will be entitled can vary based on the underlying individual insurance policies that are placed. For proportional treaty reinsurance broking in particular, we base the estimate of transaction prices on supportable evidence from an analysis of past transactions, and only include amounts that are probable of being received or not refunded (referred to as applying 'constraint' under ASC 606). This results in us estimating a transaction price that may be significantly lower than the ultimate amount of commissions we may collect. The transaction price is then adjusted over time as we receive confirmation of our remuneration through receipt of treaty statements.

Proportional performance basis over time recognition — Where we recognize revenue on a proportional performance basis, primarily in our consulting and outsourced administration arrangements, the amount we recognize is affected by a number of factors that can change the estimated amount of work required to complete the project, such as the staffing on the engagement and/or the level of client participation. Our periodic engagement evaluations require us to make judgments and estimates regarding the overall profitability and stages 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.

Costs to fulfill broking contracts

For our broking business, the Company must estimate the fulfillment costs incurred during the pre-placement of the broking contracts. These judgments include:

- which activities in the pre-placement process should be eligible for capitalization;
- the amount of time and effort expended on those pre-placement activities;
- the amount of payroll and related costs eligible for capitalization; and,
- the monthly or quarterly timing of underlying insurance and reinsurance policy inception dates.

There were no other changes from the Critical Accounting Policies and Estimates disclosed in our 2017 Annual Report on Form 10-K, filed with the SEC on February 28, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have considered changes in our exposure to market risks during the six months ended June 30, 2018 and have determined that there have been no material changes to our exposure to market risks from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 28, 2018.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of June 30, 2018, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer ('CEO') and the Chief Financial Officer ('CFO'), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined by Exchange Act Rule 13a-15(e). Based upon that evaluation, the CEO and the CFO concluded that the Company's disclosure controls and procedures are effective in ensuring that the information required to be included in the Company's periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are a party to various lawsuits, arbitrations or mediations that arise in the ordinary course of business. The disclosure called for by Part II, Item 1. regarding our legal proceedings is incorporated by reference herein from Part I, Item 1. Note 12 — Commitments and Contingencies - Legal Proceedings of the notes to the condensed consolidated financial statements in this Form 10-Q for the quarter ended June 30, 2018.

ITEM 1A. RISK FACTORS

Except as described below, there are no material changes from risk factors as previously disclosed in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 28, 2018. We urge you to read the risk factors contained in our Annual Report.

Sanctions imposed by governments, or changes to such sanction regulations, could have a material adverse impact on our operations or financial results.

Our businesses are subject to the risk of sanctions imposed by the U.S., the E.U. and other governments. See our Annual Report on Form 10-K under 'Risk Factors - In conducting our businesses around the world, we are subject to political, economic, legal, cultural, market, nationalization, operational and other risks that are inherent in operating in many countries.'

In recent months, the scope of actual and potential sanctions that may impact our business has increased. A significant example of this relates to Russia and the recent designation by the U.S. of a number of individuals and companies, and there is a potential for broader sanctions in the future from the U.S., the E.U., the U.K., and others. In addition, proposed legislation in Russia could allow counter-sanctions to be imposed that may impact our business. It is not yet clear what form any counter-sanctions in Russia might take and how they may impact our business. Further, it is not yet clear whether market dynamics in Russia may disadvantage local companies controlled by foreign holding companies. As a result, we cannot predict the impact of changes in U.S., E.U., U.K., Russian or other sanctions, and such changes could have a material adverse impact on our operations or financial results.

If a U.S. person is treated as owning at least 10% of our shares, such holder may be subject to adverse U.S. federal income tax consequences.

As a result of U.S. Tax Reform, many of our non-U.S. subsidiaries are now classified as 'controlled foreign corporations' ('CFCs') for U.S. federal income tax purposes due to the expanded application of certain ownership attribution rules within a multinational corporate group. If a U.S. person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our shares, such person may be treated as a 'U.S. shareholder' with respect to one or more of our CFC subsidiaries. In addition, if our shares are treated as owned more than 50% by U.S. shareholders, we would be treated as a CFC. A U.S. shareholder of a CFC may be required to annually report and include in its U.S. taxable income, as ordinary income, its pro-rata share of 'Subpart F income,' 'global intangible low-taxed income,' and investments in U.S. property by CFCs, whether or not we make any distributions to such U.S. shareholder. An individual U.S. shareholder generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a corporate U.S. shareholder with respect to a CFC. A failure by a U.S. shareholder to comply with its reporting obligations may subject the U.S. shareholder to significant monetary penalties and may extend the statute of limitations with respect to the U.S. shareholder's U.S. federal income tax return for the year for which such reporting was due. We cannot provide any assurances that we will assist investors in determining whether we or any of our non-U.S. subsidiaries are CFCs or whether any investor is a U.S. shareholder with respect to any such CFCs. We also cannot guarantee that we will furnish to U.S. shareholders information that may be necessary for them to comply with the aforementioned obligations. U.S. investors should consult their own advisors regarding the potential application of these rules to their investments in us.

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

During the six months ended June 30, 2018, no shares were issued by the Company without registration under the Securities Act of 1933, as amended.

(c) Issuer Purchases of Equity Securities

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

The following table presents specified information about the Company’s repurchases of ordinary shares in the second quarter of 2018 and the Company’s repurchase authority.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
April 1, 2018 through April 30, 2018	620,850	$ 149.79	620,850	5,973,005
May 1, 2018 through May 31, 2018	705,035	$ 152.69	705,035	5,267,970
June 1, 2018 through June 30, 2018	442,290	$ 154.86	442,290	4,825,680
	1,768,175	$ 152.22	1,768,175	

The maximum number of shares that may yet be purchased under the existing stock repurchase plan is 4,825,680. At June 30, 2018, approximately $0.7 billion remained on the current open-ended repurchase authorities granted by the board. An estimate of the maximum number of shares under the existing authorities was determined using the closing price of our ordinary shares on June 29, 2018 of $151.60.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Amendment to Employment Agreement, dated as of May 22, 2018, by and between Willis North America Inc. and Todd Jones.†*
10.2	Amendment 2017-1 to the Willis Towers Watson Non-Qualified Stable Value Excess Plan for U.S. Employees.†*
10.3	Willis Towers Watson Compensation Policy and Share Ownership Guidelines for Non-Employee Directors (as amended in May 2018).*
10.4	Amendment to Employment Agreement, dated as of July 18, 2018, by and between the Company and John J. Haley (incorporated by reference to Exhibit 99.2 to the Form 8-K filed by the Company on July 18, 2018).†
10.5	Amendment 2018-1 to the Willis Towers Watson Non-Qualified Deferred Savings Plan for U.S. Employees (incorporated by reference to Exhibit 99.3 to the Form 8-K filed by the Company on July 18, 2018).†
10.6	Form of Performance-Based Restricted Share Unit Agreement for Operating Committee Members.†*
31.1	Certification of the Registrant's Chief Executive Officer, John J. Haley, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.*
31.2	Certification of the Registrant's Chief Financial Officer, Michael J. Burwell, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.*
32.1	Certification of the Registrant's Chief Executive Officer, John J. Haley, and Chief Financial Officer, Michael J. Burwell, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
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 or furnished herewith.

† Management contract or compensatory plan or arrangement.

SIGNATURES

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

Willis Towers Watson Public Limited Company
(Registrant)

/s/ John J. Haley		August 6, 2018
Name:	John J. Haley	Date
Title:	Chief Executive Officer	
/s/ Michael J. Burwell		August 6, 2018
Name:	Michael J. Burwell	Date
Title:	Chief Financial Officer	
/s/ Susan D. Davies		August 6, 2018
Name:	Susan D. Davies	Date
Title:	Principal Accounting Officer and Controller	

Exhibit 10.1

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is entered into as of May 22, 2018, by and between Willis North America Inc. (the "Company"), a subsidiary of Willis Group Holdings Public Limited Company ("Willis"), and Todd Jones ("Executive").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement, dated July 1, 2013, as amended on April 30, 2014 (the "Letter Amendment") (hereinafter collectively referred to as the "Employment Agreement");

WHEREAS, the Company desires to update the Executive's current office location referenced in the definition of "Good Reason" within the Letter Amendment; and

WHEREAS, the Company and Executive desire to amend the terms of the Employment Agreement and Letter Amendment in accordance with this Amendment.

NOW, THEREFORE, in consideration of the continued employment of the Executive with the Company, the covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment. The Letter Amendment is hereby amended to replace section (iii) of the definition of "Good Reason" within the Letter Amendment with the following:

"(iii) Employee is required to relocate Employee's office outside a radius of 35 miles from the current office location of 100 Matsonford Road, Building 5, Suite 200, Radnor, Pennsylvania 19087."

2. General.

(a) Except as specifically provided in this Amendment, the Employment Agreement and Letter Amendment will remain in full force and effect and are hereby ratified and confirmed. To the extent a conflict arises between the terms of the Employment Agreement and Letter Amendment and this Amendment, the terms of this Amendment shall prevail.

(b) This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and shall have the same effect as if the signatures hereto and thereto were on the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

WILLIS NORTH AMERICA INC.

By: /s/ Anne Donovan Bodnar
Name: Anne Donovan Bodnar
Title: Chief Human Resources Officer

TODD JONES

/s/ Todd Jones
Date: July 26, 2018

Amendment 2017-1

Willis Towers Watson Non-Qualified Stable Value Excess Plan for U.S. Employees

The Willis Towers Watson Non-Qualified Stable Value Excess Plan for U.S. Employees, is hereby amended as follows:

1. A new Section 8.04 is added as follows:

Vesting of Burwell Stable Value Allocation. Notwithstanding the forgoing, the Stable Value Allocation that is allocated to the Stable Value Account of Michael J. Burwell ("Burwell") shall vest on the earlier of (a) the date Burwell has 5 Years of Vesting Service; (b) death; or (c) Disability.

Exhibit 10.3

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
COMPENSATION POLICY AND SHARE OWNERSHIP GUIDELINES
FOR NON-EMPLOYEE DIRECTORS

(Adopted July 2013, as amended May 2018)

The Board of Directors of Willis Towers Watson Public Limited Company, a company organized under the laws of Ireland, has deemed it advisable and in the best interests of the Company to formalize the current Non-Employee Director compensation package and share ownership guidelines through the adoption of this Compensation and Ownership Policy (the "Policy").

1. **Definitions.**

   a. **"Non-Employee Director."** For purposes of this Policy, "Non-Employee Director" means a member of the Board who is not an employee of the Company or any of its subsidiaries or affiliates.

   b. **"Term of Service" or "Term" with Respect to Non-Employee Directors.** For purposes of this Policy, "term of service" or "term" with respect to a Non-Employee Director means the period of time from his or her annual election at the Annual General Meeting of Shareholders (AGM) until the next AGM.

   c. **"Term of Service" or "Term" with Respect to Chairman of the Board and Committee Chairs.** For purposes of this Policy, "term of service" or "term" with respect to the Chairman of the Board and/or a Committee Chair shall commence on his or her appointment by the Board to such position and end on the date of reappointment if the Non-Employee Director is reappointed.

2. **Term Cash Fees (retroactive to April 1, 2017)**

   a. **Non-Employee Director Fees**. For each term of service as a Non-Employee Director, a cash fee of $125,000 shall be paid to each Non-Employee Director.

   b. **Chairman/Committee Premium Fees**. The additional fees set forth below shall be paid to a Non-Employee Director for each term of service that he or she serves in the following capacity:

i.	Chairman of the Board: *provided, however, that the Chairman may elect to receive such fee 100% in equity on the same terms and conditions as the equity granted under Section 3 below.*	$100,000
ii.	Chairman of the Audit Committee:	$10,000
iii.	Chairman of the Risk Committee:	$7,500
iv.	Chairman of the Compensation Committee:	$7,500
v.	Chairman of the Corporate Governance & Nominating Committee:	$7,000
vi.	Member of the Audit Committee:	$15,000
vii.	Member of the Risk Committee:	$12,500
viii.	Member of the Compensation Committee:	$12,500
ix.	Member of the Corporate Governance & Nominating Committee:	$8,000

c. If the Chairman elects to receive his/her fee for the upcoming term set forth under Section 2(b)(i) 100% in equity, such election shall be made in writing and sent to the Company Secretary, substantially in the form attached as Exhibit A. The election must be made during an "open window" (as defined by the Company's Insider Trading Policy), when the Chairman does not possess any material non-public information, and by December 31st of the calendar year immediately preceding the calendar year during which any portion of the cash fees were scheduled to be paid. If no election is made by the Chairman, he or she will receive the $100,000 fee in cash.

d. **Vesting; Accelerated Vesting**. Cash fees shall vest and be payable in four equal quarterly installments at the end of each calendar quarter; *provided*, *however*, if any Non-Employee Director is appointed, in accordance with applicable law and the Company's memorandum and articles of association and other corporate governance documents, to fill a vacancy after an AGM or if the Chairman of the Board, Chairman of a Committee or Member of any Board Committee is appointed in the middle of a term, then, in the discretion of the Compensation Committee, such director may be entitled to a prorated portion of the cash fees based on the portion of a calendar quarter during which the Non-Employee Director served in the relevant position. Notwithstanding the foregoing, if a Non-Employee Director ceases to serve through one or more quarterly vesting dates due to death, disability, removal, resignation or retirement, the Compensation Committee shall have the discretion to accelerate the vesting of all or a portion of the cash fees as of the date of such cessation of service. Otherwise, the unvested cash fees in respect of the remainder of the relevant term shall be forfeited.

e. **Multiple Roles**. If a Non-Employee Director serves in more than one of the roles noted in Section 2(b), he or she shall be entitled to receive compensation for each role.

3. **Annual Equity Grant.**

a. **Non-Employee Directors**. Each Non-Employee Director who is elected at the Company's AGM shall, in addition to the cash fees referred to in Section 2, be granted a time-based equity award covering a number of ordinary shares having an approximate aggregate value of $150,000, *provided*, *however*, that if any Non-Employee Director is appointed, in accordance with applicable law and the Company's memorandum and articles of association and other corporate governance documents, to fill a vacancy after an AGM, then in the discretion of the Compensation Committee, such director shall be entitled to receive a prorated equity award on such terms and conditions, including a grant date, approved by the Compensation Committee. The equity award shall be calculated based on the closing price of the Company's ordinary shares on the date of the grant as reported on NASDAQ and rounded down to the nearest whole ordinary share. The terms of the equity grant shall be as set forth in this Section 3.

b. **Chairman of the Board**. In addition to the equity award set forth in Section 3(a), in consideration for the services performed in his capacity as the Chairman of the Board, the Chairman shall be granted, at the same time and on the same terms and conditions as the equity granted under Section 3(a) above, an equity award covering a number of ordinary shares having an approximate aggregate value of $100,000, *provided*, *however*, that if any Chairman is appointed in the middle of the term, then, in the discretion of the Compensation Committee, such director may be entitled to receive a prorated equity award on such terms and conditions, including a grant date, approved by the Compensation Committee.

c. **Form of Equity Award**. The equity award shall be made in the form of restricted share units (RSUs), *provided*, *however*, that it may be made in the form of time-based options upon notification by management to the Compensation Committee of the lack of RSU availability under the 2012 Plan (defined below).

d. **Grant Date**. The equity granted pursuant to Sections 3(a) and 3(b) shall be granted on March 3rd, May 13th, August 13th, November 13th, or December 1st (or if the applicable grant date is not a trading day, the next trading day) on the date most closely following the AGM.

e. **Vesting; Accelerated Vesting**. The equity granted under this Section 3 shall vest 100% in full on the one-year anniversary date of the grant date, *provided*, *however*, that equity granted by the Compensation Committee to a Non-Employee Director appointed to the Company after an AGM or to a Chairman appointed in the middle of the term, may vest at such time as determined by the Compensation Committee as long as that Non-Employee Director or Chairman of the Board continues to serve in such capacity through the vesting date. Notwithstanding the foregoing, if a Non-Employee Director ceases to serve through the vesting date due to death, disability, removal, resignation or retirement, the Compensation Committee shall have the discretion to accelerate the vesting of the equity as of the date of such Non-Employee Director's cessation of service. Otherwise, such equity shall be forfeited.

f. **Change in Control**. The Compensation Committee shall have the discretion to accelerate the vesting of the equity granted under this Section 3 or take other steps specified in the 2012 Plan in the event of a change of control (as defined in the 2012 Plan).

g. **Dividend Equivalents**. There will be no dividend equivalents on the RSUs granted under Section 3.

h. **The Plan**. The equity granted under this Policy shall be made in accordance with the Willis Towers Watson Public Limited Company 2012 Equity Incentive Plan or any successor plan thereto (the "2012 Plan"). All applicable terms of the 2012 Plan apply to this Policy as if fully set forth herein except to the extent such other provisions are inconsistent with this Policy, and all grants of equity hereby are subject in all respect to the terms of the 2012 Plan.

i. **Nominal Value**. The ordinary shares to be issued upon vesting of the equity granted under this Section 3 must be fully paid up in accordance with the requirements of applicable law and the Company's memorandum and articles of association and other corporate governance documents by payment of the nominal value per ordinary share. The Compensation Committee shall ensure that payment of the nominal value for any such ordinary shares is received by the Company on behalf of the Non-Employee Director in accordance with the foregoing requirements.

j. **Written Grant Agreement**. The award of equity under this Policy shall be made solely by and subject to the terms set forth in a written agreement in a form duly executed by an executive officer of the Company, provided, however, that to the extent that the terms of this Policy are inconsistent with any such written agreement, the terms of this Policy shall prevail.

4. **Share Ownership Guidelines**

a. Non-Employee Directors are required to accumulate shares at least equal to five times the annual cash retainer (*i.e.*, $625,000), valued based on the average daily share price over the last 30 business days of the Company's fiscal year. Each Non-Employee Director has eight years from the date of appointment to the legacy Willis Group Holdings Public Limited Company Board, the legacy Towers Watson & Co. Board or the Willis Towers Watson Public Limited Company Board, as applicable, to achieve compliance with such share ownership requirements. Until the ownership level is reached, Non-Employee Directors should not sell shares in excess of the amount needed to pay applicable taxes associated with the equity granted. Once a Non-Employee Director accumulates sufficient shares to meet the $625,000 requirement, he/she is not required to retain shares above the threshold. If as a result of a share price decline subsequent to a Non-Employee Director meeting the ownership requirements the Non-Employee Director does not satisfy the requirements as of the Company's fiscal year-end, he/she is not required to "buy up" to a new number of shares needed to meet the ownership requirements. However, he/she is required to retain the number of shares that originally were acquired to reach the share ownership threshold until such time as he/she is once again above the threshold.

b. In case of financial hardship, the ownership requirements may be waived until the hardship no longer applies or such appropriate time as the Compensation Committee shall determine.

c. Ordinary shares, deferred shares, share equivalents, restricted share units and restricted shares all count toward satisfying the requirements. Stock options do not count toward satisfying the requirements.

d. Directors are required to hold the number of shares needed to meet the ownership requirements until six months after directors leave Board service (other than to satisfy tax obligations on the vesting/distribution of existing equity awards). In the event a director has not acquired this threshold of Shares, he or she shall be prohibited from transferring any shares (other than to satisfy any tax obligations on the vesting/distribution of existing equity awards).

e. Directors are permitted to sell or otherwise transfer any shares in excess of the ownership requirement subject to compliance with the Company's Insider Trading Policy.

5. **Policy Subject to Amendment, Modification and Termination**. This Policy may be amended, modified or terminated by the Compensation Committee in the future at its sole discretion subject to compliance with applicable law and the Company’s memorandum and articles of association and other corporate governance documents, *provided, however*, that any amendment or modification to Sections 2(a), 2(b), 3(a), 3(b) and 4 shall require full Board approval. No Non-Employee Director shall have any rights under any equity granted under this Policy unless and until the equity is actually granted. Without limiting the generality of the foregoing, the Compensation Committee and the Board hereby expressly reserve the authority to terminate this Policy during any year.

6. **Effectiveness.** This Policy shall become effective upon adoption by the Board.

Exhibit 10.6

Willis TOWERS WATSON Public Limited Company
2012 Equity Incentive Plan, as amended and restated

PERFORMANCE-BASED RESTRICTED SHARE UNIT AGREEMENT
FOR OPERATING COMMITTEE MEMBERS

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

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

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

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

ARTICLE I

DEFINITIONS

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

Section 1.1 - Cause

"Cause" shall have the meaning ascribed to such term or similar term (*e.g.*, "Good Cause") in the Associate's employment agreement, if any, with the Company, a Subsidiary or a Designated Associate Company, and, in the absence of an employment agreement or such definition in the employment agreement, it shall mean: (i) the Associate's continued and/or chronic failure to adequately and/or competently perform his material duties with respect to the Company or its Subsidiaries or Designated Associate Companies having been provided reasonable notice of such failure and a period of at least ten days after the Associate's receipt of such notice to cure and/or correct such performance failure, (ii) willful misconduct by the Associate in connection with the Associate's employment which is injurious to the Company or its Subsidiaries or Designated Associate Companies (willful misconduct shall be understood to include, but not be limited to, any breach of the duty of loyalty owed by the Associate to the Company or its Subsidiaries or Designated Associate Companies), (iii) conviction of any criminal act (other than minor road traffic violations not involving imprisonment), (iv) any breach of the Associate's restrictive covenants and other obligations as provided in the Associate's employment agreement (if any), or any other non-compete agreement and/or confidentiality agreement entered into between the Associate and the Company or any of its Subsidiaries or Designated Associate Companies (other than an insubstantial, inadvertent and non-recurring breach), or (v) any material violation of any written Company policy after reasonable notice and an opportunity to cure such violation within ten (10) days after the Associate's receipt of such notice.

Section 1.2 - Earned Date

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

Section 1.3 - Earned Performance Shares

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

Section 1.4 - Good Reason

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

Section 1.5 - Grant Date

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

Section 1.6 - Legacy Company

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

Section 1.7 - LTIP

"Long-Term Incentive Program" or "LTIP" is a program adopted in calendar 2018 by the Committee under which equity awards and/or cash awards may be granted to certain eligible employees of the Company, its Subsidiaries or its Designated Associate Companies.

Section 1.8 - Nominal Value

"Nominal Value" means $0.00030465 per Share.

Section 1.9 - Performance-Based Restricted Share Units

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

Section 1.10 - Performance Objectives

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

Section 1.11 - Performance Period

"Performance Period" shall mean January 1, 2018 - December 31, 2020.

Section 1.12 - Plan

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

Section 1.13 - Qualifying Retirement

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

Section 1.14 - Shares

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

Section 1.15 - Termination Date

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

Section 1.16 - Vesting Date

"Vesting Date" shall mean July 20, 2021.

ARTICLE II

GRANT OF PERFORMANCE-BASED RESTRICTED SHARE UNITS

Section 2.1 - Grant of the Performance-Based Restricted Share Units

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

Section 2.2 - PRSU Payment

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

Section 2.3 - Employment or Service Rights

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

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

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

Section 2.5 - Tax Withholding

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

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

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

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

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

Section 2.6 - Dividend Equivalents

As long as the Associate holds PRSUs granted pursuant to this Award, the Company shall accrue for the Associate, on each date that the Company pays a cash dividend to holders of its Ordinary Shares, dividend equivalents equal to the total number of PRSUs credited to the Associate under this Award multiplied by the dollar amount of the cash dividend paid per Share by the Company on such date. Dividend equivalents shall accrue in the form of additional PRSUs paid at the time that such underlying PRSUs are settled. The accrued dividend equivalents shall be subject to the same restrictions as the PRSUs to which the dividend equivalents relate, and the dividend equivalents shall be forfeited in the event that the PRSUs with respect to which such dividend equivalents were credited are forfeited.

Section 2.7 - Clawback Policy

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

ARTICLE III

PERFORMANCE-BASED AND TIME-BASED VESTING REQUIREMENTS

Section 3.1 - Earned Performance Shares

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

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

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

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

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

Section 3.2 - Vesting/Settlement

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

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

(c) In the event of the Associate's Termination of Service on or after January 1, 2019 and prior to the Vesting Date due to a Qualifying Retirement, the Earned Performance Shares shall vest on the Vesting Date, subject to the Associate's compliance with the restrictive covenants and other obligations contemplated under Article VI of this Agreement.

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

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

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

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

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

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

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

(k) Earned Performance Shares that become vested on the Vesting Date shall be delivered on the Vesting Date or within 30 days thereafter. Earned Performance Shares that become vested on an accelerated basis (i) on or prior to the last day of the Performance Period, shall be delivered within 30 days following the date on which the performance goal attainment level is determined, but in no event later than March 15, 2021 or (ii) following the last day of the Performance Period, shall be delivered within 30 days following the later of the date the performance goal attainment level is determined or the date of the vesting acceleration event.

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

Section 3.3 - Conditions to Issuance of Shares

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

(a) The obtaining of approval or other clearance from any state, federal, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable;

(b) The Associate has paid or made arrangements to pay the Tax-Related Items pursuant to Section 2.5; and

(c) No fractional Shares shall be issued under this Agreement.

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

Section 3.4 - Rights as Shareholder

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

Section 3.5 - Limitation on Obligations

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

ARTICLE IV

ADDITIONAL TERMS AND CONDITIONS OF THE PRSUs

Section 4.1 - Nature of Award

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

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the PRSU award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future PRSU awards, or benefits in lieu of PRSU awards, even if PRSUs have been granted in the past;

(c) all decisions with respect to future PRSUs or other grants, if any, will be at the sole discretion of the Company;

(d) the Associate's participation in the Plan is voluntary;

(e) the PRSUs and any Shares acquired under the Plan, and the income and the value of same, are not intended to replace any pension rights or compensation under any pension arrangement;

(f) the PRSUs and any Shares acquired under the Plan, and the income and the value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, dismissal, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) unless otherwise agreed with the Company, the PRSUs and the Shares subject to the PRSUs, and the income and value of same, are not granted as consideration for, or in connection with, services the Associate may provide as a director of any Subsidiary or affiliate;

(h) the future value of the Shares underlying the PRSUs is unknown, indeterminable, and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the PRSUs or the underlying Shares resulting from the Associate's Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Associate is employed or the terms of his or her employment agreement, if any);

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

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

Section 4.2 - No Advice Regarding Grant

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

ARTICLE V

DATA PRIVACY NOTICE

Section 5.1 - Data Privacy

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

ARTICLE VI

AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS

Section 6.1 - Restrictive Covenants and Other Obligations

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

ARTICLE VII

MISCELLANEOUS

Section 7.1 - Administration

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

Section 7.2 - PRSUs Not Transferable

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

Section 7.3 - Binding Effect

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

Section 7.4 - Notices

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

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

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

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

Section 7.5 - Titles

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

Section 7.6 - Applicability of Plan

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

Section 7.7 - Amendment

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

Section 7.8 - Governing Law

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

Section 7.9 - Jurisdiction

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

Section 7.10 - Electronic Delivery and Acceptance

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

Section 7.11 - Choice of Language

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

Section 7.12 - Severability

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

Section 7.13 - Schedule A

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

Section 7.14 - Imposition of Other Requirements

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

Section 7.15 - Insider Trading / Market Abuse Laws

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

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

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

Section 7.17 - Waiver

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

Section 7.18 - Counterparts

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

Section 7.19 - Code Section 409A

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

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

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

____
Name:
Title:

Participant:

Signature: ____

Print Name: ____

SCHEDULE A

COUNTRY-SPECIFIC APPENDIX TO RESTRICTED SHARE UNIT AWARD AGREEMENT

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
2012 EQUITY INCENTIVE PLAN

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

Terms and Conditions

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

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

Notifications

This Schedule A also includes information based on the securities, exchange control and other laws in effect in the Associate’s country as of July 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Associate not rely on the information noted herein as the only source of information relating to the consequences of the Associate’s participation in the Plan because the information may be out of date at the time the PRSUs vest under the Plan.

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

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

IRELAND

Terms and Conditions

PRSU Payment
This provision supplements Section 2.2 of the Agreement:

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

Notifications

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

UNITED KINGDOM

Terms and Conditions

PRSU Payment
This provision supplements Section 2.2 of the Agreement:

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

Tax Withholding
The following provisions supplement Section 2.5 of the Agreement:

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

Notwithstanding the foregoing, if the Associate is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the Associate shall not be eligible for a loan from the Employer to cover income tax. In the event that the Associate is a director or executive officer and the income tax is not collected from or paid by him within ninety days of the end of the United Kingdom ("UK") tax year in which the event giving rise to the income tax occurs, or such other period as required under UK law, the amount of any uncollected income tax may constitute a benefit to him on which additional income tax and National Insurance Contributions ("NICs") may be payable. The Associate will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for any employee NICs due on this additional benefit, which may be recovered from the Associate by the Company or the Employer at any time thereafter by any of the means referred to in Section 2.5 of the Agreement.

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

UNITED STATES OF AMERICA

Notifications

Exchange Control Information

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

SCHEDULE B

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

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

RECITALS

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

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

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

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

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

Section 1 - Recitals

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

Section 2 - Definitions

2.1 "**Award**" shall have the meaning as set forth in the recitals.

2.2 "**Business**" shall mean insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance, risk management consulting or other business performed by the Restricted Group.

2.3 "**Committee**" shall have the same meaning as set forth in the Plan or the applicable award agreement.

2.4 "**Competitor**" shall mean any business principally engaged in insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance, risk management consulting or other business which is either performed by the Restricted Group or is a business in which the Restricted Group has taken steps toward engaging.

2.5 "**Confidential Information**" shall mean all trade secrets and non-public information concerning the financial data, strategic business plans, and other non-public, proprietary, and confidential information of the Restricted Group. Confidential Information includes, but is not limited to, the following information: identities of Relevant Clients and Relevant Prospects; identities of companies from which any Subsidiary obtains insurance coverage for Relevant Clients and Relevant Prospects; policy terms, conditions, rates and expiration dates pertaining to Relevant Clients and Relevant Prospects; risk characteristics of Relevant Clients and Relevant Prospects; and non-public information of the Restricted Group concerning insurance markets for particular risks. Confidential Information shall not include information that is within public domain, provided that Participant was not responsible, directly or indirectly, for such information entering the public domain without the Restricted Group's consent.

2.6 “**Directly or indirectly**” shall mean the Participant acting either alone or jointly with or on behalf of or by means of or in concert with any other person, firm or company (whether as principal, partner, manager, employee, contractor, director, consultant, investor or similar capacity) or otherwise.

2.7 “**Employer**” shall mean the Subsidiary that employs the Participant. If the Company ever becomes an employer of the Participant, then the term Employer shall refer to the Company.

2.8 “**Employment Agreement**” shall mean the contractual terms and conditions which govern the employment of the Participant by Employer.

2.9 “**Key Personnel**” shall mean any person who is at the date the Participant ceases to be an employee of Employer or was (i) at any time during the period of twelve (12) months prior to that date employed by the Restricted Group, (ii) an employee with whom Participant had dealings, and (iii) employed by or engaged in the Business in a managerial capacity, or was an employee with insurance, reinsurance or other technical expertise.

2.10 “**Plan**” shall have the meaning set forth in the recitals.

2.11 “**Relevant Area**” shall mean the counties, parishes, districts, municipalities, cities, metropolitan regions, localities and similar geographic and political subdivisions, within and outside of the United States of America, in which the Employer, the Company or any of its Subsidiaries has carried on Business in which the Participant has been involved or concerned or working on at any time during the period of twelve (12) months prior to the date on which the Participant ceases to be employed by Employer.

2.12 “**Relevant Client**” shall mean any person, firm or company who or which at any time during the period of twelve (12) months prior to the date on which the Participant ceases to be employed by Employer is or was a client or customer of the Employer, the Company or any of its Subsidiaries or was in the habit and/or practice of dealing under contract with the Employer, the Company or any of its Subsidiaries and with whom or which the Participant had dealings related to the Business) or for whose relationship with the Employer, the Company or any of its Subsidiaries the Participant had responsibility at any time during the said period.

2.13 “**Relevant Period**” shall mean the period of twenty four (24) months following the date on which the Participant ceases to be employed by Employer.

2.14 “**Relevant Prospect**” shall mean any person, firm or company who or which at any time during the period of six (6) months prior to the date on which the Participant ceases to be employed by Employer was an active prospective client of the Employer, the Company or any of its Subsidiaries with whom or with which the Participant had dealings related to the Business (other than in a minimal and non-material way).

2.15 “**Restricted Group**” shall mean the Company and its Subsidiaries, including the Employer, as in existence during the Participant’s employment with Employer and as of the date such employment ceases.

2.16 “**Subsidiary**” shall mean a direct and/or indirect subsidiary of the Company as well as any associate company which is designated by the Company as being eligible for participation in the Plan.

Section 3 - <u>Non-Solicit and Other Obligations</u>

3.1. The Participant acknowledges that by virtue of his or her management position and as an employee of Employer, the Participant has acquired and will acquire knowledge of Confidential Information of the Restricted Group and their Business. The Participant further acknowledges that the Confidential Information which the Restricted Group has provided and will provide to the Participant would give the Participant a significant advantage if the Participant were to directly or indirectly be engaged in any Business at a Competitor of the Restricted Group.

3.2. Without the Company’s prior written consent, the Participant shall not directly or indirectly, at any time during or after the Participant’s employment with any Employer, disclose any Confidential Information and shall use the Participant’s best efforts to prevent the taking or disclosure of any Confidential Information to a Competitor, or otherwise, except as reasonably may be required to be disclosed by the Participant in the ordinary performance of his or her duties for Employer or as required by law. Notwithstanding the foregoing, you understand that if you make a confidential disclosure of a trade secret of the Company or other Confidential Information to a government official or an attorney for the sole purpose of reporting a suspected violation of law, or in a court filing under seal, or otherwise engage in activities protected under whistleblower statutes, you shall not be held liable under this Agreement or under any federal or state trade secret law for such a disclosure or engaging of such activity and shall also not be required to notify the Company of any such disclosure or engaging of any such activity.

3.3. The Participant shall not, for the Relevant Period, directly or indirectly for a Competitor or otherwise:

3.3.1. within the Relevant Area, solicit any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;

3.3.2. within the Relevant Area, accept, perform services for, or deal with any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;

3.3.3. solicit for employment or entice away from the Restricted Group any Key Personnel; or

3.3.4. employ or engage or endeavour to employ or engage any Key Personnel.

3.4. To the extent the Participant is a party to an Employment Agreement or other agreement with the Employer, the Company or any Subsidiary that contains post-employment covenants and restrictions, those post-employment covenants and restrictions shall be separate and apart and independent from the covenants and restrictions set forth in Section 3.2 and Section 3.3 herein.

3.5. The Participant shall not directly or indirectly, at any time during or after the Participant's employment with any Employer, take any action or make any statement, written or oral, that disparages or criticizes the business or management of the Employer, the Company or any Subsidiary or any of its or their respective directors, officers, agents, employees, products or services. Nothing contained herein limits or restricts any rights Participant may have to engage in protected concerted activity under the National Labor Relations Act.

3.6. The Participant recognizes and agrees that the payment of damages will not be an adequate remedy for any breach by Participant of any of the covenants set forth in Section 3 of this RCA. Participant recognizes that irreparable injury will result to Company and/or its Subsidiaries in the event of any such breach and therefore Participant agrees that Company may, in addition to recovering damages, proceed in equity to enjoin Participant from violating any such covenant.

3.7. The Participant acknowledges that the provisions of this Section 3 are fair, reasonable and necessary to protect the goodwill and interests of the Restricted Group.

Section 4 - Governing Law & Jurisdiction

4.1. This RCA shall be governed by and construed in accordance with the laws of the state of New York, without regard to its conflicts of law principles.

4.2. Any suit, action or proceeding arising out of or relating to this RCA shall only be brought in the State and Federal Courts located in the County of New York, State of New York and the Parties hereto irrevocably and unconditionally submit accordingly to the exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. The Participant hereby irrevocably and unconditionally waives any objections he or she may now have or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this RCA in the foregoing courts. The Participant further acknowledges that for purposes of N.Y.C.P.L.R. 327(b) and N.Y. G.O.L. Section 5-1402, the value of the Plan is in excess of One Million Dollars ($1,000,000) and the Participant hereby further irrevocably and unconditionally waives any claim that any such suit, action or proceeding brought in the foregoing courts has been brought in an inconvenient forum.

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

5.1. The Parties acknowledge that the provisions of this RCA are severable. If any part or provision of this RCA shall be determined by any court or tribunal to be invalid, then such partial invalidity shall not cause the remainder of this RCA to be or become invalid. If any provision hereof is held unenforceable on the basis that it exceeds what is reasonable for the protection of the goodwill and interests of the Restricted Group, but would be valid if part of the wording were modified or deleted, as permitted by applicable law, then such restriction or obligation shall apply with such deletions or modifications as may be necessary to make it enforceable.

5.2. The Participant acknowledges that he or she remains bound by any Employment Agreement or any other agreement currently in effect by and between the Participant, on the one hand, and the Employer, the Company or any Subsidiary, on the other hand, including but not limited to any post-employment covenants and restrictions, and this RCA shall be in addition to, and not in place of any such agreements.

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

Section 6 - Miscellaneous

6.1. This RCA, and the provisions hereof, may not be modified, amended, terminated, or limited in any fashion except by written agreement signed by both parties hereto, which specifically states that it is modifying, amending or terminating this RCA.

6.2. The rights and remedies of the Restricted Group under this RCA shall inure to the benefit of any and all of its/their successors, assigns, parent companies, sister companies, subsidiaries and other affiliated corporations, and the successors and assigns of each of them.

6.3. The waiver by either party of any breach of this RCA shall not operate or be construed as a waiver of that party's rights on any subsequent breach.

6.4. The Participant acknowledges that the Award constitutes adequate consideration to support the covenants and promises made by the Participant within this RCA regardless of whether such Award is ultimately beneficial to Participant.

6.5. The Participant acknowledges and agrees that the Participant shall be obliged to draw the provisions of Section 3 of this RCA to the attention of any third party who may, at any time before or after the termination of the Participant's employment with Employer, offer to employ or engage him or her and for or with whom Participant intends to work within the Relevant Period.

6.6. The various section headings contained in this RCA are for the purpose of convenience only and are not intended to define or limit the contents of such sections.

6.7. This RCA may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same document. This RCA will be binding, notwithstanding that either party's signature is displayed only on a facsimile or electronic copy of the signature page.

6.8. Any provisions which by their nature survive termination of this RCA, including the obligations set forth in Section 3 and Section 4, shall survive termination of this RCA.

6.9. This RCA has been executed on behalf of the Company electronically and the Participant accepts the electronic signature of the Company.

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

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

____

Name:
Title:

Participant:

Signature: ____

Print Name: ____

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

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

RECITALS

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

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

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

Whereas, the Participant acknowledges and agrees that he or she desires to receive the Award and understands and agrees such Award is subject to the terms and conditions set forth in the applicable Plan, the award agreement and this Non-U.S. RCA and such other written agreements and documentation as the Company or the Employer may require.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other valuable consideration, in particular the Awards, the sufficiency of which is acknowledged in this recital and within Section 6.4 below, the parties hereby agree as follows:

Section 1 - Recitals

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

Section 2 - Definitions

2.1. "**Award**" shall have the meaning as set forth in the recitals.

2.2. "**Business**" shall mean insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance, risk management consulting or other business performed by the Restricted Group.

2.3. "**Committee**" shall have the same meaning as set forth in the Plan or the applicable award agreement.

2.4. "**Competitor**" shall mean any business principally engaged in insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance, risk management consulting or other business which is either performed by the Restricted Group or is a business in which the Restricted Group has taken steps toward engaging. It is further provided that Competitor includes, but is not limited to, the following businesses and their respective subsidiaries and/or other affiliates: Aon Corporation, Arthur J Gallagher & Co and Marsh Incorporated.

2.5. "**Confidential Information**" shall mean all trade secrets and non-public information concerning the financial data, strategic business plans, and other non-public, proprietary, and confidential information of the Company or any of its Subsidiaries.

2.6. "**directly or indirectly**" shall mean the Participant acting either alone or jointly with or on behalf of or by means of any other person, firm or company (whether as principal, partner, manager, employee, contractor, director, consultant, investor or similar capacity).

2.7. “**Employer**” shall mean the Subsidiary that employs the Participant. If the Company ever becomes an employer of the Participant, then the term Employer shall refer to the Company.

2.8. “**Employment Agreement**” shall mean the contractual terms and conditions which govern the employment of the Participant by Employer.

2.9. “**Garden Leave**” shall mean any period during any notice period where Employer requires the Participant to remain available to respond to questions and requests from the Employer, but not to enter into the office(s) of the Restricted Group without the prior written consent of Employer.

2.10. “**Key Personnel**” shall mean any person who is at the date the Participant ceases to be an employee of Employer or was at any time during the period of twelve months prior to that date employed by the Restricted Group and who was an employee with whom the Participant had dealings other than in a minimal and non-material way and who was employed by or engaged in the Business in an executive or senior managerial capacity, or was an employee with insurance, reinsurance or other technical expertise.

2.11. “**Plan**” shall have the meaning set forth in the recitals.

2.12. “**Relevant Area**” shall mean: such country or countries in which the Participant has carried on Business on behalf of the Company or any of its Subsidiaries in which the Participant has been involved or concerned or worked on other than in a minimal and non-material way at any time during the period of 12 months prior to the date on which the Participant ceases to be employed by Employer.

2.13. “**Relevant Client**” shall mean any person, firm or company who or which at any time during the period of twelve months prior to the date on which the Participant ceases to be employed by Employer is or was a client or customer of the Company or any of its Subsidiaries or was in the habit and/or practice of dealing under contract with the Company or any of its Subsidiaries and with whom or which the Participant had dealings related to the Business (other than in a minimal and non-material way) or for whose relationship with the Company or any of its Subsidiaries the Participant had responsibility at any time during the said period.

2.14. “**Relevant Period**” shall mean the period of twelve months following the date on which the Participant ceases to be employed by Employer reduced by the length of any period of Garden Leave (if applicable) observed by the Participant at the instruction of Employer.

2.15. “**Relevant Prospect**” shall mean any person, firm or company who or which at any time during the period of twelve months prior to the date on which the Participant ceases to be employed by Employer was an active prospective client of the Company or any of its Subsidiaries with whom or with which the Participant had dealings related to the Business (other than in a minimal and non-material way).

2.16. “**Restricted Group**” shall mean the Company and its Subsidiaries, as in existence during the Participant’s employment with Employer and as of the date such employment ceases.

2.17. “**Subsidiary**” shall mean a direct and/or indirect subsidiary of the Company as well as any associate company which is designated by the Company as being eligible for participation in the Plan.

Section 3 - Non-Solicit and Other Obligations

3.1 The Participant acknowledges that by virtue of his or her senior management position and as an employee of Employer, the Participant has acquired and will acquire knowledge of Confidential Information of the Restricted Group and their Business. The Participant further acknowledges that the Confidential Information which the Restricted Group has provided and will provide to the Participant would give the Participant a significant advantage if the Participant were to directly or indirectly be engaged in any Business at a Competitor of the Restricted Group.

3.2 Without the Company’s prior written consent, the Participant shall not directly or indirectly, at any time during or after the Participant’s employment with any Employer, disclose any Confidential Information and shall use the Participant’s best efforts to prevent the taking or disclosure of any Confidential Information, except as reasonably may be required to be disclosed by the Participant in the ordinary performance of his or her duties for Employer or as required by law. Notwithstanding, you understand that if you make a confidential disclosure of a trade secret of the Company or other Confidential Information to a government official or an attorney for the sole purpose of reporting a suspected violation of law, or in a court filing under seal, or otherwise engage in activities protected under whistleblower statutes, you shall not be held liable under this Agreement or under any federal or state trade secret law for such a disclosure or engaging of such activity and shall also not be required to notify the Company of any such disclosure or engaging of any such activity.

3.3 The Participant shall provide a minimum of three months notice or such notice contained in the Participant's Employment Agreement, whichever is the longer, in the event of his or her resignation from employment with Employer. The Participant shall provide a written resignation letter to Employer prior to the commencement of any such notice period. To the extent allowed by applicable law, the Participant may be placed on Garden Leave for all or any portion of any notice period. During the notice period, whether or not the Participant is on Garden Leave, the Participant shall remain an employee of Employer and shall continue to receive the Participant's full salary and benefits. The Company or Employer shall have the discretion to apply a shorter period than the three-month period set forth in 3.3.

3.4 The Participant shall not, for the Relevant Period, directly or indirectly:

3.4.1. within the Relevant Area, solicit any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;

3.4.2. within the Relevant Area, accept, perform services for, or deal with any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;

3.4.3. solicit for employment or entice away from the Restricted Group any Key Personnel; or

3.4.4. employ or engage or endeavour to employ or engage any Key Personnel.

3.5 To the extent the Participant is a party to an Employment Agreement or other agreement with the Restricted Group that contains post-employment restrictions, those post-employment restrictions shall run concurrently with the post-employment restrictions contained in this Section 3.

3.6 The Participant acknowledges that the provisions of this Section 3 are fair, reasonable and necessary to protect the goodwill and interests of the Restricted Group.

Section 4 - <u>Non-Disparagement</u>

4.1 The Employer and Participant agree not to act in any manner detrimental to each other or cause to be made any derogatory statements concerning each other (including an obligation on the Employer and Participant not to make any statement whether oral or in writing which may have the effect of damaging the reputation of the other) including, in Participant's case, concerning the business, officers, employees, directors (including any non-executive directors or former directors), consultants, agents, distributors, clients or customers (whether former or current) or otherwise of the Restricted Group.

4.2 The Employer and Participant further agree that without the prior written consent of the other party they shall not make, or cause to be made, any statement or comment to the press (whether local, national or specialist) or any other media concerning Participant's employment with the Employer or, where applicable, his or her termination of employment for any reason.

Section 5 - <u>Governing Law & Jurisdiction</u>

5.1 This Non-U.S. RCA shall be governed by and construed in accordance with the laws of the jurisdiction in which Participant is employed by Employer, without regard to its conflict of laws.

5.2 The courts of the jurisdiction in which the Participant is employed by Employer shall have jurisdiction to hear any suit, action or proceeding and to settle any disputes which may arise out of or in connection with this Non-U.S. RCA and for such purposes the parties hereto irrevocably submit to the jurisdiction of such courts.

Section 6 - Consideration, Severability, Beneficiaries & Effect on other agreements

6.1 The Participant acknowledges that the covenants and undertakings he or she has made herein, including those made in Section 3, are being given for the benefit of the Restricted Group, including Employer, and may be enforced by the Company and/or by its Subsidiaries, including for avoidance of doubt, Employer, on behalf of all or any of them and that such Subsidiaries are intended beneficiaries of this Non-U.S. RCA.

6.2 The parties acknowledge that the provisions of this Non-U.S. RCA are severable. If any part or provision of this Non-U.S. RCA shall be determined by any court or tribunal to be invalid, then such partial invalidity shall not cause the remainder of this Non-U.S. RCA to be or become invalid. If any provision hereof is held unenforceable on the basis that it exceeds what is reasonable for the protection of the goodwill and interests of the Restricted Group, but would be valid if part of the wording were modified or deleted, as permitted by applicable law, then such restriction or obligation shall apply with such deletions or modifications as may be necessary to make it enforceable.

6.3 The Participant acknowledges that he or she remains bound by any Employment Agreement or any other agreement entered into by the Participant with the Restricted Group and this Non-U.S. RCA shall be in addition to, and not in place of any such agreements. The Participant further acknowledges that in the event of any breach by the Participant of any provision contained in such agreements or this Non-U.S. RCA, the Company and/or any Subsidiary, including for avoidance of doubt Employer, may, in their discretion, enforce any term and condition of those agreements and/or this Non-U.S. RCA.

6.4 The Participant acknowledges that any Awards, separately and/or together, constitute adequate consideration to support the covenants and promises made by the Participant within this Non-U.S. RCA.

Section 7 - Miscellaneous

7.1 This Non-U.S. RCA may not be modified except by written agreement signed by both parties hereto.

7.2 The rights of the Restricted Group under this Non-U.S. RCA shall inure to the benefit of any and all of its/their successors, assigns, parent companies, sister companies, subsidiaries and other affiliated corporations.

7.3 The waiver by either party of any breach of this Non-U.S. RCA shall not operate or be construed as a waiver of that party’s rights on any subsequent breach.

7.4 The Participant acknowledges and agrees that the Participant shall be obliged to draw the provisions of Section 3 to the attention of any third party who may, at any time before or after the termination of the Participant’s employment with Employer, offer to employ or engage him or her and for or with whom the Participant intends to work within the Relevant Period.

7.5 The various section headings contained in this Non-U.S. RCA are for the purpose of convenience only and are not intended to define or limit the contents of such sections.

7.6 This Non-U.S. RCA may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same document. This Non-U.S. RCA will be binding, notwithstanding that either party’s signature is displayed only on a facsimile copy of the signature page.

7.7 Any provisions which by their nature survive termination of this Non-U.S. RCA, including the obligations set forth in Section 3 and Section 4 shall survive termination of this Non-U.S. RCA.

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

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

____
Name:
Title:

Participant:

Signature: ____

Print Name: ____

SCHEDULE C

PERFORMANCE GOALS FOR 2018 LTIP PRSUs

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

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

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

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

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

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

Annualized Total Shareholder Return = ((*Adjusted Ending Share Value - Beginning Share Price*) / *Beginning Share Price)) multiplied by (1/3)*

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

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

Annualized TSR Percentile Rank Relative to Peer Group	**Performance Level**	**PSU Payout (as a percentage of the Target # of Shares)**
[ ] Percentile and Above	Maximum	[ ]%
[ ] Percentile	Target	[ ]%
[ ] Percentile	Threshold	[ ]%
Below [ ] Percentile	Below Threshold	[ ]%

WILLIS TOWERS WATSON
Global Employee Personal Information Protection Notice

1. Introduction

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

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

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

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

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

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

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

(a) background check information from employment screening agencies or publicly available registers, which may include information about criminal records (where allowed by law), or references obtained during recruitment;

(b) publicly available professional profiles on websites or social media (e.g. LinkedIn); and

(c) information about your performance or conduct from other employees, clients or service providers you work with who may provide feedback about you or participate in performance evaluations or reviews.

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

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

(a) to fulfill our contractual obligations to you in connection with your employment contract with us;

(b) to comply with our legal obligations, for example obtaining proof of your identity to enable us to meet our anti-money laundering obligations, or obtaining proof of your right to work status to enable us to meet relevant obligations;

(c) to comply with our legal obligations to you, for example health and safety obligations that we must comply with as your employer or to a third party (e.g. the taxation authorities);

(d) to meet our legitimate interests, for example to manage our employees effectively, to protect us against theft or other crime, to allow you access to our technology and HR resources, and to conduct analytics that allows us to manage our workforce efficiently and plan recruitment activities. When we process personal information to meet our legitimate interests, we put in place robust safeguards to ensure that your privacy is protected and to ensure that our legitimate interests are not overridden by your interests or fundamental rights and freedoms; or

(e) to protect your or another person's vital interests, for example by providing your health information to a doctor in a medical emergency.

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

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

4. Monitoring tools, profiling and automated decision-making

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

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

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

5. Transfer of Personal Information

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

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

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

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

6. Security

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

7. Data Retention

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

If there is any information that we are unable, for technical reasons, to delete entirely from our systems, we will put in place appropriate measures to prevent any further processing or use of the data.

8. Access and correction requests, questions and complaints

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

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

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

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

9. Employee’s Obligations

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

10. Changes to the Policy

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

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

11. Contact

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

For questions or comments about this Notice, please contact Human Resources or email privacy@willistowerswatson.com.

ANNEX

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

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

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

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

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

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

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

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

Last Updated: July 2018

Exhibit 31.1

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

I, John J. Haley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Towers Watson Public Limited Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2018

/s/ John J. Haley

John J. Haley
Chief Executive Officer

Exhibit 31.2

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

I, Michael J. Burwell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Towers Watson Public Limited Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and to the audit committee of the registrant’s board of directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2018

/s/ Michael J. Burwell

Michael J. Burwell
Chief Financial Officer

Exhibit 32.1

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

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

- The Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2018, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2018

/s/ John J. Haley

John J. Haley
Chief Executive Officer

/s/ Michael J. Burwell

Michael J. Burwell
Chief Financial Officer

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