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, 2017
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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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 ☐ (Do not check if a smaller reporting company)	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, 2017, there were outstanding 134,288,846 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, 2017

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

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, 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:

- changes in general economic, business and political conditions, including changes in the financial markets;
- consolidation in or conditions affecting the industries in which we operate;
- any changes in the regulatory environment in which we operate, including, among other risks, the impact of pending Financial Conduct Authority ('FCA') market studies;
- our ability to successfully manage ongoing organizational changes;
- our ability to successfully integrate the Towers Watson, Gras Savoye and Legacy 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;
- significant competition that we face and the potential for loss of market share and/or profitability;
- compliance with extensive government regulation;
- 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;
- expectations, intentions and outcomes relating to outstanding litigation;
- the impact of seasonality and differences in timing of renewals;
- the risk that the Stanford litigation settlement will not be approved, 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;
- the diversion of time and attention of our management team while the Merger and other acquisitions are being integrated;
- doing business internationally, including the impact of exchange rates;
- the potential impact of the United Kingdom's ('U.K.') government triggering Article 50 of the Treaty of Lisbon, giving formal notice of the U.K.'s intention to withdraw from membership in the European Union ('E.U.'), referred to as Brexit;
- the federal income tax consequences of the Merger and the enactment of additional, or the revision of existing, state, federal, and/or foreign regulatory and tax laws and regulations, including changes in tax rates;
- 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 possibility that the anticipated benefits from the Merger cannot be fully realized or may take longer to realize than expected;
- our ability to retain and hire key personnel;
- a decline in the defined benefit pension plan market;
- various claims, government inquiries or investigations or the potential for regulatory action;
- failure to protect client data or breaches of information systems;
- reputational damage;
- disasters or business continuity problems;
- clients choosing to reduce or terminate the services provided by us;
- fluctuation in revenues against our relatively fixed expenses;
- technological change;
- the inability to protect intellectual property rights, or the potential infringement upon the intellectual property rights of others;
- fluctuations in our pension liabilities;
- loss of, failure to maintain, or dependence on certain relationships with insurance carriers;
- changes and developments in the United States healthcare system;
- reliance on third-party services;
- our holding company structure could prevent us from being able to receive dividends or other distributions in needed amounts from our subsidiaries; and
- changes in accounting estimates and assumptions.

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,	
	2017	2016	2017	2016
Revenues				
Commissions and fees	$ 1,930	$ 1,894	$ 4,233	$ 4,113
Interest and other income	23	55	39	70
Total revenues	1,953	1,949	4,272	4,183
Costs of providing services				
Salaries and benefits	1,148	1,201	2,339	2,397
Other operating expenses	391	373	792	804
Depreciation	51	44	97	87
Amortization	149	125	300	286
Restructuring costs	27	41	54	66
Integration expenses	63	29	103	81
Total costs of providing services	1,829	1,813	3,685	3,721
Income from operations	124	136	587	462
Interest expense	46	47	92	93
Other expense/(income), net	30	(6)	50	12
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	48	95	445	357
Provision for income taxes	8	19	54	37
INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	40	76	391	320
Interest in earnings of associates, net of tax	1	—	2	1
NET INCOME	41	76	393	321
Income attributable to non-controlling interests	(8)	(4)	(16)	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 33	$ 72	$ 377	$ 310
EARNINGS PER SHARE				
Basic earnings per share	$ 0.24	$ 0.52	$ 2.77	$ 2.26
Diluted earnings per share	$ 0.24	$ 0.51	$ 2.75	$ 2.25
Cash dividends declared per share	$ 0.53	$ 0.48	$ 1.06	$ 0.96
Comprehensive income/(loss) before non-controlling interests	$ 181	$ (62)	$ 512	$ 169
Comprehensive (income)/loss attributable to non-controlling interests	(16)	6	(27)	(3)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 165	$ (56)	$ 485	$ 166

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, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 852	$ 870
Fiduciary assets	12,751	10,505
Accounts receivable, net	2,288	2,080
Prepaid and other current assets	342	337
Total current assets	16,233	13,792
Fixed assets, net	895	839
Goodwill	10,509	10,413
Other intangible assets, net	4,156	4,368
Pension benefits assets	595	488
Other non-current assets	386	353
Total non-current assets	16,541	16,461
TOTAL ASSETS	$ 32,774	$ 30,253
LIABILITIES AND EQUITY		
Fiduciary liabilities	$ 12,751	$ 10,505
Deferred revenue and accrued expenses	1,311	1,481
Short-term debt and current portion of long-term debt	85	508
Other current liabilities	882	876
Total current liabilities	15,029	13,370
Long-term debt	4,097	3,357
Liability for pension benefits	1,271	1,321
Deferred tax liabilities	823	864
Provision for liabilities	637	575
Other non-current liabilities	473	532
Total non-current liabilities	7,301	6,649
TOTAL LIABILITIES	22,330	20,019
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NON-CONTROLLING INTEREST	57	51
EQUITY [(i)]		
Additional paid-in capital	10,658	10,596
Retained earnings	1,402	1,452
Accumulated other comprehensive loss, net of tax	(1,776)	(1,884)
Treasury shares, at cost, 149,572 shares in 2017 and 795,816 shares in 2016, and 40,000 shares, €1 nominal value, in 2017 and 2016	(21)	(99)
Total Willis Towers Watson shareholders' equity	10,263	10,065
Non-controlling interests	124	118
Total equity	10,387	10,183
TOTAL LIABILITIES AND EQUITY	$ 32,774	$ 30,253

i. Equity includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 134,744,951 (2017) and 137,075,068 (2016); Outstanding 134,612,898 (2017) and 136,296,771 (2016); (b) Ordinary shares, €1 nominal value; Authorized and Issued 40,000 shares in 2017 and 2016; and (c) Preference shares, $0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2017 and 2016.

See accompanying notes to the 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,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	$ 393	$ 321
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	112	87
Amortization	300	286
Net periodic benefit of defined benefit pension plans	(65)	(47)
Provision for doubtful receivables from clients	11	21
Benefit from deferred income taxes	(74)	(56)
Share-based compensation	33	68
Non-cash foreign exchange gain	(13)	(22)
Other, net	33	16
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	(174)	(123)
Fiduciary assets	(1,934)	(1,240)
Fiduciary liabilities	1,934	1,240
Other assets	(216)	(142)
Other liabilities	(73)	(45)
Provisions	52	72
Net cash from operating activities	319	436
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Additions to fixed assets and software for internal use	(119)	(92)
Capitalized software costs	(32)	(42)
Acquisitions of operations, net of cash acquired	(13)	419
Other, net	9	23
Net cash from/(used in) investing activities	(155)	308
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net borrowings/(payments) on revolving credit facility	283	(393)
Senior notes issued	650	1,606
Proceeds from issuance of other debt	32	404
Debt issuance costs	(9)	(14)
Repayments of debt	(695)	(1,826)
Repurchase of shares	(296)	(38)
Proceeds from issuance of shares	37	28
Payments of deferred and contingent consideration related to acquisitions	(44)	—
Cash paid for employee taxes on withholding shares	(3)	(9)
Dividends paid	(137)	(67)
Acquisitions of and dividends paid to non-controlling interests	(14)	(15)
Net cash used in financing activities	(196)	(324)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(32)	420
Effect of exchange rate changes on cash and cash equivalents	14	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	870	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 852	$ 949

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 (i)	Additional paid-in capital	Retained earnings	Treasury shares	AOCL (ii)	Total WTW shareholders' equity	Non-controlling interests	Total equity	Redeemable Non-controlling interest (iii)	Total
Balance as of December 31, 2015	68,625	$ 1,672	$ 1,597	$ (3)	$ (1,037)	$ 2,229	$ 131	$ 2,360	$ 53	
Shares repurchased	(303)	—	(38)	—	—	(38)	—	(38)	—	
Net income	—	—	310	—	—	310	7	317	4	$ 321
Dividends	—	—	(130)	—	—	(130)	(6)	(136)	(5)	
Other comprehensive income/(loss)	—	—	—	—	(144)	(144)	(8)	(152)	—	$ (152)
Issuance of shares under employee stock compensation plans	565	34	—	—	—	34	—	34	—	
Issuance of shares for acquisitions	69,500	8,686	—	—	—	8,686	—	8,686	—	
Replacement share-based compensation awards issued on acquisition	—	37	—	—	—	37	—	37	—	
Share-based compensation	—	68	—	—	—	68	—	68	—	
Additional non-controlling interests	—	(1)	—	—	—	(1)	14	13	—	
Foreign currency translation	—	(1)	—	—	—	(1)	—	(1)	—	
Balance as of June 30, 2016	138,387	$ 10,495	$ 1,739	$ (3)	$ (1,181)	$ 11,050	$ 138	$ 11,188	$ 52	
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 (See Note 2)	—	—	(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/(loss)	—	—	—	—	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	

i. The nominal value of the ordinary shares and the number of ordinary shares issued in the balance as of December 31, 2015 have been retroactively adjusted to reflect the reverse stock split on January 4, 2016. See Note 3 — Merger for further details.

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

iii. The non-controlling interest is related to Max Matthiessen Holding AB.

See accompanying notes to the condensed consolidated financial statements

Note 1 — Nature of Operations

Willis Towers Watson plc was formed upon completion of the Merger on January 4, 2016, between Willis and Towers Watson. See Note 3 — Merger for additional information pertaining to this transaction.

Willis Towers Watson is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. The Company has more than 41,000 employees and services clients in more than 140 countries and territories.

We offer clients a broad range of services to help them to 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 organizations anticipate, identify and capitalize on emerging opportunities in human capital management as well as investment advice to help our clients develop disciplined and efficient strategies to meet their investment goals.

As an insurance broker, we act as an intermediary between our clients and insurance carriers by advising our clients on their risk management requirements, helping clients determine the best means of managing risk and negotiating and placing insurance with insurance carriers through our global distribution network. We operate the largest private Medicare exchange in the United States ('U.S.'). Through this exchange and those for active employees, we help our clients move to a more sustainable economic model by capping and controlling the costs associated with healthcare benefits.

We are not an insurance company, and therefore we do not underwrite insurable risks for our own account.

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 only 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 March 1, 2017, 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, 2017 are not necessarily indicative of the results that can be expected for the entire year. 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 May 2014, the Financial Accounting Standards Board ('FASB') issued Accounting Standard Update ('ASU') No. 2014-09, *Revenue From Contracts With Customers*. The new standard supersedes most current revenue recognition guidance and eliminates 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 additional guidance, examples and technical corrections for the implementation of ASU No. 2014-09. The guidance is effective for the Company at the beginning of its 2018 fiscal year, with early adoption permitted.

While we are still in the process of analyzing our various revenue streams to determine the full impact this standard will have on our revenue recognition, cost deferral, systems and processes, the Company has determined the following:

- The Company will adopt the standard using the modified retrospective approach on January 1, 2018.
- We expect certain revenue streams to have accelerated revenue recognition timing. In particular, the revenue recognition for our Retiree Medicare Exchange is expected to move from monthly ratable recognition over the policy period, to the recognition upon placement of the policy during the Company’s fourth quarter of the preceding calendar year in the amount of one year of expected commissions. Therefore, upon adoption, we will reflect an adjustment to retained earnings for the revenue that would otherwise have been recognized during our 2018 calendar year since our earnings process will have been completed during the fourth quarter of 2017.
- We expect our accounting for deferred costs will change. First, for those portions of the business that currently defer costs (related to system implementation activities), the length of time over which we amortize those costs is expected to extend to a longer estimated contract term. Currently these costs are amortized over a typical period of 3-5 years in accordance with the initial stated terms of the customer agreement. Second, we believe there will be other types of arrangements with associated costs that do not meet the criteria for cost deferral under current U.S. GAAP but do meet the criteria under the new standard. We are still evaluating the types of arrangements that might now have cost deferral impacts, however we expect this guidance to apply to our broking arrangements and certain consulting engagements.

To prepare for the additional disclosure requirements, we are currently implementing additional tools to support our revenue recognition and data collection processes, which will be in place and effective on January 1, 2018.

The Company continues to update its assessment of the impacts of the accounting standard, and related updates, to its condensed consolidated financial statements, and will note material impacts when known.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The ASU becomes effective for the Company at the beginning of its 2019 fiscal year and early adoption is permitted. In transition, the Company is required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients. While the Company continues to assess the impact of the ASU to its condensed consolidated financial statements, the majority of its leases are currently considered operating leases and will be capitalized as a lease asset on its balance sheet with a related lease liability for the obligated lease payments.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments*, which amends guidance on presentation and classification of eight specific cash flow issues with the objective of reducing diversity in practice. The ASU becomes effective for the Company on January 1, 2018. Early adoption is permitted, and any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company is still assessing the impact of this ASU, but we believe the impact on our financial statements will be immaterial as we are currently largely in compliance with its requirements.

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 should 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. 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, 2016.

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 becomes effective for the Company on January 1, 2018, and should be applied retrospectively. Early adoption is permitted as of the beginning of a financial year. The Company is currently assessing the impact that this standard will have on its condensed consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Stock Compensation - Scope of Modification Accounting*, which provides guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The ASU requires that an entity should account for the effects of a modification unless the fair value (or calculated value or intrinsic value, if used), vesting conditions and classification (as equity or liability) of the modified award are all the same as for the original award immediately before the modification. The ASU becomes effective for the Company on January 1, 2018, and should be applied prospectively to an award modified on or after the adoption date. Early adoption is permitted, including adoption in any interim period. The Company is currently assessing the impact that this standard will have on any awards that are modified once this standard is adopted.

Adopted

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The ASU became effective for the Company on January 1, 2017. In accordance with the prospective adoption of the recognition of excess tax benefits and deficiencies in the condensed consolidated statements of comprehensive income, we recognized a $1 million and $2 million tax benefit in provision for income taxes during the three and six months ended June 30, 2017, respectively. In addition, we elected to prospectively adopt the amendment to present excess tax benefits on share-based compensation as an operating activity, resulting in the recognition of a $2 million excess tax benefit as an operating activity in the condensed consolidated statement of cash flows for the six months ended June 30, 2017. We elected to continue to estimate expected forfeitures. We also retrospectively adopted the amendment to present cash payments to tax authorities in connection with shares withheld to meet statutory tax withholding requirements as a financing activity. As a result, this $9 million use of cash was reclassified from net cash from operating activities to net cash used in financing activities in the condensed consolidated statement of cash flows for the six months ended June 30, 2016.

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

Note 3 — Merger

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

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

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

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

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

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

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

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

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

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

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

ii. Includes acquired contingent liabilities of $242 million. See Note 12 - Commitments and Contingencies for a discussion of our material acquired contingencies related to Legacy Towers Watson.

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

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

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

The acquired intangible assets are attributable to the following categories:

	Amortization basis	Fair Value	Expected life (years)
Customer relationships	In line with underlying cash flows	$ 2,221	15.0
Software - income approach	In line with underlying cash flows or straight-line basis	567	6.4
Software - cost approach	Straight-line basis	108	4.9
Product	In line with underlying cash flows	42	17.5
IPR&D (i)	n/a	39	n/a
Trade name	Straight-line basis	1,003	25.0
Favorable lease agreements	Straight-line basis	11	6.5
		$ 3,991	

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

Acquired Share-Based Compensation Plans

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

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

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

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')
- Exchange Solutions ('ES')

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.

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

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

- First, to better align our business within our segments, we moved Max Matthiessen, which specializes in pension investment advice, to Investment, Risk and Reinsurance from Human Capital and Benefits; and moved Fine Art, Jewellery and Specie, which is a specialty broker, to Corporate Risk and Broking from Investment, Risk and Reinsurance.
- Second, we recast operating income to better reflect the new segment reporting basis. As part of the further integration of our Willis Towers Watson businesses, we updated our corporate expense allocations to standardize our methodologies and allocate those expenses which are directly related to the business segment operations. Additionally, we revised the presentation of certain adjustments which arose from the purchase accounting for the Merger. Due to the long-term nature of these adjustments, which impact fixed asset and internally-developed software, we aligned the presentation within the respective segments and consolidated operating income, thereby eliminating a reconciling adjustment.

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

The following table presents segment commissions and fees, segment interest and other income, segment revenues, and segment operating income for our reportable segments for the three months ended June 30, 2017 and 2016.

	Three Months Ended June 30,									
	HCB		CRB		IRR		ES		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segment commissions and fees	$ 718	$ 731	$ 624	$ 627	$ 383	$ 380	$ 178	$ 154	$ 1,903	$ 1,892
Segment interest and other income	11	5	6	6	6	44	—	1	23	56
Segment revenues	$ 729	$ 736	$ 630	$ 633	$ 389	$ 424	$ 178	$ 155	$ 1,926	$ 1,948
Segment operating income	$ 123	$ 128	$ 100	$ 99	$ 97	$ 123	$ 34	$ 34	$ 354	$ 384

The following table presents segment commissions and fees, segment interest and other income, segment revenues, and segment operating income for our reportable segments for the six months ended June 30, 2017 and 2016.

	Six Months Ended June 30,									
	HCB		CRB		IRR		ES		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segment commissions and fees	$ 1,669	$ 1,657	$ 1,274	$ 1,268	$ 885	$ 878	$ 357	$ 317	$ 4,185	$ 4,120
Segment interest and other income	15	9	11	12	11	48	—	1	37	70
Segment revenues	$ 1,684	$ 1,666	$ 1,285	$ 1,280	$ 896	$ 926	$ 357	$ 318	$ 4,222	$ 4,190
Segment operating income	$ 472	$ 441	$ 222	$ 209	$ 319	$ 322	$ 72	$ 77	$ 1,085	$ 1,049

The following table presents a reconciliation of the information reported by segment to the Company's consolidated amounts reported for the three and six months ended June 30, 2017 and 2016.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Total segment revenues	$ 1,926	$ 1,948	$ 4,222	$ 4,190
Fair value adjustment for deferred revenue	—	(26)	—	(58)
Reimbursable expenses and other	27	27	50	51
Total revenues	$ 1,953	$ 1,949	$ 4,272	$ 4,183
Total segment operating income	$ 354	$ 384	$ 1,085	$ 1,049
Fair value adjustment for deferred revenue	—	(26)	—	(58)
Amortization	(149)	(125)	(300)	(286)
Restructuring costs	(27)	(41)	(54)	(66)
Integration expenses	(63)	(29)	(103)	(81)
Provision for the Stanford litigation	—	—	—	(50)
Unallocated, net (i)	9	(27)	(41)	(46)
Income from operations	124	136	587	462
Interest expense	46	47	92	93
Other expense/(income), net	30	(6)	50	12
Income from operations before income taxes and interest in earnings of associates	$ 48	$ 95	$ 445	$ 357

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

Operational Improvement Program - In April 2014, Legacy Willis announced a multi-year operational improvement program designed to strengthen its client service capabilities and to deliver future cost savings. The main elements of the program, which will be completed by the end of 2017, include: 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, and $37 million and $62 million for the three and six months ended June 30, 2016, respectively, related to the Operational Improvement Program.

The Company expects to incur $130 million of restructuring costs related to the Operational Improvement Program during fiscal year 2017, bringing the cumulative restructuring charges for this program to approximately $440 million.

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.

The Company recognized $4 million of restructuring costs related to the Business Restructure Program for both the three and six months ended June 30, 2016, respectively.

An analysis of total restructuring costs recognized in the statements of comprehensive income for the three and six months ended June 30, 2017 and 2016 by segment is as follows:

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

	Three Months Ended June 30, 2016					
	HCB	**CRB**	**IRR**	**ES**	**Corporate**	**Total**
Termination benefits	$ 2	$ 6	$ 3	$ —	$ 1	$ 12
Professional services and other	—	20	—	—	9	29
Total	$ 2	$ 26	$ 3	$ —	$ 10	$ 41

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

	Six Months Ended June 30, 2016					
	HCB	**CRB**	**IRR**	**ES**	**Corporate**	**Total**
Termination benefits	$ 2	$ 8	$ 3	$ —	$ 1	$ 14
Professional services and other	—	37	1	—	14	52
Total	$ 2	$ 45	$ 4	$ —	$ 15	$ 66

An analysis of the total cumulative restructuring costs recognized for the Operational Improvement Program from its commencement to June 30, 2017 by segment is as follows:

	HCB	CRB	IRR	ES	Corporate	Total
2014						
Termination benefits	$ —	$ 15	$ 1	$ —	$ —	$ 16
Professional services and other [i]	—	3	—	—	17	20
2015						
Termination benefits	2	24	7	—	3	36
Professional services and other [i]	1	57	2	—	30	90
2016						
Termination benefits	1	18	3	—	1	23
Professional services and other [i]	1	81	4	—	36	122
2017						
Termination benefits	—	9	3	—	1	13
Professional services and other [i]	1	30	2	—	8	41
Total						
Termination benefits	3	66	14	—	5	88
Professional services and other [i]	3	171	8	—	91	273
Total	$ 6	$ 237	$ 22	$ —	$ 96	$ 361

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

The changes in the Company's liability under the Operational Improvement Program from its commencement to June 30, 2017 are as follows:

	Termination Benefits	Professional Services and Other	Total
Balance at January 1, 2014	$ —	$ —	$ —
Charges incurred	16	20	36
Cash payments	(11)	(14)	(25)
Balance at December 31, 2014	5	6	11
Charges incurred	36	90	126
Cash payments	(26)	(85)	(111)
Balance at December 31, 2015	15	11	26
Charges incurred	23	122	145
Cash payments	(31)	(115)	(146)
Balance at December 31, 2016	7	18	25
Charges incurred	13	41	54
Cash payments	(8)	(51)	(59)
Balance at June 30, 2017	$ 12	$ 8	$ 20

The changes in the Company's liability under the Business Restructure Program from its commencement to June 30, 2017 are as follows:

	Termination Benefits		Professional Services and Other		Total	
Balance at January 1, 2016	$	—	$	—	$	—
Charges incurred		45		3		48
Cash payments		(19)		(3)		(22)
Balance at December 31, 2016		26		—		26
Cash payments		(21)		—		(21)
Balance at June 30, 2017	$	5	$	—	$	5

Note 6 — Income Taxes

Provision for income taxes for the three and six months ended June 30, 2017 was $8 million and $54 million, respectively, compared to $19 million and $37 million for the three and six months ended June 30, 2016, respectively. The effective tax rate was 16.8% and 12.1% for the three and six months ended June 30, 2017, respectively, and 20.6% and 10.4% for the three and six months ended June 30, 2016, respectively. These effective tax rates are calculated using extended values from our condensed statements of operations, and are therefore more precise tax rates than can be calculated from rounded values. Our effective tax rate is generally lower than the U.S. statutory rate of 35%. This is primarily due to our global mix of income which creates deductions in jurisdictions with high statutory income tax rates. The effective tax rate for the three months ended June 30, 2017 was lower than the rate for the three months ended June 30, 2016 primarily due to the release of liabilities for uncertain tax positions as a result of the completion of a U.S. Internal Revenue Service examination for Towers Watson & Co.'s short tax period July 1, 2015 to January 4, 2016. The Company is no longer in the Compliance Assurance Process program. The effective tax rate for the six months ended June 30, 2017 was higher than the rate for the six months ended June 30, 2016 primarily due to the U.S. tax expense resulting from an internal reorganization of certain legacy Towers Watson businesses.

Historically, we have not provided deferred taxes on cumulative earnings of our subsidiaries that have been reinvested indefinitely. As a result of our plan to restructure or distribute accumulated earnings of certain acquired Towers Watson foreign operations, we continue to accrue deferred taxes on current year earnings of those subsidiaries. However, we assert that the historical cumulative earnings of our other subsidiaries are reinvested indefinitely, and therefore do not provide deferred tax liabilities on these amounts.

The Company records valuation allowances against net deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized.

We have liabilities for uncertain tax positions under Accounting Standards Codification ('ASC') 740, *Income Taxes* 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 $5 million to $7 million, excluding interest and penalties.

Note 7 — Goodwill and Other Intangible Assets

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

The components of goodwill are outlined below for the six months ended June 30, 2017:

	HCB	CRB	IRR	ES	Total
Balance at December 31, 2016:					
Goodwill, gross	$ 4,412	$ 2,178	$ 1,758	$ 2,557	$ 10,905
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2016	4,282	1,816	1,758	2,557	10,413
Goodwill reassigned in segment realignment(i)	(113)	13	100	—	—
Goodwill acquired during the period	—	8	—	—	8
Foreign exchange	40	37	11	—	88
Balance at June 30, 2017:					
Goodwill, gross	4,339	2,236	1,869	2,557	11,001
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - June 30, 2017	$ 4,209	$ 1,874	$ 1,869	$ 2,557	$ 10,509

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

Other Intangible Assets

The following table reflects changes in the net carrying amounts of the components of finite-lived intangible assets for the six months ended June 30, 2017:

	Balance at December 31, 2016	Intangible assets acquired	Intangible assets disposed	Amortization(ii)	Foreign Exchange	Balance at June 30, 2017
Client relationships	$ 2,655	$ 12	$ —	$ (198)	$ 58	$ 2,527
Management contracts	54	—	—	(2)	4	56
Software (i)	570	36	—	(75)	9	540
Trademark and trade name	1,006	—	(1)	(22)	4	987
Product	33	—	—	(2)	1	32
Favorable agreements	11	—	—	(1)	1	11
Other	3	—	—	(1)	1	3
Total amortizable intangible assets	$ 4,332	$ 48	$ (1)	$ (301)	$ 78	$ 4,156

i. All in-process research and development intangible assets acquired as part of the Merger on January 4, 2016 of $39 million ($36 million at the date placed into service due to changes in foreign currency exchange rates) have been placed into service during the six months ended June 30, 2017 and have been included as intangible assets acquired in this presentation.

ii. Amortization associated with favorable lease agreements is recorded in Other operating expenses in the 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 $149 million and $300 million, for the three and six months ended June 30, 2017, respectively, and $125 million and $286 million for the three and six months ended June 30, 2016, respectively.

Our acquired unfavorable lease liabilities were $27 million and $29 million at June 30, 2017 and December 31, 2016, 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, 2017 and December 31, 2016:

	June 30, 2017		December 31, 2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Client relationships	$ 3,468	$ (941)	$ 3,396	$ (741)
Management contracts	66	(10)	62	(8)
Software	754	(214)	711	(141)
Trademark and trade name	1,054	(67)	1,051	(45)
Product	37	(5)	36	(3)
Favorable agreements	14	(3)	13	(2)
Other	6	(3)	6	(3)
Total finite-lived assets	$ 5,399	$ (1,243)	$ 5,275	$ (943)
Unfavorable agreements	$ 34	$ (7)	$ 34	$ (5)
Total finite-lived intangible liabilities	$ 34	$ (7)	$ 34	$ (5)

The weighted average remaining life of amortizable intangible assets and liabilities at June 30, 2017 was 14.6 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 2017 and for subsequent years:

	Amortization	Rent offset
Remainder of 2017	$ 282	$ (2)
2018	534	(4)
2019	477	(2)
2020	424	(2)
2021	346	(2)
Thereafter	2,082	(4)
Total	$ 4,145	$ (16)

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.

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, 2017 and December 31, 2016, and had net fair value liabilities of $1 million and nil, respectively.

Foreign Currency Risk

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

These derivatives were designated as hedging instruments and at June 30, 2017 and December 31, 2016 had total notional amounts of $808 million and $945 million, respectively, and net fair value liabilities of $56 million and $110 million, respectively.

At June 30, 2017, the Company estimates, based on current interest and exchange rates, there will be $44 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, 2017, our longest outstanding maturity was 3.0 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, 2017 and 2016 are as follows:

Three Months Ended June 30,	Gain /(loss) 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)	
	2017	**2016**		**2017**	**2016**		**2017**	**2016**
Forward exchange contracts	$ 9	$ (46)	Other expense/(income), net	$ (20)	$ (8)	Interest expense	$ —	$ —

Six Months Ended June 30,	Gain /(loss) 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)	
	2017	**2016**		**2017**	**2016**		**2017**	**2016**
Forward exchange contracts	$ 12	$ (74)	Other expense/(income), net	$ (43)	$ (12)	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, 2017 and December 31, 2016, we had notional amounts of $354 million and $630 million, respectively, and had a net fair value asset of $1 million and a net fair value liability of $8 million, respectively.

The effects of derivatives that have not been designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2017 and 2016 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	**2017**	**2016**	**2017**	**2016**
Forward exchange contracts	Other expense/(income), net	$ 1	$ —	$ 9	$ (10)

Note 9 — Debt

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

	June 30, 2017	December 31, 2016
6.200% senior notes due 2017	$ —	$ 394
Current portion of 7-year term loan facility	—	22
Current portion of term loan due 2019	85	85
Short-term borrowing under bank overdraft arrangement	—	5
Other debt	—	2
	$ 85	$ 508

Long-term debt consists of the following:

	June 30, 2017	December 31, 2016
Revolving $1.25 billion credit facility	$ 523	$ —
Revolving $800 million credit facility	—	238
7-year term loan facility	—	196
Term loan due 2019	128	169
7.000% senior notes due 2019	186	186
5.750% senior notes due 2021	496	496
3.500% senior notes due 2021	446	446
2.125% senior notes due 2022[(i)]	612	565
4.625% senior notes due 2023	248	247
3.600% senior notes due 2024	644	—
4.400% senior notes due 2026	543	543
6.125% senior notes due 2043	271	271
	$ 4,097	$ 3,357

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

Revolving credit facility

On March 7, 2017, the Company, together with its wholly-owned subsidiary, Trinity Acquisition plc (see Note 18 for further information), entered into a $1.25 billion amended and restated revolving credit facility (the ‘RCF’), that will mature on March 7, 2022. The RCF replaced the previous $800 million revolving credit facility. Amounts outstanding under the RCF shall bear interest at LIBOR plus a margin of 1.00% to 1.75%, or alternatively, the base rate plus a margin of 0.00% to 0.75%, based upon the Company’s guaranteed senior unsecured long-term debt rating.

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

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

At June 30, 2017 and December 31, 2016, we were in compliance with all financial covenants.

Senior notes

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

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 the current interest rate environment or current foreign currency forward rates. Such financial instruments are classified as Level 2 in the fair value hierarchy.

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

The following table presents our assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and December 31, 2016:

		Fair Value Measurements on a Recurring Basis at June 30, 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	$ 39	$ —	$ —	$ 39
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 9	$ —	$ 9
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 49	$ 49
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 65	$ —	$ 65

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

i. See Note 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 9.99% and 10.76% at June 30, 2017 and December 31, 2016, respectively. Using different probability weightings and discount rates could result in an increase or decrease of the contingent consideration payable.

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	June 30, 2017
Balance at December 31, 2016	$ 55
Obligations assumed	—
Payments	(4)
Realized and unrealized losses	(4)
Foreign exchange	2
Balance at June 30, 2017	$ 49

There were no significant transfers between Levels 1, 2 or 3 in the three and six months ended June 30, 2017 and 2016, respectively.

The following tables present our liabilities not measured at fair value on a recurring basis at June 30, 2017 and December 31, 2016:

	June 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Short-term debt and current portion of long-term debt	$ 85	$ 85	$ 508	$ 513
Long-term debt	$ 4,097	$ 4,319	$ 3,357	$ 3,504

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

Note 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 plans ('PRW') plans throughout the world. The majority of our plan assets and obligations are in the United States and the United Kingdom. We have also included disclosures related to defined benefit plans in certain other countries, including

Canada, France, Germany, Ireland and the Netherlands. Together, these disclosed funded and unfunded plans represent 99% of Willis Towers Watson's pension and PRW obligations and are disclosed herein.

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

The following table sets forth the components of net periodic benefit (income)/cost for the Company's defined benefit pension and PRW plans for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,							
	2017				2016			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 17	$ 7	$ 4	$ —	$ 15	$ 6	$ 5	$ —
Interest cost	35	24	5	1	34	28	7	1
Expected return on plan assets	(62)	(71)	(8)	—	(60)	(64)	(9)	—
Settlement	—	—	—	—	—	—	—	—
Amortization of net loss	3	13	1	—	3	11	—	—
Amortization of prior service credit	—	(4)	—	—	—	(5)	—	—
Net periodic benefit (income)/cost	$ (7)	$ (31)	$ 2	$ 1	$ (8)	$ (24)	$ 3	$ 1

	Six Months Ended June 30,							
	2017				2016			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 33	$ 15	$ 9	$ —	$ 30	$ 13	$ 9	$ —
Interest cost	70	46	9	2	68	57	13	2
Expected return on plan assets	(123)	(139)	(15)	—	(119)	(127)	(17)	—
Settlement	—	—	—	—	—	—	2	—
Amortization of net loss	6	26	1	—	6	22	—	—
Amortization of prior service credit	—	(9)	—	—	—	(10)	—	—
Net periodic benefit (income)/cost	$ (14)	$ (61)	$ 4	$ 2	$ (15)	$ (45)	$ 7	$ 2

Employer Contributions to Defined Benefit Pension Plans

The Company made no contributions to its U.S. plans for the six months ended June 30, 2017 and anticipates making $50 million in contributions over the remainder of the fiscal year. The Company made contributions of $32 million to its U.K. plans for the six months ended June 30, 2017 and anticipates making additional contributions of $30 million for the remainder of the fiscal year. The Company made contributions of $8 million to its other plans for the six months ended June 30, 2017 and anticipates making additional contributions of $7 million for the remainder of the fiscal year.

Defined Contribution Plans

The Company made contributions to its defined contribution plans of $37 million and $79 million for the three and six months ended June 30, 2017, respectively, and $40 million and $81 million for the three and six months ended June 30, 2016, 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 financial statements. The Company also receives subpoenas in the ordinary course of business and, from time to time, receives requests for information in connection with governmental investigations.

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

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

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

Merger-related Appraisal demands

Between November 12, 2015 and December 10, 2015, in connection with the then-proposed Merger, Towers Watson received demands for appraisal under Section 262 of the Delaware General Corporation Law on behalf of ten purported beneficial owners of an aggregate of approximately 2.4% of the shares of Towers Watson common stock outstanding at the time of the Merger. Between March 3, 2016 and March 23, 2016, three appraisal petitions were filed in the Court of Chancery for the State of Delaware on behalf of three purported beneficial owners of an aggregate of 1,354,338 shares of Towers Watson common stock, captioned *Rangeley Capital LLC v. Towers Watson & Co.*, C.A. No. 12063-CB, *Merion Capital L.P. v. Towers Watson & Co.,* C.A. No. 12064-CB, *and College Retirement Equities Fund v. Towers Watson & Co.,* C.A. No. 12126-CB. The appraisal petitions seek, among other things, a determination of the fair value of the appraisal petitioners' shares at the time of the Merger; an order that Towers Watson pay that value to the appraisal petitioners, together with interest at the statutory rate; and an award of costs, attorneys' fees, and other expenses. Towers Watson answered the appraisal petitions between March 24, 2016 and April 18, 2016. On May 9, 2016, the court consolidated the three pending appraisal proceedings under the caption *In re Appraisal of Towers Watson & Co.*, Consolidated C.A. No. 12064-CB. The court has provisionally scheduled trial for October 2, 2017. Based on all of the information to date, the Company is currently unable to estimate what the court would determine, following trial, to be the fair value of the appraisal petitioners' shares. It is possible that the court could determine that fair value was the same as, less than or greater than the value received by shareholders in the Merger. Therefore we are unable to provide an estimate of the reasonably possible loss or range of loss as to such value. The Company intends to vigorously defend against the appraisal proceedings.

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 7 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, if the settlement and the related bar orders described below are approved by the Court and become effective, the Company (a newly-combined firm) would be able 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. If the settlement, including the bar orders described below, is approved by the Court and is not subject to further appeal, Willis North America Inc. will make a one-time cash payment of $120 million to the Receiver 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 have objected to the settlement. A hearing to consider final approval of the settlement was held on January 20, 2017, and the Court reserved decision. The Actions are stayed pending final approval of the settlement. The timing of any final decision is subject to the discretion of the Court and any appeal, and the Court may decide not to approve the settlement.

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.

Given the stage of the proceedings, the Company is currently unable to provide an estimate of the reasonably possible loss or range of loss. The Company disputes the allegations, and intends to defend the lawsuit vigorously.

Meriter Health Services

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

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

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

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

Elma Sanchez, et. al

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

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

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

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

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

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

On March 1, 2017, Towers Perrin and Plaintiffs participated in a mediation and reached a settlement in principle. Pursuant to the settlement in principle, in exchange for a dismissal of the claims of all class members and a release of Towers Perrin by all class members, Towers Perrin would pay a total of $9.75 million into an interest-bearing settlement fund, to be used to reimburse class counsel's costs, and for later distribution to class members as approved by the court when the case is fully resolved. This proposed settlement amount was accrued during the three months ended March 31, 2017. The settlement has since been fully documented in a written agreement, and there is a hearing scheduled for September 22, 2017 to seek the Court's preliminary approval of the settlement. If preliminary approval is obtained, notice of the settlement will be sent to all class members, who will have an opportunity to object to the settlement. The Court will then have a final approval hearing at which it decides whether to issue final approval of the settlement over any objections filed. The settlement is also subject to the Court's separate good faith settlement determination, in an unopposed motion that will also be heard on September 22, 2017. Class members who properly object to the settlement have standing to appeal if the court approves the settlement.

Based on the stage of the proceedings, in the event the settlement is not approved, the Company is unable to provide an estimate of the reasonably possible loss or range of loss in respect of the plaintiffs' complaint.

U.K. Regulatory Investigation

On April 4, 2017, the Financial Conduct Authority ('FCA') informed Willis Limited, our U.K. brokerage subsidiary, that it has opened a formal investigation into possible agreements/concerted practices in the aviation broking sector, which represents less than $100 million of the Company's revenues. The Company is cooperating with the FCA. Given the status of the investigation, the Company is currently unable to assess the terms on which this investigation will be resolved, and thus 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.

Accounts receivable, net consists of the following:

	June 30, 2017	December 31, 2016
Billed, net of allowance for doubtful debts of $48 million and $40 million	$ 1,936	$ 1,789
Accrued and unbilled, at estimated net realizable value	352	291
Accounts receivable, net	$ 2,288	$ 2,080

Deferred revenue and accrued expenses consist of the following:

	June 30, 2017	December 31, 2016
Accounts payable, accrued liabilities and deferred income	$ 703	$ 652
Discretionary compensation	157	283
Other accrued incentives	250	371
Accrued vacation	116	66
Other employee-related liabilities	85	109
Total deferred revenue and accrued expenses	$ 1,311	$ 1,481

Provision for liabilities consists of the following:

	June 30, 2017	December 31, 2016
Claims, lawsuits and other proceedings	$ 475	$ 456
Other provisions	162	119
Total provision for liabilities	$ 637	$ 575

Other non-current liabilities consist of the following:

	June 30, 2017	December 31, 2016
Incentives from lessors	$ 132	$ 133
Deferred compensation plan liability	124	111
Contingent and deferred consideration on acquisitions	43	89
Derivatives	15	51
Other non-current liabilities	159	148
Total other non-current liabilities	$ 473	$ 532

Note 14 — Accumulated Other Comprehensive Income/(Loss)

Changes in accumulated other comprehensive income/(loss), net of non-controlling interests, and net of tax are provided in the following table for both the three and six months ended June 30, 2017 and 2016. This table excludes amounts attributable to non-controlling interests, which are not material for further disclosure. Amounts related to available-for-sale securities are immaterial.

	Foreign currency translation (i)		Cash flow hedges (i)		Defined pension and post-retirement benefit costs (ii)		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Quarter-to-date activity:								
Balance at March 31, 2017 and 2016, respectively	$ (724)	$ (310)	$ (62)	$ (32)	$ (1,122)	$ (711)	$ (1,908)	$ (1,053)
Other comprehensive income/(loss) before reclassifications	77	(88)	8	(36)	24	(14)	109	(138)
Loss/(income) reclassified from accumulated other comprehensive loss (net of income tax of $7 and $1, respectively)	—	—	15	(5)	8	15	23	10
Net current-period other comprehensive income/(loss)	77	(88)	23	(41)	32	1	132	(128)
Balance at June 30, 2017 and 2016, respectively	$ (647)	$ (398)	$ (39)	$ (73)	$ (1,090)	$ (710)	$ (1,776)	$ (1,181)
Year-to-date activity:								
Balance at December 31, 2016 and 2015, respectively	$ (650)	$ (314)	$ (82)	$ (10)	$ (1,152)	$ (713)	$ (1,884)	$ (1,037)
Other comprehensive income/(loss) before reclassifications	3	(84)	9	(55)	44	(20)	56	(159)
Loss/(income) reclassified from accumulated other comprehensive loss (net of income tax of $13 and $4, respectively)	—	—	34	(8)	18	23	52	15
Net current-period other comprehensive income/(loss)	3	(84)	43	(63)	62	3	108	(144)
Balance at June 30, 2017 and 2016, respectively	$ (647)	$ (398)	$ (39)	$ (73)	$ (1,090)	$ (710)	$ (1,776)	$ (1,181)

i Reclassification adjustments from accumulated other comprehensive income/(loss) related to foreign currency translation and cash flow hedges are included in Other expense/(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 income/(loss) are included in the computation of net periodic pension cost (see Note 11 — Retirement Benefits) which is included in Salaries and benefits 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, 2017 and 2016, there were 0.9 million and 1.9 million time-based share options; 1.0 million and 1.2 million performance-based options; 0.5 million and 1.0 million restricted time-based stock units; and 0.6 million and 0.4 million restricted performance-based stock units outstanding, respectively.

Basic and diluted earnings per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income attributable to Willis Towers Watson	$ 33	$ 72	$ 377	$ 310
Basic average number of shares outstanding	136	139	136	137
Dilutive effect of potentially issuable shares	1	1	1	1
Diluted average number of shares outstanding	137	140	137	138
Basic earnings per share	$ 0.24	$ 0.52	$ 2.77	$ 2.26
Dilutive effect of potentially issuable shares	—	(0.01)	(0.02)	(0.01)
Diluted earnings per share	$ 0.24	$ 0.51	$ 2.75	$ 2.25

There were no anti-dilutive options for the three and six months ended June 30, 2017. Options to purchase 0.1 million shares and 0.5 million shares for the three and six months ended June 30, 2016, respectively, were not included in the computation of the dilutive effect of stock options because their effect was anti-dilutive.

Note 16 — Financial Information for Parent Guarantor, Other Guarantor Subsidiaries and Non-Guarantor Subsidiaries

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

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

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis Towers Watson described in Note 17 and the guarantor structure associated with the senior notes and revolving credit facility issued by Trinity Acquisition plc described in Note 18.

Presented below is condensed consolidating financial information for:

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

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

(iii) the Issuer, Willis North America;

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

(v) Consolidating adjustments; and

(vi) the Consolidated Company.

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 5	$ 1,925	$ —	$ 1,930
Interest and other income	—	—	—	23	—	23
Total revenues	—	—	5	1,948	—	1,953
Costs of providing services						
Salaries and benefits	1	—	10	1,137	—	1,148
Other operating expenses	1	37	—	353	—	391
Depreciation	—	2	—	49	—	51
Amortization	—	2	—	147	—	149
Restructuring costs	—	—	(3)	30	—	27
Integration expenses	—	29	(1)	35	—	63
Total costs of providing services	2	70	6	1,751	—	1,829
(Loss)/income from operations	(2)	(70)	(1)	197	—	124
Income from Group undertakings	—	(138)	(41)	(15)	194	—
Expenses due to Group undertakings	—	—	50	144	(194)	—
Interest expense	8	26	6	6	—	46
Other expense, net	—	—	—	30	—	30
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(10)	42	(16)	32	—	48
(Benefit)/provision for income taxes	(1)	5	(1)	5	—	8
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	37	(15)	27	—	40
Interest in earnings of associates, net of tax	—	—	—	1	—	1
Equity account for subsidiaries	42	(11)	50	—	(81)	—
NET INCOME	33	26	35	28	(81)	41
Income attributable to non-controlling interests	—	—	—	(8)	—	(8)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 33	$ 26	$ 35	$ 20	$ (81)	$ 33
Comprehensive income before non-controlling interests	$ 165	$ 156	$ 136	$ 152	$ (428)	$ 181
Comprehensive income attributable to non-controlling interest	—	—	—	(16)	—	(16)
Comprehensive income attributable to Willis Towers Watson	$ 165	$ 156	$ 136	$ 136	$ (428)	$ 165

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended June 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 4	$ 1,890	$ —	$ 1,894
Interest and other income	—	1	—	54	—	55
Total revenues	—	1	4	1,944	—	1,949
Costs of providing services						
Salaries and benefits	1	1	10	1,189	—	1,201
Other operating expenses	2	22	14	335	—	373
Depreciation	—	1	3	40	—	44
Amortization	—	—	—	125	—	125
Restructuring costs	—	7	7	27	—	41
Integration expenses	(1)	—	4	26	—	29
Total costs of providing services	2	31	38	1,742	—	1,813
(Loss)/income from operations	(2)	(30)	(34)	202	—	136
Income from Group undertakings	—	(120)	(62)	(40)	222	—
Expenses due to Group undertakings	—	26	43	153	(222)	—
Interest expense	6	26	9	6	—	47
Other income, net	—	(2)	—	(4)	—	(6)
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(8)	40	(24)	87	—	95
(Benefit)/provision for income taxes	—	(10)	(3)	32	—	19
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(8)	50	(21)	55	—	76
Equity account for subsidiaries	80	7	107	—	(194)	—
NET INCOME	72	57	86	55	(194)	76
Income attributable to non-controlling interests	—	—	—	(4)	—	(4)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 72	$ 57	$ 86	$ 51	$ (194)	$ 72
Comprehensive (loss)/income before non-controlling interests	$ (56)	$ (70)	$ 27	$ (61)	$ 98	$ (62)
Comprehensive loss attributable to non-controlling interest	—	—	—	6	—	6
Comprehensive (loss)/income attributable to Willis Towers Watson	$ (56)	$ (70)	$ 27	$ (55)	$ 98	$ (56)

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six Months Ended June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 11	$ 4,222	$ —	$ 4,233
Interest and other income	—	—	—	39	—	39
Total revenues	—	—	11	4,261	—	4,272
Costs of providing services						
Salaries and benefits	2	—	20	2,317	—	2,339
Other operating expenses	2	44	10	736	—	792
Depreciation	—	3	—	94	—	97
Amortization	—	2	—	298	—	300
Restructuring costs	—	4	—	50	—	54
Integration expenses	—	30	2	71	—	103
Total costs of providing services	4	83	32	3,566	—	3,685
(Loss)/income from operations	(4)	(83)	(21)	695	—	587
Income from Group undertakings	—	(266)	(114)	(73)	453	—
Expenses due to Group undertakings	—	39	96	318	(453)	—
Interest expense	15	50	16	11	—	92
Other expense, net	—	—	—	50	—	50
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(19)	94	(19)	389	—	445
(Benefit)/provision for income taxes	(1)	9	(3)	49	—	54
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(18)	85	(16)	340	—	391
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	395	300	225	—	(920)	—
NET INCOME	377	385	209	342	(920)	393
Income attributable to non-controlling interests	—	—	—	(16)	—	(16)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 377	$ 385	$ 209	$ 326	$ (920)	$ 377
Comprehensive income before non-controlling interests	$ 485	$ 490	$ 283	$ 438	$ (1,184)	$ 512
Comprehensive income attributable to non-controlling interests	—	—	—	(27)	—	(27)
Comprehensive income attributable to Willis Towers Watson	$ 485	$ 490	$ 283	$ 411	$ (1,184)	$ 485

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six Months Ended June 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 11	$ 4,102	$ —	$ 4,113
Interest and other income	—	1	—	69	—	70
Total revenues	—	1	11	4,171	—	4,183
Costs of providing services						
Salaries and benefits	1	1	24	2,371	—	2,397
Other operating expenses	3	57	72	672	—	804
Depreciation	—	2	7	78	—	87
Amortization	—	—	—	286	—	286
Restructuring costs	—	11	16	39	—	66
Integration expenses	—	12	10	59	—	81
Total costs of providing services	4	83	129	3,505	—	3,721
(Loss)/income from operations	(4)	(82)	(118)	666	—	462
Income from Group undertakings	—	(241)	(116)	(70)	427	—
Expenses due to Group undertakings	—	40	86	301	(427)	—
Interest expense	17	43	19	14	—	93
Other expense/(income), net	1	(2)	—	13	—	12
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(22)	78	(107)	408	—	357
(Benefit)/provision for income taxes	—	(23)	(31)	91	—	37
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(22)	101	(76)	317	—	320
Interest in earnings of associates, net of tax	—	—	—	1	—	1
Equity account for subsidiaries	332	206	121	—	(659)	—
NET INCOME	310	307	45	318	(659)	321
Income attributable to non-controlling interests	—	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 310	$ 307	$ 45	$ 307	$ (659)	$ 310
Comprehensive income/(loss) before non-controlling interests	$ 166	$ 162	$ (31)	$ 179	$ (307)	$ 169
Comprehensive income attributable to non-controlling interest	—	—	—	(3)	—	(3)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 166	$ 162	$ (31)	$ 176	$ (307)	$ 166

Unaudited Condensed Consolidating Balance Sheet

	As of June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ —	$ 7	$ —	$ 845	$ —	$ 852
Fiduciary assets	—	—	—	12,751	—	12,751
Accounts receivable, net	—	—	5	2,283	—	2,288
Prepaid and other current assets	1	37	107	199	(2)	342
Amounts due from group undertakings	6,283	1,276	1,701	2,559	(11,819)	—
Total current assets	6,284	1,320	1,813	18,637	(11,821)	16,233
Investments in subsidiaries	4,562	8,614	6,024	—	(19,200)	—
Fixed assets, net	—	36	—	859	—	895
Goodwill	—	—	—	10,509	—	10,509
Other intangible assets, net	—	61	—	4,156	(61)	4,156
Pension benefits assets	—	—	—	595	—	595
Other non-current assets	—	11	218	369	(212)	386
Non-current amounts due from group undertakings	—	4,918	861	—	(5,779)	—
Total non-current assets	4,562	13,640	7,103	16,488	(25,252)	16,541
TOTAL ASSETS	$ 10,846	$ 14,960	$ 8,916	$ 35,125	$ (37,073)	$ 32,774
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 12,751	$ —	$ 12,751
Deferred revenue and accrued expenses	—	4	53	1,346	(92)	1,311
Short-term debt and current portion of long-term debt	—	—	—	85	—	85
Other current liabilities	87	65	124	606	—	882
Amounts due to group undertakings	—	7,370	2,207	2,242	(11,819)	—
Total current liabilities	87	7,439	2,384	17,030	(11,911)	15,029
Long-term debt	496	2,643	830	128	—	4,097
Liability for pension benefits	—	—	—	1,271	—	1,271
Deferred tax liabilities	—	—	—	1,024	(201)	823
Provision for liabilities	—	—	120	517	—	637
Other non-current liabilities	—	15	18	454	(14)	473
Non-current amounts due to group undertakings	—	—	519	5,260	(5,779)	—
Total non-current liabilities	496	2,658	1,487	8,654	(5,994)	7,301
TOTAL LIABILITIES	583	10,097	3,871	25,684	(17,905)	22,330
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	57	—	57
EQUITY						
Total Willis Towers Watson shareholders' equity	10,263	4,863	5,045	9,260	(19,168)	10,263
Non-controlling interests	—	—	—	124	—	124
Total equity	10,263	4,863	5,045	9,384	(19,168)	10,387
TOTAL LIABILITIES AND EQUITY	$ 10,846	$ 14,960	$ 8,916	$ 35,125	$ (37,073)	$ 32,774

Unaudited Condensed Consolidating Balance Sheet

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Six Months Ended June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 448	$ 123	$ 39	$ (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 intercompany investing activities	1,008	284	10	215	(1,517)	—
Repayments of intercompany investing activities	(60)	(400)	(3)	(31)	494	—
Reduction in investment in subsidiaries	—	1,000	—	59	(1,059)	—
Additional investment in subsidiaries	(1,000)	(59)	—	—	1,059	—
Net cash (used in)/from investing activities	$ (52)	$ 820	$ 7	$ 93	$ (1,023)	$ (155)
CASH FLOWS USED IN 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	—	(4)	(5)	—	—	(9)
Repayments of debt	—	(215)	(399)	(81)	—	(695)
Repurchase of shares	(296)	—	—	—	—	(296)
Proceeds from issuance of shares	37	—	—	—	—	37
Cash paid for employee taxes on withholding shares	—	—	—	(3)	—	(3)
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(44)	—	(44)
Dividends paid	(137)	—	(59)	(116)	175	(137)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(14)	—	(14)
Proceeds from intercompany financing activities	—	32	—	462	(494)	—
Repayments of intercompany financing activities	—	(1,032)	(233)	(252)	1,517	—
Net cash used in financing activities	$ (396)	$ (936)	$ (46)	$ (16)	$ 1,198	$ (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

Unaudited Condensed Consolidating Statement of Cash Flows

	Six Months Ended June 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 42	$ (418)	$ (187)	$ 1,000	$ (1)	$ 436
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(9)	(5)	(78)	—	(92)
Capitalized software costs	—	—	—	(42)	—	(42)
Acquisitions of operations, net of cash acquired	—	—	—	419	—	419
Other, net	—	—	—	23	—	23
Repayments of intercompany investing activities	(4,268)	(3,696)	—	(696)	8,660	—
Reduction in investment in subsidiaries	4,600	3,600	—	—	(8,200)	—
Additional investment in subsidiaries	—	(4,600)	—	(3,600)	8,200	—
Net cash from/(used in) investing activities	$ 332	$ (4,705)	$ (5)	$ (3,974)	$ 8,660	$ 308
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net payments on revolving credit facility	—	(393)	—	—	—	(393)
Senior notes issued	—	1,606	—	—	—	1,606
Proceeds from issuance of other debt	—	400	—	4	—	404
Debt issuance costs	—	(14)	—	—	—	(14)
Repayments of debt	(300)	(1,026)	—	(500)	—	(1,826)
Repurchase of shares	(38)	—	—	—	—	(38)
Proceeds from issuance of shares	28	—	—	—	—	28
Dividends paid	(67)	—	—	(1)	1	(67)
Cash paid for employee taxes on withholding shares	—	—	—	(9)	—	(9)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(15)	—	(15)
Proceeds from intercompany financing activities	—	4,611	192	3,857	(8,660)	—
Net cash (used in)/from financing activities	$ (377)	$ 5,184	$ 192	$ 3,336	$ (8,659)	$ (324)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	61	—	362	—	420
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(3)	—	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	2	—	527	—	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ 63	$ —	$ 886	$ —	$ 949

Note 17 — Financial Information for Parent Issuer, Guarantor Subsidiaries and Non-Guarantor Subsidiaries

On March 17, 2011, the Company issued senior notes totaling $800 million in a registered public offering. On March 15, 2016, $300 million of these senior notes was repaid, leaving $500 million outstanding. These debt securities were issued by Willis Towers Watson ('WTW Debt Securities') and are guaranteed by certain of the Company's subsidiaries. Therefore, the Company is providing the condensed consolidating financial information below. The following wholly owned subsidiaries (directly or indirectly) fully and unconditionally guarantee the WTW Debt Securities on a joint and several basis: Willis Netherlands Holdings B.V., Willis Investment U.K. Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited, Willis North America Inc., Willis Towers Watson Sub Holdings Unlimited Company and WTW Bermuda Holdings Ltd. (the 'Guarantors').

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America described in Note 16 and the guarantor structure associated with the senior notes and revolving credit facility issued by Trinity Acquisition plc described in Note 18.

Presented below is condensed consolidating financial information for:

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

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

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

(iv) Consolidating adjustments; and

(v) the Consolidated Company.

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended June 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 5	$ 1,925	$ —	$ 1,930
Interest and other income	—	—	23	—	23
Total revenues	—	5	1,948	—	1,953
Costs of providing services					
Salaries and benefits	1	10	1,137	—	1,148
Other operating expenses	1	37	353	—	391
Depreciation	—	2	49	—	51
Amortization	—	2	147	—	149
Restructuring costs	—	(3)	30	—	27
Integration expenses	—	28	35	—	63
Total costs of providing services	2	76	1,751	—	1,829
(Loss)/income from operations	(2)	(71)	197	—	124
Income from Group undertakings	—	(149)	(15)	164	—
Expenses due to Group undertakings	—	20	144	(164)	—
Interest expense	8	32	6	—	46
Other expense, net	—	—	30	—	30
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(10)	26	32	—	48
(Benefit)/provision for income taxes	(1)	4	5	—	8
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	22	27	—	40
Interest in earnings of associates, net of tax	—	—	1	—	1
Equity account for subsidiaries	42	4	—	(46)	—
NET INCOME	33	26	28	(46)	41
Income attributable to non-controlling interests	—	—	(8)	—	(8)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 33	$ 26	$ 20	$ (46)	$ 33
Comprehensive income before non-controlling interests	$ 165	$ 156	$ 152	$ (292)	$ 181
Comprehensive income attributable to non-controlling interests	—	—	(16)	—	(16)
Comprehensive income attributable to Willis Towers Watson	$ 165	$ 156	$ 136	$ (292)	$ 165

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended June 30, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 4	$ 1,890	$ —	$ 1,894
Interest and other income	—	1	54	—	55
Total revenues	—	5	1,944	—	1,949
Costs of providing services					
Salaries and benefits	1	11	1,189	—	1,201
Other operating expenses	2	36	335	—	373
Depreciation	—	4	40	—	44
Amortization	—	—	125	—	125
Restructuring costs	—	14	27	—	41
Integration expenses	(1)	4	26	—	29
Total costs of providing services	2	69	1,742	—	1,813
(Loss)/income from operations	(2)	(64)	202	—	136
Income from Group undertakings	—	(155)	(40)	195	—
Expenses due to Group undertakings	—	42	153	(195)	—
Interest expense	6	35	6	—	47
Other income, net	—	(2)	(4)	—	(6)
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(8)	16	87	—	95
(Benefit)/provision for income taxes	—	(13)	32	—	19
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(8)	29	55	—	76
Equity account for subsidiaries	80	28	—	(108)	—
NET INCOME	72	57	55	(108)	76
Income attributable to non-controlling interests	—	—	(4)	—	(4)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 72	$ 57	$ 51	$ (108)	$ 72
Comprehensive loss before non-controlling interests	$ (56)	$ (70)	$ (62)	$ 126	$ (62)
Comprehensive loss attributable to non-controlling interests	—	—	6	—	6
Comprehensive loss attributable to Willis Towers Watson	$ (56)	$ (70)	$ (56)	$ 126	$ (56)

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six Months Ended June 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 11	$ 4,222	$ —	$ 4,233
Interest and other income	—	—	39	—	39
Total revenues	—	11	4,261	—	4,272
Costs of providing services					
Salaries and benefits	2	20	2,317	—	2,339
Other operating expenses	2	54	736	—	792
Depreciation	—	3	94	—	97
Amortization	—	2	298	—	300
Restructuring costs	—	4	50	—	54
Integration expenses	—	32	71	—	103
Total costs of providing services	4	115	3,566	—	3,685
(Loss)/income from operations	(4)	(104)	695	—	587
Income from Group undertakings	—	(323)	(73)	396	—
Expenses due to Group undertakings	—	78	318	(396)	—
Interest expense	15	66	11	—	92
Other expense, net	—	—	50	—	50
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(19)	75	389	—	445
(Benefit)/provision for income taxes	(1)	6	49	—	54
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(18)	69	340	—	391
Interest in earnings of associates, net of tax	—	—	2	—	2
Equity account for subsidiaries	395	316	—	(711)	—
NET INCOME	377	385	342	(711)	393
Income attributable to non-controlling interests	—	—	(16)	—	(16)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 377	$ 385	$ 326	$ (711)	$ 377
Comprehensive income before non-controlling interests	$ 485	$ 490	$ 438	$ (901)	$ 512
Comprehensive income attributable to non-controlling interests	—	—	(27)	—	(27)
Comprehensive income attributable to Willis Towers Watson	$ 485	$ 490	$ 411	$ (901)	$ 485

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six Months Ended June 30, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 11	$ 4,102	$ —	$ 4,113
Interest and other income	—	1	69	—	70
Total revenues	—	12	4,171	—	4,183
Costs of providing services					
Salaries and benefits	1	25	2,371	—	2,397
Other operating expenses	3	129	672	—	804
Depreciation	—	9	78	—	87
Amortization	—	—	286	—	286
Restructuring costs	—	27	39	—	66
Integration expenses	—	22	59	—	81
Total costs of providing services	4	212	3,505	—	3,721
(Loss)/income from operations	(4)	(200)	666	—	462
Income from Group undertakings	—	(302)	(70)	372	—
Expenses due to Group undertakings	—	71	301	(372)	—
Interest expense	17	62	14	—	93
Other expense/(income), net	1	(2)	13	—	12
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(22)	(29)	408	—	357
(Benefit)/provision for income taxes	—	(54)	91	—	37
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(22)	25	317	—	320
Interest in earnings of associates, net of tax	—	—	1	—	1
Equity account for subsidiaries	332	282	—	(614)	—
NET INCOME	310	307	318	(614)	321
Income attributable to non-controlling interests	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 310	$ 307	$ 307	$ (614)	$ 310
Comprehensive income before non-controlling interests	$ 166	$ 162	$ 179	$ (338)	$ 169
Comprehensive income attributable to non-controlling interests	—	—	(3)	—	(3)
Comprehensive income attributable to Willis Towers Watson	$ 166	$ 162	$ 176	$ (338)	$ 166

Unaudited Condensed Consolidating Balance Sheet

	As of June 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
ASSETS					
Cash and cash equivalents	$ —	$ 7	$ 845	$ —	$ 852
Fiduciary assets	—	—	12,751	—	12,751
Accounts receivable, net	—	5	2,283	—	2,288
Prepaid and other current assets	1	144	199	(2)	342
Amounts due from group undertakings	6,283	1,729	2,559	(10,571)	—
Total current assets	6,284	1,885	18,637	(10,573)	16,233
Investments in subsidiaries	4,562	9,593	—	(14,155)	—
Fixed assets, net	—	36	859	—	895
Goodwill	—	—	10,509	—	10,509
Other intangible assets, net	—	61	4,156	(61)	4,156
Pension benefits assets	—	—	595	—	595
Other non-current assets	—	229	369	(212)	386
Non-current amounts due from group undertakings	—	5,260	—	(5,260)	—
Total non-current assets	4,562	15,179	16,488	(19,688)	16,541
TOTAL ASSETS	$ 10,846	$ 17,064	$ 35,125	$ (30,261)	$ 32,774
LIABILITIES AND EQUITY					
Fiduciary liabilities	$ —	$ —	$ 12,751	$ —	$ 12,751
Deferred revenue and accrued expenses	—	57	1,346	(92)	1,311
Short-term debt and current portion of long-term debt	—	—	85	—	85
Other current liabilities	87	189	606	—	882
Amounts due to group undertakings	—	8,329	2,242	(10,571)	—
Total current liabilities	87	8,575	17,030	(10,663)	15,029
Long-term debt	496	3,473	128	—	4,097
Liability for pension benefits	—	—	1,271	—	1,271
Deferred tax liabilities	—	—	1,024	(201)	823
Provision for liabilities	—	120	517	—	637
Other non-current liabilities	—	33	454	(14)	473
Non-current amounts due to group undertakings	—	—	5,260	(5,260)	—
Total non-current liabilities	496	3,626	8,654	(5,475)	7,301
TOTAL LIABILITIES	583	12,201	25,684	(16,138)	22,330
REDEEMABLE NON-CONTROLLING INTEREST	—	—	57	—	57
EQUITY					
Total Willis Towers Watson shareholders' equity	10,263	4,863	9,260	(14,123)	10,263
Non-controlling interests	—	—	124	—	124
Total equity	10,263	4,863	9,384	(14,123)	10,387
TOTAL LIABILITIES AND EQUITY	$ 10,846	$ 17,064	$ 35,125	$ (30,261)	$ 32,774

Unaudited Condensed Consolidating Balance Sheet

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Six Months Ended June 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 448	$ 103	$ (116)	$ (116)	$ 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 intercompany investing activities	1,008	252	215	(1,475)	—
Repayments of intercompany investing activities	(60)	(403)	(31)	494	—
Reduction in investment in subsidiaries	—	1,000	59	(1,059)	—
Additional investment in subsidiaries	(1,000)	(59)	—	1,059	—
Net cash (used in)/from investing activities	$ (52)	$ 785	$ 93	$ (981)	$ (155)
CASH FLOWS USED IN 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	—	(9)	—	—	(9)
Repayments of debt	—	(614)	(81)	—	(695)
Repurchase of shares	(296)	—	—	—	(296)
Proceeds from issuance of shares	37	—	—	—	37
Cash paid for employee taxes on withholding shares	—	—	(3)	—	(3)
Payments of deferred and contingent consideration related to acquisitions	—	—	(44)	—	(44)
Dividends paid	(137)	—	(116)	116	(137)
Acquisitions of and dividends paid to non-controlling interests	—	—	(14)	—	(14)
Proceeds from intercompany financing activities	—	32	462	(494)	—
Repayments of intercompany financing activities	—	(1,223)	(252)	1,475	—
Net cash used in financing activities	$ (396)	$ (881)	$ (16)	$ 1,097	$ (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

Unaudited Condensed Consolidating Statement of Cash Flows

	Six Months Ended June 30, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 42	$ (605)	$ 1,000	$ (1)	$ 436
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Additions to fixed assets and software for internal use	—	(14)	(78)	—	(92)
Capitalized software costs	—	—	(42)	—	(42)
Acquisitions of operations, net of cash acquired	—	—	419	—	419
Other, net	—	—	23	—	23
Repayments of intercompany investing activities	(4,268)	(3,696)	(696)	8,660	—
Reduction in investment in subsidiaries	4,600	3,600	—	(8,200)	—
Additional investment in subsidiaries	—	(4,600)	(3,600)	8,200	—
Net cash from/(used in) investing activities	$ 332	$ (4,710)	$ (3,974)	$ 8,660	$ 308
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Net payments on revolving credit facility	—	(393)	—	—	(393)
Senior notes issued	—	1,606	—	—	1,606
Proceeds from issuance of other debt	—	400	4	—	404
Debt issuance costs	—	(14)	—	—	(14)
Repayments of debt	(300)	(1,026)	(500)	—	(1,826)
Repurchase of shares	(38)	—	—	—	(38)
Proceeds from issuance of shares	28	—	—	—	28
Dividends paid	(67)	—	(1)	1	(67)
Cash paid for employee taxes on withholding shares	—	—	(9)	—	(9)
Acquisitions of and dividends paid to non-controlling interests	—	—	(15)	—	(15)
Proceeds from intercompany financing activities	—	4,803	3,857	(8,660)	—
Net cash (used in)/from financing activities	$ (377)	$ 5,376	$ 3,336	$ (8,659)	$ (324)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	61	362	—	420
Effect of exchange rate changes on cash and cash equivalents	—	—	(3)	—	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	2	527	—	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ 63	$ 886	$ —	$ 949

Note 18 — Financial Information for Issuer, Parent Guarantor, Other Guarantor Subsidiaries and Non-Guarantor Subsidiaries

Trinity Acquisition plc has $2.1 billion senior notes outstanding of which $525 million were issued on August 15, 2013, $1.0 billion were issued on March 22, 2016, €540 million ($609 million) were issued on May 26, 2016, and $523 million outstanding under the $1.25 billion revolving credit facility issued March 7, 2017.

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

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America described in Note 16 and the guarantor structure associated with the senior notes issued by Willis Towers Watson described in Note 17.

Presented below is condensed consolidating financial information for:

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

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

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

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

(v) Consolidating adjustments; and

(vi) the Consolidated Company.

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 5	$ —	$ 1,925	$ —	$ 1,930
Interest and other income	—	—	—	23	—	23
Total revenues	—	5	—	1,948	—	1,953
Costs of providing services						
Salaries and benefits	1	10	—	1,137	—	1,148
Other operating expenses	1	37	—	353	—	391
Depreciation	—	2	—	49	—	51
Amortization	—	2	—	147	—	149
Restructuring costs	—	(3)	—	30	—	27
Integration expenses	—	28	—	35	—	63
Total costs of providing services	2	76	—	1,751	—	1,829
(Loss)/income from operations	(2)	(71)	—	197	—	124
Income from Group undertakings	—	(141)	(38)	(15)	194	—
Expenses due to Group undertakings	—	43	7	144	(194)	—
Interest expense	8	6	26	6	—	46
Other expense, net	—	—	—	30	—	30
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(10)	21	5	32	—	48
(Benefit)/provision for income taxes	(1)	3	1	5	—	8
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	18	4	27	—	40
Interest in earnings of associates, net of tax	—	—	—	1	—	1
Equity account for subsidiaries	42	8	(115)	—	65	—
NET INCOME/(LOSS)	33	26	(111)	28	65	41
Income attributable to non-controlling interests	—	—	—	(8)	—	(8)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 33	$ 26	$ (111)	$ 20	$ 65	$ 33
Comprehensive income before non-controlling interests	$ 165	$ 156	$ 15	$ 152	$ (307)	$ 181
Comprehensive income attributable to non-controlling interests	—	—	—	(16)	—	(16)
Comprehensive income attributable to Willis Towers Watson	$ 165	$ 156	$ 15	$ 136	$ (307)	$ 165

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended June 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 4	$ —	$ 1,890	$ —	$ 1,894
Interest and other income	—	1	—	54	—	55
Total revenues	—	5	—	1,944	—	1,949
Costs of providing services						
Salaries and benefits	1	11	—	1,189	—	1,201
Other operating expenses	2	36	—	335	—	373
Depreciation	—	4	—	40	—	44
Amortization	—	—	—	125	—	125
Restructuring costs	—	14	—	27	—	41
Integration expenses	(1)	4	—	26	—	29
Total costs of providing services	2	69	—	1,742	—	1,813
(Loss)/income from operations	(2)	(64)	—	202	—	136
Income from Group undertakings	—	(150)	(33)	(40)	223	—
Expenses due to Group undertakings	—	64	6	153	(223)	—
Interest expense	6	9	26	6	—	47
Other income, net	—	(2)	—	(4)	—	(6)
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(8)	15	1	87	—	95
(Benefit)/provision for income taxes	—	(13)	—	32	—	19
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(8)	28	1	55	—	76
Equity account for subsidiaries	80	29	(62)	—	(47)	—
NET INCOME	72	57	(61)	55	(47)	76
Income attributable to non-controlling interests	—	—	—	(4)	—	(4)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 72	$ 57	$ (61)	$ 51	$ (47)	$ 72
Comprehensive loss before non-controlling interests	$ (56)	$ (70)	$ (105)	$ (62)	$ 231	$ (62)
Comprehensive loss attributable to non-controlling interests	—	—	—	6	—	6
Comprehensive loss attributable to Willis Towers Watson	$ (56)	$ (70)	$ (105)	$ (56)	$ 231	$ (56)

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six Months Ended June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 11	$ —	$ 4,222	$ —	$ 4,233
Interest and other income	—	—	—	39	—	39
Total revenues	—	11	—	4,261	—	4,272
Costs of providing services						
Salaries and benefits	2	20	—	2,317	—	2,339
Other operating expenses	2	54	—	736	—	792
Depreciation	—	3	—	94	—	97
Amortization	—	2	—	298	—	300
Restructuring costs	—	4	—	50	—	54
Integration expenses	—	32	—	71	—	103
Total costs of providing services	4	115	—	3,566	—	3,685
(Loss)/income from operations	(4)	(104)	—	695	—	587
Income from Group undertakings	—	(309)	(72)	(73)	454	—
Expenses due to Group undertakings	—	123	13	318	(454)	—
Interest expense	15	15	51	11	—	92
Other expense, net	—	—	—	50	—	50
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(19)	67	8	389	—	445
(Benefit)/provision for income taxes	(1)	5	1	49	—	54
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(18)	62	7	340	—	391
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	395	323	225	—	(943)	—
NET INCOME	377	385	232	342	(943)	393
Income attributable to non-controlling interests	—	—	—	(16)	—	(16)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 377	$ 385	$ 232	$ 326	$ (943)	$ 377
Comprehensive income before non-controlling interests	$ 485	$ 490	$ 334	$ 438	$ (1,235)	$ 512
Comprehensive income attributable to non-controlling interests	—	—	—	(27)	—	(27)
Comprehensive income attributable to Willis Towers Watson	$ 485	$ 490	$ 334	$ 411	$ (1,235)	$ 485

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six Months Ended June 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 11	$ —	$ 4,102	$ —	$ 4,113
Interest and other income	—	1	—	69	—	70
Total revenues	—	12	—	4,171	—	4,183
Costs of providing services						
Salaries and benefits	1	25	—	2,371	—	2,397
Other operating expenses	3	129	—	672	—	804
Depreciation	—	9	—	78	—	87
Amortization	—	—	—	286	—	286
Restructuring costs	—	27	—	39	—	66
Integration expenses	—	22	—	59	—	81
Total costs of providing services	4	212	—	3,505	—	3,721
(Loss)/income from operations	(4)	(200)	—	666	—	462
Income from Group undertakings	—	(296)	(64)	(70)	430	—
Expenses due to Group undertakings	—	116	13	301	(430)	—
Interest expense	17	18	44	14	—	93
Other expense/(income), net	1	(2)	—	13	—	12
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(22)	(36)	7	408	—	357
(Benefit)/provision for income taxes	—	(55)	1	91	—	37
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(22)	19	6	317	—	320
Interest in earnings of associates, net of tax	—	—	—	1	—	1
Equity account for subsidiaries	332	288	112	—	(732)	—
NET INCOME	310	307	118	318	(732)	321
Income attributable to non-controlling interests	—	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 310	$ 307	$ 118	$ 307	$ (732)	$ 310
Comprehensive income before non-controlling interests	$ 166	$ 162	$ 56	$ 179	$ (394)	$ 169
Comprehensive income attributable to non-controlling interests	—	—	—	(3)	—	(3)
Comprehensive income attributable to Willis Towers Watson	$ 166	$ 162	$ 56	$ 176	$ (394)	$ 166

Unaudited Condensed Consolidating Balance Sheet

	As of June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ —	$ 7	$ —	$ 845	$ —	$ 852
Fiduciary assets	—	—	—	12,751	—	12,751
Accounts receivable, net	—	5	—	2,283	—	2,288
Prepaid and other current assets	1	147	1	199	(6)	342
Amounts due from group undertakings	6,283	1,736	1,503	2,559	(12,081)	—
Total current assets	6,284	1,895	1,504	18,637	(12,087)	16,233
Investments in subsidiaries	4,562	9,324	8,344	—	(22,230)	—
Fixed assets, net	—	36	—	859	—	895
Goodwill	—	—	—	10,509	—	10,509
Other intangible assets, net	—	61	—	4,156	(61)	4,156
Pension benefits assets	—	—	—	595	—	595
Other non-current assets	—	226	3	369	(212)	386
Non-current amounts due from group undertakings	—	4,461	1,318	—	(5,779)	—
Total non-current assets	4,562	14,108	9,665	16,488	(28,282)	16,541
TOTAL ASSETS	$ 10,846	$ 16,003	$ 11,169	$ 35,125	$ (40,369)	$ 32,774
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 12,751	$ —	$ 12,751
Deferred revenue and accrued expenses	—	57	—	1,346	(92)	1,311
Short-term debt and current portion of long-term debt	—	—	—	85	—	85
Other current liabilities	87	165	28	606	(4)	882
Amounts due to group undertakings	—	9,416	423	2,242	(12,081)	—
Total current liabilities	87	9,638	451	17,030	(12,177)	15,029
Long-term debt	496	830	2,643	128	—	4,097
Liability for pension benefits	—	—	—	1,271	—	1,271
Deferred tax liabilities	—	—	—	1,024	(201)	823
Provision for liabilities	—	120	—	517	—	637
Other non-current liabilities	—	33	—	454	(14)	473
Non-current amounts due to group undertakings	—	519	—	5,260	(5,779)	—
Total non-current liabilities	496	1,502	2,643	8,654	(5,994)	7,301
TOTAL LIABILITIES	583	11,140	3,094	25,684	(18,171)	22,330
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	57	—	57
EQUITY						
Total Willis Towers Watson shareholders’ equity	10,263	4,863	8,075	9,260	(22,198)	10,263
Non-controlling interests	—	—	—	124	—	124
Total equity	10,263	4,863	8,075	9,384	(22,198)	10,387
TOTAL LIABILITIES AND EQUITY	$ 10,846	$ 16,003	$ 11,169	$ 35,125	$ (40,369)	$ 32,774

Unaudited Condensed Consolidating Balance Sheet

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Six Months Ended June 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 448	$ (274)	$ 434	$ (116)	$ (173)	$ 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 intercompany investing activities	1,008	75	219	215	(1,517)	—
Repayments of intercompany investing activities	(60)	(3)	(692)	(31)	786	—
Reduction in investment in subsidiaries	—	1,000	—	59	(1,059)	—
Additional investment in subsidiaries	(1,000)	(59)	—	—	1,059	—
Net cash (used in)/from investing activities	$ (52)	$ 1,008	$ (473)	$ 93	$ (731)	$ (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
Cash paid for employee taxes on withholding shares	—	—	—	(3)	—	(3)
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(44)	—	(44)
Dividends paid	(137)	(57)	—	(116)	173	(137)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(14)	—	(14)
Proceeds from intercompany financing activities	—	324	—	462	(786)	—
Repayments of intercompany financing activities	—	(1,240)	(25)	(252)	1,517	—
Net cash (used in)/from financing activities	$ (396)	$ (727)	$ 39	$ (16)	$ 904	$ (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

Unaudited Condensed Consolidating Statement of Cash Flows

	Six Months Ended June 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 42	$ (228)	$ (377)	$ 1,000	$ (1)	$ 436
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(14)	—	(78)	—	(92)
Capitalized software costs	—	—	—	(42)	—	(42)
Acquisitions of operations, net of cash acquired	—	—	—	419	—	419
Other, net	—	—	—	23	—	23
Proceeds from intercompany investing activities	—	12	—	—	(12)	—
Repayments of intercompany investing activities	(4,268)	(3,512)	(184)	(696)	8,660	—
Reduction in investment subsidiaries	4,600	3,600	—	—	(8,200)	—
Additional investment in subsidiaries	—	(4,600)	—	(3,600)	8,200	—
Net cash from/(used in) investing activities	$ 332	$ (4,514)	$ (184)	$ (3,974)	$ 8,648	$ 308
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net payments on revolving credit facility	—	—	(393)	—	—	(393)
Senior notes issued	—	—	1,606	—	—	1,606
Proceeds from issuance of other debt	—	—	400	4	—	404
Debt issuance costs	—	—	(14)	—	—	(14)
Repayments of debt	(300)	—	(1,026)	(500)	—	(1,826)
Repurchase of shares	(38)	—	—	—	—	(38)
Proceeds from issuance of shares	28	—	—	—	—	28
Dividends paid	(67)	—	—	(1)	1	(67)
Cash paid for employee taxes on withholding shares	—	—	—	(9)	—	(9)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(15)	—	(15)
Proceeds from intercompany financing activities	—	4,803	—	3,857	(8,660)	—
Repayments of intercompany financing activities	—	—	(12)	—	12	—
Net cash (used in)/from financing activities	$ (377)	$ 4,803	$ 561	$ 3,336	$ (8,647)	$ (324)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	61	—	362	—	420
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(3)	—	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	2	—	527	—	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ 63	$ —	$ 886	$ —	$ 949

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

Due to the cyclical nature of the insurance market and the impact of other market conditions on insurance premiums, commission revenues may vary widely between accounting periods. A period of low or declining premium rates, generally known as a 'soft' or 'softening' market, generally leads to downward pressure on commission revenues and can have a material adverse impact on our commission revenues and operating margin. A 'hard' or 'firming' market, during which premium rates rise, generally has a favorable impact on our commission revenues and operating margin. Rates, however, 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.

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.

Management has considered the U.K. referendum vote on June 23, 2016 to depart from the E.U., the triggering of Article 50 of the Treaty of Lisbon (providing the right to and procedures for a member to leave the E.U.) on March 29, 2017, the early general election held on June 8, 2017, and the uncertainties about the near-term and longer-term effects of Brexit on the Company. The terms of Brexit, and its impact, are highly uncertain. 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 March 1, 2017.

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 believe that the U.K. has good long-term growth opportunities and, given that, we believe the impact to Willis Towers Watson will be neutral to slightly positive over the next few years, with some periods of increase and decrease in that time frame. 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 an annual basis for 2017, although we expect that approximately 22% of our revenues will be generated in the U.K., we expect that only about 12% of revenues will be denominated in Pounds sterling, as much of the insurance business is transacted in U.S. dollars. We expect that approximately 19% of our expenses will be denominated in Pounds sterling; thus, we generally benefit from a weakening Pound sterling in our income from operations. However, 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 private exchange 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 market for exchanges, we believe that clients base their decisions on a variety of factors that include the ability of the provider to deliver measurable cost savings for clients, a strong reputation for efficient execution and an innovative service delivery model and platform. Part of the employer sponsored insurance market has matured and become more fragmented while other segments remain in the entry phase. As

these market segments continue to evolve, we may experience growth in intervals, with periods of accelerated expansion balanced by periods of modest growth.

See Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on March 1, 2017 for a discussion of risks that may affect our ability to compete.

Financial Statement Overview

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017		2016		2017		2016	
	($ in millions, except per share data)							
Total revenues	$ 1,953	100 %	$ 1,949	100 %	$ 4,272	100 %	$ 4,183	100 %
Costs of providing services								
Salaries and benefits	1,148	59 %	1,201	62 %	2,339	55 %	2,397	57 %
Other operating expenses	391	20 %	373	19 %	792	19 %	804	19 %
Depreciation	51	3 %	44	2 %	97	2 %	87	2 %
Amortization	149	8 %	125	6 %	300	7 %	286	7 %
Restructuring costs	27	1 %	41	2 %	54	1 %	66	2 %
Integration expenses	63	3 %	29	1 %	103	2 %	81	2 %
Total costs of providing services	1,829		1,813		3,685		3,721	

Income from operations		124	6 %		136	7 %		587	14 %		462	11 %
Interest expense		46	2 %		47	2 %		92	2 %		93	2 %
Other expense/(income), net		30	2 %		(6)	— %		50	1 %		12	— %
Provision for income taxes		8	— %		19	1 %		54	1 %		37	1 %
Interest in earnings of associates, net of tax		1	— %		—	— %		2	— %		1	— %
Income attributable to non-controlling interests		(8)	— %		(4)	— %		(16)	— %		(11)	— %
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$	33	2 %	$	72	4 %	$	377	9 %	$	310	7 %
Diluted earnings per share	$	0.24		$	0.51		$	2.75		$	2.25	

Consolidated Revenues

Revenues for the three months ended June 30, 2017 were $2.0 billion, compared to $1.9 billion for the three months ended June 30, 2016, an increase of $4 million, or less than 1%.While our revenue was stable for the quarter as compared to the prior year, growth in our Exchange Solutions segment was offset by foreign currency translation. Adjusting for the impact of foreign currency, our revenue grew by 2%.

Revenues for the six months ended June 30, 2017 were $4.3 billion, compared to $4.2 billion for the six months ended June 30, 2016, an increase of $89 million or 2%. The $89 million increase in revenues was driven mainly by Human Capital and Benefits, which had strong demand and increased utilization, and Exchange Solutions, offset by negative foreign currency translation. Adjusting for the impact of foreign currency, our revenue grew by 4%.

Our revenues can be materially impacted by changes in currency conversions, which can fluctuate significantly over the course of a calendar year. For the three and six months ended June 30, 2017, currency translation decreased our consolidated revenues by $43 million and $93 million, respectively. The primary currencies driving the change were the Pound sterling and the Euro.

The following table details our top five markets based on the percentage of consolidated revenues (in U.S. dollars) from the countries where work is performed for the six months ended June 30, 2017. These figures do not represent the currency of the related revenue, which is presented in the next table.

Geographic Region	% of Revenues
United States	48%
United Kingdom	22%
France	6%
Germany	3%
Canada	3%

The table below details the percentage of our revenues and expenses by transactional currency for the six months ended June 30, 2017.

	Revenues	Expenses (i)
U.S. dollars	55%	51%
Pounds sterling	13%	18%
Euro	16%	13%
Other currencies	16%	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 integration expenses.

The components of the change in revenues generated for the three month and six months ended June 30, 2017 and 2016 are as follows:

	Three Months Ended June 30,			Components of Revenue Change			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Total revenues	$ 1,953	$ 1,949	—%	(2)%	2%	—%	2%

	Six Months Ended June 30,			Components of Revenue Change			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Total revenues	$ 4,272	$ 4,183	2%	(2)%	4%	—%	4%

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 Revenues

Beginning in 2017, we made certain changes that affect our segment results. These changes, which are detailed in the Current Report on Form 8-K filed with the SEC on April 7, 2017, 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 reflected 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, contained in our Annual Report on Form 10-K, filed with the SEC on March 1, 2017, as updated by the Form 8-K filed with the SEC on April 7, 2017.

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

Human Capital and Benefits (‘HCB’)

The HCB segment provides an array of advice, broking, solutions and software for our clients. HCB is the largest segment of the Company. The segment is focused on addressing our clients’ employee and risk needs so that they can deliver sustainable employee experiences. This segment also delivers full outsourcing solutions to employers outside of the United States.

The following table sets forth the components of HCB revenues for the three months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the three months ended June 30, 2017 from the three months ended June 30, 2016.

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change[i]			
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 718	$ 731	(2)%	(2)%	1%	—%	—%
Interest and other income	11	5					
Total segment revenues	$ 729	$ 736					

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

HCB total segment revenues for the three months ended June 30, 2017 and 2016 were $729 million and $736 million, respectively. Commissions and fees for the three months ended June 30, 2017 and 2016 were $718 million and $731 million, respectively. Retirement revenues decreased in the second quarter as Great Britain and International revenue growth was offset by an expected decline in North America, as bulk lump sum projects declined year-over-year, and in Western Europe due to the timing of the Easter holiday. The demand for actuarial consulting projects remained strong in Great Britain as a result of regulatory change. Talent and Rewards was down slightly as the 2016 North America restructuring led to anticipated softness in new business, but the margin enhancement objectives were achieved. Health and Benefits continued to experience strong revenue growth as a result of health care consulting in North America, offset by softness in Western Europe due to timing issues. Revenue in the Technology and Administration Solutions business experienced growth in all regions as a result of new administration clients and project activity. The change in interest and other income was a result of a $5 million settlement received during the second quarter of 2017 related to the loss of a team in Florida.

The following table sets forth the components of HCB revenues for the six months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the six months ended June 30, 2017 from the six months ended June 30, 2016.

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change			
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 1,669	$ 1,657	1%	(2)%	3%	—%	3%
Interest and other income	15	9					
Total segment revenues	$ 1,684	$ 1,666					

HCB commissions and fees, and total segment revenues, for the six months ended June 30, 2017 and 2016 were $1.7 billion. Retirement revenues decreased in the first half of the year. The decrease occurred in Western Europe, International and North America and was partially offset by growth in Great Britain. The decline in North America was expected as bulk lump sum projects declined year over year. Actuarial consulting projects in Great Britain were strong due to regulation changes. Talent and Rewards experienced a large drop in revenues, primarily in the Rewards, Talent and Communication consulting business in North America. The recent restructuring program impacted this region the hardest, and as expected, external marketing efforts were impacted during this initiative which resulted in a lower pipeline for the first half of 2017. Healthcare consulting revenues were up significantly for all markets globally. Revenue in the Technology and Administration Solutions business in Great Britain experienced growth as a result of new administration clients and project activity. The change in interest and other income was a result of a $5 million settlement received during the second quarter of 2017 related to the loss of a team in Florida.

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 innovative, 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 the components of CRB revenues for the three months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the three months ended June 30, 2017 from the three months ended June 30, 2016.

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change[i]			
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 624	$ 627	—%	(2)%	1%	—%	1%
Interest and other income	6	6					
Total segment revenues	$ 630	$ 633					

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

CRB total segment revenues for the three months ended June 30, 2017 and 2016 were $630 million and $633 million, respectively. Commissions and fees for the three months ended June 30, 2017 and 2016 were $624 million and $627 million, respectively. Western Europe, Great Britain and International had solid revenue growth. Western Europe revenue growth was led by Iberia and Ireland. Great Britain experienced growth in Transportation, Financial Lines and Natural Resources, with some timing offsets from the first quarter. International revenue growth was led by the Asian and Latin American operations. North America organic revenues were flat as new business growth was offset by a decline in one-time projects versus the second quarter of 2016.

The following table sets forth the components of CRB revenues for the six months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the six months ended June 30, 2017 from the six months ended June 30, 2016.

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change[i]			
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 1,274	$ 1,268	1%	(2)%	2%	—%	2%
Interest and other income	11	12					
Total segment revenues	$ 1,285	$ 1,280					

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

CRB commissions and fees, and total segment revenues, for the six months ended June 30, 2017 and 2016, were $1.3 billion. Revenue growth was led by International with additional growth in Western Europe and Great Britain offset by a slight decline in North America. International growth was fueled by solid client retention and very strong new business. Western Europe had strong client retention and modest new business growth. Great Britain experienced solid new business growth and North America experienced a small decline driven by lower than historic one-time project revenues somewhat offset by improved client retention.

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, usage-based insurance, risk underwriting and reinsurance broking.

The following table sets forth the components of IRR revenues for the three months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the three months ended June 30, 2017 from the three months ended June 30, 2016.

	Three Months Ended June 30,			Components of Revenue Change			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 383	$ 380	—%	(3)%	3%	—%	3%
Interest and other income	6	44					
Total segment revenues	$ 389	$ 424					

IRR total segment revenues for the three months ended June 30, 2017 and 2016 were $389 million and $424 million, respectively. Total segment revenues for the three months ended June 30, 2016 included £28 million ($41 million) received for a settlement related to the Fine Arts, Jewellery and Specie team. Commissions and fees for the three months ended June 30, 2017 and 2016 were $383 million and $380 million, respectively. Reinsurance, Investment, Risk Consulting and Software, and Max Matthiessen all posted revenue growth, primarily as a result of strong sales and increased performance fees. As expected, Wholesale revenues declined due to timing of renewals, which brought revenue forward into the first quarter of 2017.

The following table sets forth the components of IRR revenues for the six months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the six months ended June 30, 2017 from the six months ended June 30, 2016.

	Six Months Ended June 30,			Components of Revenue Change			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 885	$ 878	1%	(3)%	4%	—%	4%
Interest and other income	11	48					
Total segment revenues	$ 896	$ 926					

IRR total segment revenues for the six months ended June 30, 2017 and 2016 were $896 million and $926 million, respectively. Total segment revenues for the six months ended June 30, 2016 included £28 million ($41 million) received for a settlement related to the Fine Arts, Jewellery and Specie team. Commissions and fees for the six months ended June 30, 2017 and 2016 were $885 million and $878 million, respectively. Wholesale, Investment, Risk Consulting and Software, Max Matthiessen and Reinsurance all posted notable revenue growth, primarily as a result of strong sales and increased performance fees and timing. WTW Securities (formerly Capital Markets) performance slightly offset the revenue growth for the segment.

Exchange Solutions ('ES')

The ES segment provides primary medical and ancillary benefit exchange and outsourcing services to active employees and retirees across both the group and individual markets. ES 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 United States. ES 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 the components of ES revenues for the three months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the three months ended June 30, 2017 from the three months ended June 30, 2016.

	Three Months Ended June 30,			Components of Revenue Change			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 178	$ 154	15%	—%	15%	—%	15%
Interest and other income	—	1					
Total segment revenues	$ 178	$ 155					

ES total segment revenues for the three months ended June 30, 2017 and 2016 were $178 million and $155 million, respectively. Retiree and Access Exchanges revenues increased by 14% and Exchange Solutions Other grew by 17%, led by active exchanges and Technology and Administration Solutions.

The following table sets forth the components of ES revenues for the six months ended June 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the six months ended June 30, 2017 from the six months ended June 30, 2016.

	Six Months Ended June 30,			Components of Revenue Change			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 357	$ 317	13%	—%	13%	—%	13%
Interest and other income	—	1					
Total segment revenues	$ 357	$ 318					

ES total segment revenues for the six months ended June 30, 2017 and 2016 were $357 million and $318 million, respectively. Retiree and Access Exchanges revenues increased by 10% and Exchange Solutions Other grew by 16%, led by active exchanges and Technology and Administration Solutions.

ES revenue growth is expected to slow to around 10% in 2017 due to the stabilization of the retiree enrollments. We continue to expect the active exchange growth to be strong.

Costs of Providing Services

Total costs of providing services were flat for both the three months ended June 30, 2017 and 2016 at $1.8 billion, as well as for both the six months ended June 30, 2017 and 2016 at $3.7 billion. See the analysis below for further information.

Salaries and benefits

Salaries and benefits for the three months ended June 30, 2017 were $1.1 billion, compared to $1.2 billion for the three months ended June 30, 2016, a decrease of $53 million. Salaries and benefits as a percentage of revenue decreased from 62% to 59% for the quarter. Salaries and benefits for the six months ended June 30, 2017 were $2.3 billion, compared to $2.4 billion for the six months ended June 30, 2016, a decrease of $58 million. Salaries and benefits as a percentage of revenue decreased from 57% to 55% for the first half of the year.

Salaries and benefits costs decreased during both the quarter and the first half of 2017 due to savings associated with our integration and restructuring plans, stemming from reduced headcount and shifting work to lower-cost locations. Salaries and benefits as a percentage of revenue decreased as we were able to grow our revenue while reducing our salaries and benefits costs.

Other operating expenses

Other operating expenses for the three months ended June 30, 2017 were $391 million, compared to $373 million for the three months ended June 30, 2016, an increase of $18 million, or 5%. This $18 million increase was due primarily to increased spending on non-reimbursable costs to deliver health-reimbursement account ('HRA') services, legal fees and IT related services. As a result of these cost increases, other operating expenses as a percentage of revenue increased from 19% to 20%.

Other operating expenses for the six months ended June 30, 2017 were $792 million, compared to $804 million for the six months ended June 30, 2016, a decrease of $12 million, or 1%. This $12 million decrease was due primarily to the Stanford litigation provision of $50 million in the first half of 2016, partially offset by reserves for the CalPERS litigation and other increases in litigation reserves and other professional services. Other operating expenses as a percentage of revenue remained flat at 19%.

Depreciation

Depreciation for the three months ended June 30, 2017 was $51 million, compared to $44 million for the three months ended June 30, 2016, an increase of $7 million, or 16%. Depreciation for the six months ended June 30, 2017 was $97 million, compared to $87 million for the six months ended June 30, 2016, an increase of $10 million, or 11%. This increase was due primarily to a higher depreciable base of assets resulting from additional assets placed in service during 2016.

Amortization

Amortization for the three months ended June 30, 2017 was $149 million, compared to $125 million for the three months ended June 30, 2016, an increase of $24 million, or 19%. Amortization for the six months ended June 30, 2017 was $300 million, compared to $286 million for the six months ended June 30, 2016, an increase of $14 million, or 5%. This increase occurred because the preliminary estimates of the fair value of intangible assets arising from the Merger were lower in the second quarter of 2016 than the final values recorded once purchase accounting was finalized in the fourth quarter of 2016. Additionally, our intangible amortization is more heavily weighted to the initial years of the useful lives of the related intangibles, and therefore amortization will decrease over time.

Restructuring costs

Restructuring costs for the three months ended June 30, 2017 were $27 million, compared to $41 million for the three months ended June 30, 2016, a decrease of $14 million, or 34%. Restructuring costs for the six months ended June 30, 2017 were $54 million, compared to $66 million for the six months ended June 30, 2016, a decrease of $12 million, or 18%.

These costs were incurred primarily in connection with the Operational Improvement Program, for which the Company expects to incur $130 million of restructuring costs during 2017, the final year of the program, bringing the cumulative restructuring charges for this program to approximately $440 million. Refer to Part 1, Item 1, Note 5 — Restructuring Costs for additional information regarding these costs.

Integration expenses

Integration expenses for the three months ended June 30, 2017 were $63 million, compared to $29 million for the three months ended June 30, 2016, an increase of $34 million, or 117%. The increase in expenses primarily relates to costs associated with our enterprise resource planning ('ERP') migration and real estate consolidations.

Integration expenses for the six months ended June 30, 2017 were $103 million, compared to $81 million for the six months ended June 30, 2016, an increase of $22 million, or 27%. The increase in expenses was driven by the ERP migration, including accelerated depreciation related to the planned decommissioning of certain Legacy Willis accounting systems, and real estate consolidations, partially offset by decreased spending on certain consulting, severance and transaction-related costs that were incurred initially as part of the Merger.

Income from Operations

Income from operations for the three months ended June 30, 2017 was $124 million, compared to $136 million for the three months ended June 30, 2016, a decrease of $12 million, or 9%. This decrease resulted from an increase to total costs of providing services of $16 million, partially offset by increased revenue of $4 million.

Income from operations for the six months ended June 30, 2017 was $587 million, compared to $462 million for the six months ended June 30, 2016, an increase of $125 million, or 27%. This increase resulted from additional revenue of $89 million coupled with reductions to total costs of providing services of $36 million.

Interest Expense

Interest expense for the three months ended June 30, 2017 was $46 million, compared to $47 million for the three months ended June 30, 2016 a decrease of $1 million, or 2%. Interest expense for the six months ended June 30, 2017 was $92 million, compared to $93 million for the six months ended June 30, 2016, a decrease of $1 million, or 1%. The decrease in interest expense resulted primarily from a lower weighted-average cost of financing, partially offset by an increase in total debt outstanding. However, we expect our interest expense to increase further over the remainder of the year, given the expected increase in the Federal Funds rate.

Other Expense/(Income), Net

Other expense/(income), net for the three months ended June 30, 2017 was expense of $30 million, compared to income of $6 million for the three months ended June 30, 2016, an increase to expense of $36 million. Other expense/(income), net for the six months ended June 30, 2017 was expense of $50 million, compared to expense of $12 million for the six months ended June 30, 2016, an increase of $38 million, or 317%. The additional expense in 2017 as compared to the prior year related to the impact of foreign exchange hedging contracts, unfavorable balance sheet remeasurement and further devaluation of the Venezuelan currency.

Provision for Income Taxes

Provision for income taxes for the three months ended June 30, 2017 was $8 million, compared to $19 million for the three months ended June 30, 2016, a decrease of $11 million, or 58%. The effective tax rate was 16.8% for the three months ended June 30, 2017, and 20.6% for the three months ended June 30, 2016. Our effective tax rate is generally lower than the U.S. statutory rate of 35%. This is primarily due to our global mix of income, which creates deductions in jurisdictions with high statutory income tax rates. The effective tax rate for the three months ended June 30, 2017 was lower than the rate for the three months ended June 30, 2016, primarily due to the release of liabilities for uncertain tax positions as a result of the completion of a U.S. Internal Revenue Service examination for Towers Watson & Co.’s short tax period from July 1, 2015 to January 4, 2016. The Company is no longer in the Compliance Assurance Process program.

Provision for income taxes for the six months ended June 30, 2017 was $54 million, compared to $37 million for the six months ended June 30, 2016, an increase of $17 million, or 46%. The effective tax rate was 12.1% for the six months ended June 30, 2017, and 10.4% for the six months ended June 30, 2016. The effective tax rate for the six months ended June 30, 2017 was higher than the rate for the six months ended June 30, 2016, primarily due to the U.S. tax expense resulting from an internal reorganization of certain legacy Towers Watson businesses.

Net Income Attributable to Willis Towers Watson

Net income attributable to Willis Towers Watson for the three months ended June 30, 2017 was $33 million, compared to $72 million for the three months ended June 30, 2016, a decrease of $39 million, or 54%. This decrease resulted from lower income from operations of $12 million as well as the impact of foreign exchange hedging contracts and unfavorable balance sheet remeasurement.

Net income attributable to Willis Towers Watson for the six months ended June 30, 2017 was $377 million, compared to $310 million for the six months ended June 30, 2016, an increase of $67 million, or 22%. This $67 million increase resulted from additional income from operations of $125 million, partially offset by the impact of foreign exchange hedging contracts, unfavorable balance sheet remeasurement and additional tax expense resulting from an internal reorganization of certain legacy Towers Watson businesses.

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 balance sheets, combined cash flows, current market conditions and information available to us at this time, we believe that Willis Towers Watson has 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.

Historically, we have not provided deferred taxes on cumulative earnings of our subsidiaries that have been reinvested indefinitely. As a result of our plan to restructure or distribute accumulated earnings of certain acquired Towers Watson foreign operations, we continue to accrue deferred taxes on current year earnings of those subsidiaries. However, we assert that the historical cumulative earnings of our other subsidiaries are reinvested indefinitely, and therefore do not provide deferred tax liabilities on these amounts. If future events, including material changes in estimates of cash, working capital, long-term investment requirements or U.S. tax reform necessitate that additional earnings be distributed, an incremental provision for income and foreign withholding taxes, net of credits, may be necessary. Other potential sources of cash may be through 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.

In May 2017, we completed an offering of $650 million of 3.600% Senior Notes due 2024. Net proceeds of $644 million were used to pay down amounts outstanding under our revolving credit facility and for general corporate purposes.

In March 2017, we entered into a $1.25 billion revolving credit facility replacing our previous $800 million revolving credit facility. Borrowings against the $1.25 billion facility of $409 million and €45 million were used to repay all outstanding borrowings against the $800 million facility and the 7-year term loan due July 23, 2018.

Additionally in March 2017, the Company repaid the 6.200% senior notes due 2017 totaling $407 million, including accrued interest.

Assets and liabilities associated with non-U.S. entities have been translated into U.S. dollars as of June 30, 2017 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, 2017 totaled $852 million, compared to $870 million at December 31, 2016. The decrease in cash from December 31, 2016 to June 30, 2017 was due primarily to fixed asset and software additions, dividends and repurchases of stock, partially offset by cash flows from operations and additional net borrowings.

Additionally, at June 30, 2017, $722 million was available to draw against our $1.25 billion revolving credit facility as compared to $557 million, which was available to draw against our previous $800 million revolving credit facility at December 31, 2016.

Included within cash and cash equivalents at June 30, 2017 and December 31, 2016 are amounts held for regulatory capital adequacy requirements, including $89 million and $87 million, respectively, held within our regulated U.K. entities for regulatory capital adequacy requirements.

Summarized Condensed Consolidated Cash Flows

The following table presents the summarized consolidated cash flow information for the six months ended June 30, 2017 and 2016:

	Six Months Ended June 30,	
	2017	2016
	(in millions)	
Net cash from/(used in):		
Operating activities	$ 319	$ 436
Investing activities	(155)	308
Financing activities	(196)	(324)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(32)	420
Effect of exchange rate changes on cash and cash equivalents	14	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	870	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 852	$ 949

Cash Flows From Operating Activities

Cash flows from operating activities were $319 million for the six months ended June 30, 2017, compared to cash flows from operating activities of $436 million for the six months ended June 30, 2016. The $319 million 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. The decrease in cash flows from operations in 2017 primarily resulted from changes in working capital and higher discretionary compensation payments made in 2017 for the 2016 compensation cycle. These discretionary compensation payments were lower in 2016 because they included only a partial payment to Legacy Towers Watson colleagues due to the timing of the Merger.

The $436 million of cash flows from operating activities for the six months ended June 30, 2016 included net income of $321 million and $353 million of non-cash adjustments to reconcile net income to cash provided by operating activities, partially offset by changes in operating assets and liabilities of $238 million.

Cash Flows (Used In)/From Investing Activities

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

Cash flows from investing activities for the six months ended June 30, 2016 were $308 million, driven primarily by $476 million of cash acquired as a result of the Merger, which was a non-cash transaction as it was consummated through the issuance of shares. We also redeemed certain investments resulting in cash inflows of $22 million, which were offset by fixed asset purchases and capitalized costs of developing internal and external software totaling $134 million.

Cash Flows Used In Financing Activities

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.

Cash flows used in financing activities for the six months ended June 30, 2016 were $324 million, driven primarily by debt issuance of $2.0 billion, debt repayments of $1.8 billion, net payments on the revolving credit facility of $393 million, dividend payments of $67 million, and share repurchases of $38 million.

Indebtedness

Total debt, total equity, and the capitalization ratio at June 30, 2017 and December 31, 2016 were as follows:

	June 30, 2017	December 31, 2016
	($ in millions)	
Long-term debt	$ 4,097	$ 3,357
Short-term debt and current portion of long-term debt	85	508
Total debt	$ 4,182	$ 3,865
Total Willis Towers Watson shareholders' equity	$ 10,263	$ 10,065
Capitalization ratio	29.0%	27.7%

At June 30, 2017, 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, 2017 and December 31, 2016, 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 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, 2017 and December 31, 2016, we had fiduciary funds of $3.0 billion and $2.5 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. At June 30, 2017, approximately $837 million remained on the current repurchase authority. The maximum number of shares that could be repurchased based on the closing price of our Ordinary Shares on June 30, 2017 of $145.46 was 5,756,291. The Company intends to use the remaining authority to repurchase up to $837 million in Company shares during the remainder of 2017 and 2018.

During the three and six months ended June 30, 2017, the Company had the following share repurchase activity:

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Shares repurchased	1,001,248	2,237,837
Average price per share	$139.51	$132.18
Aggregate repurchase cost (excluding broker costs)	$140 million	$296 million

Capital Commitments

Capital expenditures for fixed assets and software for internal use were $119 million during the six months ended June 30, 2017. The Company estimates that such expenditures will be approximately $130 million during the remainder of 2017. 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, 2016.

Dividends

Total cash dividends of $137 million were paid during the six months ended June 30, 2017. In May, 2017, the board of directors declared a quarterly cash dividend of $0.53 per share ($2.12 per share annualized rate), which was paid on July 17, 2017 to shareholders of record as of June 30, 2017.

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 March 1, 2017, 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 differences 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 March 1, 2017.

Material changes to our other contractual obligations since we filed our Annual Report on Form 10-K with the SEC on March 1, 2017, 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
Total revenues	Adjusted revenues
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 and interest in earnings of associates	Adjusted income before taxes
Provision for income taxes/U.S. GAAP tax rate	Adjusted income taxes/tax rate
Net cash from operating activities	Free cash flow

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

Within these measures, we have adjusted 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 the following:

- Restructuring costs and integration expenses - Management believes it is appropriate to adjust for restructuring costs 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. 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.

- Fair value adjustment to deferred revenue - Adjustment in 2016 to normalize for the deferred revenue written down as part of the purchase accounting for the Merger.

- Gains and losses on disposals of operations - Adjustment to remove the results of disposed operations.

- Provision for Stanford litigation - The 2016 provision for the Stanford litigation matter, which we consider to be a non-ordinary course litigation matter.

- 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 an internal reorganization of the ownership of certain businesses that reduced the investments held by our U.S.-controlled subsidiaries.

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

Adjusted Revenues

We consider adjusted revenues 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 revenues is defined as total revenues adjusted for the fair value adjustment for deferred revenues that would otherwise have been recognized but for the purchase accounting treatment of these transactions. U.S. GAAP accounting requires the elimination of this revenue.

We have included the reconciliation of total revenues to adjusted revenues in the table below, together with our reconciliation of the revenues change to the constant currency and organic changes.

Constant Currency Change and Organic Change

We evaluate our revenues on an as reported (U.S. GAAP), constant currency and organic basis. We believe providing 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 revenues 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 revenues, translated at the current year monthly average exchange rates, to the current year as reported revenues, for the same period. We believe constant currency measures provide useful information to investors because they provide transparency to performance by excluding the effect that foreign currency exchange rate fluctuations have on period-over-period comparability given volatility in foreign currency exchange markets.
- *Organic change* - The organic presentation excludes both the impact of fluctuations in foreign currency exchange rates, as described above, as well as the period-over-period impact of acquisitions and divestitures. 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 incurred 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 revenues are included in the Consolidated Revenues section within this Form 10-Q. These measures are also reported by segment in the Segment Revenues section within this Form 10-Q.

Reconciliations of total revenues to adjusted revenues for the three and six months ended June 30, 2017 and 2016, and reconciliations of the reported changes to the constant currency and organic changes for the three and six months ended June 30, 2017 are as follows:

	Three Months Ended June 30,		Reported Change	Components of Revenue Change			Organic Change
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	
	($ in millions)						
Total revenues	$ 1,953	$ 1,949	—%	(2)%	2%	—%	2%
Fair value adjustment for deferred revenue	—	26					
Adjusted revenues	$ 1,953	$ 1,975	(1)%	(2)%	1%	—%	1%

	Six Months Ended June 30,		Reported Change	Components of Revenue Change			Organic Change
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	
	($ in millions)						
Total revenues	$ 4,272	$ 4,183	2%	(2)%	4%	—%	4%
Fair value adjustment for deferred revenue	—	58					
Adjusted revenues	$ 4,272	$ 4,241	1%	(2)%	3%	—%	3%

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, integration expenses, the fair value adjustment for deferred revenue 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, 2017 and 2016 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in millions)			
Income from operations	$ 124	$ 136	$ 587	$ 462
Adjusted for certain items:				
Amortization	149	125	300	286
Restructuring costs	27	41	54	66
Integration expenses	63	29	103	81
Provision for the Stanford litigation	—	—	—	50
Fair value adjustment for deferred revenue	—	26	—	58
Adjusted operating income	$ 363	$ 357	$ 1,044	$ 1,003

Adjusted operating income remained stable for the three months ended June 30, 2017 at $363 million, compared to $357 million for the three months ended June 30, 2016.

Adjusted operating income for the first half of 2017 and 2016 was $1.0 billion. Income from operations increased by $125 million, largely due to additional client demand partially offset by increases in normal litigation reserves.

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, integration expenses, the fair value adjustment for deferred revenue, gain 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, 2017 and 2016, respectively, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in millions)			
NET INCOME	$ 41	$ 76	$ 393	$ 321
Provision for income taxes	8	19	54	37
Interest expense	46	47	92	93
Depreciation	51	44	97	87
Amortization	149	125	300	286
Restructuring costs	27	41	54	66
Integration expenses	63	29	103	81
Provision for the Stanford litigation	—	—	—	50
Fair value adjustment for deferred revenue	—	26	—	58
Gain on disposal of operations	—	(1)	—	(2)
Venezuela currency devaluation	2	—	2	—
Adjusted EBITDA	$ 387	$ 406	$ 1,095	$ 1,077

Adjusted EBITDA for the three months ended June 30, 2017 was $387 million, compared to $406 million for the three months ended June 30, 2016. The second quarter of 2016 included settlement income of £28 million ($41 million) related to the Fine Arts, Jewellery and Specie team.

Adjusted EBITDA for the first half of 2017 and 2016 was stable at $1.1 billion.

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, integration expenses, the fair value adjustment for deferred revenue, gain on disposal of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results and the related tax effect of those adjustments. 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, 2017 and 2016, respectively, are as follows:

	Three Months Ended June 30,	
	2017	2016
	($ in millions)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 33	$ 72
Adjusted for certain items:		
Amortization	149	125
Restructuring costs	27	41
Integration expenses	63	29
Fair value adjustment for deferred revenue	—	26
Gain on disposal of operations	—	(1)
Venezuela currency devaluation	2	—
Tax effect on certain items listed above (i)	(76)	(59)
Adjusted net income	$ 198	$ 233
Weighted average shares of common stock — diluted	137	140
Diluted earnings per share	$ 0.24	$ 0.51
Adjusted for certain items:		
Amortization	1.09	0.89
Restructuring costs	0.20	0.29
Integration expenses	0.46	0.21
Fair value adjustment for deferred revenue	—	0.19
Gain on disposal of operations	—	(0.01)
Venezuela currency devaluation	0.02	—
Tax effect on certain items listed above (i)	(0.56)	(0.42)
Adjusted diluted earnings per share	$ 1.45	$ 1.66

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

Our adjusted diluted earnings per share decreased for the three months ended June 30, 2017 as compared to the prior year due primarily to the $41 million received in 2016 related to the Fine Arts, Jewellery and Specie team settlement.

Reconciliations of net income attributable to Willis Towers Watson to adjusted diluted earnings per share for the six months ended June 30, 2017 and 2016, respectively, are as follows:

	Six Months Ended June 30,	
	2017	2016
	($ in millions)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 377	$ 310
Adjusted for certain items:		
Amortization	300	286
Restructuring costs	54	66
Integration expenses	103	81
Provision for the Stanford litigation	—	50
Fair value adjustment for deferred revenue	—	58
Gain on disposal of operations	—	(2)
Venezuela currency devaluation	2	—
Tax effect on certain items listed above [i]	(145)	(153)
Tax effects of internal reorganization	19	—
Adjusted net income	$ 710	$ 696
Weighted average shares of common stock — diluted	137	138
Diluted earnings per share	$ 2.75	$ 2.25
Adjusted for certain items:		
Amortization	2.19	2.07
Restructuring costs	0.39	0.48
Integration expenses	0.75	0.59
Provision for the Stanford litigation	—	0.36
Fair value adjustment for deferred revenue	—	0.42
Gain on disposal of operations	—	(0.02)
Venezuela currency devaluation	0.02	—
Tax effect on certain items listed above [i]	(1.06)	(1.11)
Tax effects of internal reorganization	0.14	—
Adjusted diluted earnings per share	$ 5.18	$ 5.04

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

As noted above, in analyzing both our adjusted operating income and adjusted EBITDA, the Company experienced additional client demand, partially offset by increases in normal litigation reserves. Our adjusted diluted earnings per share benefited from this revenue growth.

Adjusted Income Before Taxes and Adjusted Income Taxes/Tax Rate

Adjusted income before taxes is defined as income from operations before income taxes and interest in earnings of associates adjusted for amortization, restructuring costs, integration expenses, the fair value adjustment for deferred revenue, gain 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, integration expenses, the fair value adjustment for deferred revenue, gain on disposal of operations, tax effects of internal reorganization 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 and interest in earnings of associates to adjusted income and provision for income taxes to adjusted income taxes for the three and six months ended June 30, 2017 and 2016, respectively, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	($ in millions)			
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	$ 48	$ 95	$ 445	$ 357
Adjusted for certain items:				
Amortization	149	125	300	286
Restructuring costs	27	41	54	66
Integration expenses	63	29	103	81
Provision for the Stanford litigation	—	—	—	50
Fair value adjustment for deferred revenue	—	26	—	58
Gain on disposal of operations	—	(1)	—	(2)
Venezuela currency devaluation	2	—	2	—
Adjusted income before taxes	$ 289	$ 315	$ 904	$ 896
Provision for income taxes	$ 8	$ 19	$ 54	$ 37
Tax effect on certain items listed above[i]	76	59	145	153
Tax effects of internal reorganization	—	—	(19)	—
Adjusted income taxes	$ 84	$ 78	$ 180	$ 190
U.S. GAAP tax rate	16.8%	20.6%	12.1%	10.4%
Adjusted income tax rate	29.1%	25.1%	20.0%	21.2%

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

Our U.S. GAAP tax rate is generally lower than the U.S. statutory tax rate of 35%. This is primarily due to our global mix of income, which creates deductions in jurisdictions with high statutory income tax rates. Our U.S. GAAP tax rate was 16.8% and 20.6% for the three months ended June 30, 2017 and 2016, respectively, and 12.1% and 10.4% for the six months ended June 30, 2017 and 2016, respectively.

Our adjusted income tax rates were 29.1% and 25.1% for the three months ended June 30, 2017 and 2016, respectively, and 20.0% and 21.2% for the six months ended June 30, 2017 and 2016, respectively. The adjusted tax rate for the three months ended June 30, 2017 is higher than that for the three months ended June 30, 2016 due to a shift in our global mix of income. The adjusted tax rate for the six months ended June 30, 2017 is lower than that for the six months ended June 30, 2016, primarily due to the additional realization of deferred tax benefits.

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 and is used to evaluate our liquidity.

Reconciliations of cash flows from operating activities to free cash flow for the six months ended June 30, 2017 and 2016 are as follows:

	Six Months Ended June 30,	
	2017	2016[i]
	(in millions)	
Cash flows from operating activities	$ 319	$ 436
Less: Additions to fixed assets and software for internal use	(119)	(92)
Free cash flow	$ 200	$ 344

i. As a result of the adoption of ASU 2016-09, cash flows from operating activities for the six months ended June 30, 2016 increased by $9 million, increasing free cash flow by the same amount. See Part I, Item 1. Note 2 - Basis of Presentation and Recent Accounting Pronouncements of this Form 10-Q report for a further discussion of this change.

The decrease in both cash flows from operations and free cash flows in 2017 as compared to 2016 primarily resulted from higher capital expenditures, changes in working capital and higher discretionary compensation payments made in 2017 for the 2016 compensation cycle. This discretionary compensation payment was lower in 2016 because it included only a partial payment to Legacy Towers Watson colleagues due to the timing of the Merger.

Critical Accounting Policies and Estimates

There were no material changes from the Critical Accounting Policies and Estimates disclosed in our 2016 Annual Report on Form 10-K, filed with the SEC on March 1, 2017.

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, 2017, including additional exposures to market risks as a consequence of the Merger, 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, 2016, filed with the SEC on March 1, 2017.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of June 30, 2017, 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

During the six months ended June 30, 2017, we began to consolidate our legacy enterprise resource planning accounting systems in certain geographies. During this time, the Legacy Willis operations of our North American, Australian and New Zealand businesses were migrated to the Legacy Towers Watson global system. The consolidation of additional geographies, including the U.K., is expected to be completed in multiple phases by early 2019. Transition to the global information system includes a significant effort in testing prior to system launch, training of colleagues who will be using the system, updating of our internal control process and procedures that will be impacted by the implementation and monitoring of the system's results. As a result of this implementation, our management has updated, and continues to update, the system of internal controls over the impacted areas for adequacy of design and operating effectiveness. Such changes became material during the quarter ended June 30, 2017.

Aside from the implementation noted above, there have been no other changes in our internal control over financial reporting during the quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our 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, 2017.

ITEM 1A. RISK FACTORS

There are no material changes from risk factors as previously disclosed in our Annual Report on Form 10-K filed with the SEC on March 1, 2017. We urge you to read the risk factors contained in our Annual Report.

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

During the six months ended June 30, 2017, 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.

The following table presents specified information about the Company’s repurchases of ordinary shares in the second quarter of 2017 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, 2017 through April 30, 2017	294,166	$ 129.17	294,166	6,463,373
May 1, 2017 through May 31, 2017	258,703	$ 138.88	258,703	6,204,670
June 1, 2017 through June 30, 2017	448,379	$ 146.65	448,379	5,756,291
	1,001,248	$ 139.51	1,001,248	

The maximum number of shares that may yet be purchased under the existing stock repurchase plan is 5,756,291. At June 30, 2017, approximately $837 million remained on the current open-ended repurchase authorities granted by the board. An estimate of the maximum number of shares under the existing authority was determined using the closing price of our Ordinary Shares on June 30, 2017 of $145.46.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Disclosure under Section 13(r) of the Securities Exchange Act of 1934

Set forth below is a description of a matter reported pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (‘ITRA’) and Section 13(r) of the Exchange Act. Concurrently with this quarterly report, we are filing a notice pursuant to Section 13(r) of the Exchange Act that the matter has been disclosed in this quarterly report.

Gras Savoye, a non-U.S. affiliate of Willis Towers Watson, acts as a broker for the Iranian Embassy in Paris, placing health insurance for the diplomatic staff and handling the related claims administration. The policy was placed with GBG Insurance Limited on December 27, 2016 for the 2017 policy year. Premium payments are made quarterly, and a premium payment of €64,968 was received by Gras Savoye for the second quarter on July 18, 2017 for the policy. Gras Savoye will retain a commission of €7,796 from this payment. Health benefits of approximately €32,484 were paid to beneficiaries during the second quarter of 2017. Gras Savoye will not renew this policy at the end of 2017.

Amended & Restated Memorandum and Articles of Association

As previously disclosed in the Company's Current Report on Form 8-K, filed with the SEC on June 15, 2017, at the Company's 2017 annual general meeting, shareholders approved amendments to the Company's Memorandum and Articles of Association to, among other things, implement 'proxy access' and enhance the advance notice disclosure obligations applicable to shareholder nominees for election to the Company's Board of Directors. The proxy access amendments enable a shareholder, or a group of up to 20 shareholders, that has owned 3% or more of the Company's outstanding shares continuously for at least three years to include director nominees constituting up to the greater of two nominees or 20% of the number of directors in office as of the last day on which a notice of proxy access nomination may be delivered to the Company, subject to the other terms and conditions of the Company's Amended and Restated Memorandum and Articles of Association.

The foregoing summary of the amendments to the Company's Memorandum and Articles of Association is qualified in its entirety by reference to the full text of the Amended and Restated Memorandum and Articles of Association, a copy of which was filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on June 15, 2017.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Memorandum and Articles of Association of Willis Towers Watson Public Limited Company (incorporated by reference to Exhibit 3.1 to the Form 8-K filed by the Company on June 15, 2017)
4.1	Indenture, dated as of May 16, 2017, among Willis North America Inc., as issuer, Willis Towers Watson Public Limited Company, Willis Towers Watson Sub Holdings Unlimited Company, Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, WTW Bermuda Holdings Ltd., Trinity Acquisition plc and Willis Group Limited, as guarantors, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed by the Company on May 16, 2017)
4.2	Supplemental Indenture, dated as of May 16, 2017, among Willis North America Inc., as issuer, Willis Towers Watson Public Limited Company, Willis Towers Watson Sub Holdings Unlimited Company, Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, WTW Bermuda Holdings Ltd., Trinity Acquisition plc and Willis Group Limited, as guarantors, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed by the Company on May 16, 2017)
10.1	Amendment No. 3, dated as of April 28, 2017, to the Term Loan Credit Agreement dated as of November 20, 2015, among Towers Watson Delaware Inc., as borrower, each lender from time to time party thereto, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by the Company on May 9, 2017)
10.2	Willis Towers Watson Public Limited Company Compensation Policy and Share Ownership Guidelines for Non-Employee Directors (as amended in May 2017)†*
10.3	Willis Towers Watson Non-Qualified Stable Value Excess Plan for U.S. Employees†*
10.4	Letter Agreement, dated June 7, 2017, by and between the Company and Nicolas Aubert†*
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, Roger F. Millay, 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, Roger F. Millay, 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 7, 2017
Name:	John J. Haley	Date
Title:	Chief Executive Officer	
/s/ Roger F. Millay		August 7, 2017
Name:	Roger F. Millay	Date
Title:	Chief Financial Officer	
/s/ Susan D. Davies		August 7, 2017
Name:	Susan D. Davies	Date
Title:	Principal Accounting Officer and Controller	

Exhibit 10.2

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY

COMPENSATION POLICY AND SHARE OWNERSHIP GUIDELINES FOR NON-EMPLOYEE DIRECTORS

(Adopted July 2013, as amended May 2017)

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 & Risk Committee:	$10,000
iii.	Chairman of the Compensation Committee:	$7,500
iv.	Chairman of the Corporate Governance & Nominating Committee:	$7,000
v.	Member of the Audit & Risk Committee:	$15,000
vi.	Member of the Compensation Committee:	$12,500
vii.	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 the Board Audit and Risk 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 A

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
CHAIRMAN OF THE BOARD
FEE ELECTION

Willis Towers Watson Public Limited Company
200 Liberty Street, 7th Floor
New York, New York 10281
Attention: Ms. Nicole Napolitano
Company Secretary and General Counsel, Corporate Governance

Dear Ms. Napolitano:

Please be advised that I hereby elect to receive my annual cash fees payable under Section 2(b) of the Willis Towers Watson Public Limited Company Compensation Policy and Share Ownership Guidelines for Non-Employee Directors (the "**Policy**") for service as Chairman of the Board for the upcoming term, 100% in equity. I understand that my election is irrevocable and is subject to the provisions of the Policy.

Sincerely,

[*Signature to be included*]

____

Name of Chairman of the Board

[*Date to be included*]

cc: General Counsel

Exhibit 10.3

Willis Towers Watson

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

1. **<u>Establishment and Purpose of Plan</u>.** The Willis Towers Watson Non-Qualified Stable Value Excess Plan for U.S. Employees (the "**Plan**") has been adopted and established, effective July 1, 2017 (the "**Effective Date**") as an unfunded deferred compensation plan for a select group of key management or highly compensated employees of Willis NA, Inc. and certain of its affiliates. The purpose of the Plan is to provide a select group of management or highly compensated employees (within the meaning of Sections 201(2), 301(A)(3), and 401(A)(1) of ERISA) of the Company who contribute significantly to the future business success of the Company with "top-hat" supplemental and deferred compensation benefits through the accrual of a Non-Contributory or Contributory Stable Value Benefit.

2. **<u>Definitions</u>.**

Section 2.01 "**Acceleration Event**" has the meaning set forth in Section 11.

Section 2.02 "**Affiliate**" means any corporation, trade, or business which is treated as a single employer with the Company under Code Section 414(b) or 414(c) and any other entity designated by the Committee as an "Affiliate" for purposes of the Plan.

Section 2.03 "**Base Salary**" means the annual rate of base pay paid by the Company to or for the benefit of the Participant for services rendered, including, as applicable, overtime, bonuses paid to a Participant who passes an actuarial exam, and bonuses paid in lieu of a raise, provided that such amounts are paid on substantially the same terms as base pay.

Section 2.04 "**Board**" means the Board of Directors of the Company, as constituted from time to time.

Section 2.05 "**Bonus Compensation**" means compensation earned by a Participant for services rendered by a Participant under any bonus or cash incentive plan maintained by the Company relating to a service period of one year or less, which would be included as compensation under the Pension Plan, without regard to the limit under Code Section 401(a)(17).

Section 2.06 "**Claimant**" has the meaning set forth in Section 14.01.

Section 2.07 "**Code**" means the U.S. Internal Revenue Code of 1986, as amended, or any successor statute, and the Treasury Regulations and other authoritative guidance issued thereunder.

Section 2.08 "**Committee**" means the Willis Towers Watson U.S. Benefit Plans Administration Committee (or any successor thereto or other committee that is appointed to administer the Plan), provided that with respect to the participation of any employee who is not an executive officer (as defined under Rule 3b-7 of the Securities Exchange Act of 1934, as amended) of the Company, "Committee" shall in addition mean the Chief Executive Officer of the Company. With respect to matters required by either Companies Act of 1963 of Ireland or by the U.S. securities laws or corporate governance standards of the NASDAQ Stock Market, to be determined by the committee of members of the Board of Directors of WTW that administers the EIP, the Committee hereby delegates its authority to the committee of the

Board of Directors of WTW that administers the EIP, which will serve as plan administrator and have all the authority of the Committee with respect to such matters.

Section 2.09 "**Company**" means Willis NA, or any successor thereto and any Affiliate designated by the Committee as a sponsor of the Plan.

Section 2.10 "**Contributory Eligible Employee**" means, unless determined otherwise by the Company in its discretion, a Contributory Employee who (a) is an employee at Willis Towers Watson Level 38 as determined by the Committee, (b) has Eligible Compensation for the applicable Plan Year, and (c) has been employed by the Company for at least 12 months; provided that certain employees with unique compensation arrangements (such as certain producers), as determined by the Chief Executive Officer of the Company in its sole discretion, shall be excluded from the definition of Contributory Eligible Employee.

Section 2.11 "**Contributory Employee**" means a U.S. employee of the Company or any Affiliate who is eligible to participate in the Pension Plan under the Contributory Formula (as defined in the Pension Plan).

Section 2.12 "**Contributory Participant**" means a Contributory Eligible Employee who elects to participate in the Plan by filing a Participation Election in accordance with Section 4.01 and any former Contributory Eligible Employee who has a balance greater than zero in his or her Stable Value Account.

Section 2.13 "**Contributory Stable Value Benefit**" means the benefit a Contributory Participant accrues under the Plan, as determined in Section 7.01.

Section 2.14 "**Disability**" means that the Participant is determined to be disabled in accordance with the Company's long-term disability plan.

Section 2.15 "**Dividend Equivalent Rights**" or "**DERs**" shall have the meaning set forth in the EIP.

Section 2.16 "**EIP**" means the Willis Towers Watson Public Limited Company 2012 Equity Incentive Plan, as amended and restated from time to time, or in the event of a merger, consolidation, or other corporate transaction, the successor to such plan.

Section 2.17 "**Eligible Compensation**" means, in general, the amount of an Eligible Employee's Base Salary plus Bonus Compensation that exceeds the limit under Code Section 401(a)(17) for the applicable Plan Year, provided that the following shall apply:

(a) **Bonus Compensation and Timing of Enrollment**. With respect to Contributory Eligible Employees, in the event that, as of the last day of the applicable Enrollment Period, (i) there is less than six months before the end of the performance period for which Bonus Compensation is earned or (ii) the amount of Bonus Compensation has become readily ascertainable, Eligible Compensation means the amount of a Contributory Eligible Employee's Base Salary that, when added to the Contributory Eligible Employee's Bonus Compensation paid during the applicable Plan Year, has exceeded the Code Section 401(a)(17) limit for the applicable Plan Year.

(b) **Initial Plan Year**. For Contributory Eligible Employees, Eligible Compensation for the initial Plan Year shall relate only to Base Salary paid during the initial Plan Year that exceeds the limit under Code Section 401(a)(17). For Non-Contributory Eligible Employees, Eligible Compensation for the initial Plan Year shall relate to Base Salary plus Bonus Compensation paid during the entire 2017 calendar year that exceeds the limit under Code Section 401(a)(17), but, for the avoidance of doubt, only Eligible Compensation paid during the applicable calendar quarter shall be considered for purposes of determining the Non-Contributory Stable Value Benefit under Section 6.01.

(c) **Participation for Partial Plan Years.** For a Contributory Eligible Employee who first satisfies the one-year requirement set forth in Section 2.10(c) during a Plan Year and commences participation pursuant to Section 4.01, Eligible Compensation for such Plan Year shall relate only to Base Salary plus Bonus Compensation (subject to subsection (a) above) that is paid after the date such participation commences that exceeds the limit under Code Section 401(a)(17).

Section 2.18 "**Eligible Employee**" means a Non-Contributory Eligible Employee or a Contributory Eligible Employee, as applicable.

Section 2.19 "**Enrollment Period**" means the period(s) established by the Committee with respect to each Plan Year during which a Participation Election must be submitted by a Contributory Eligible Employee in accordance with the requirements of Code Section 409A, as follows:

(a) **General Rule**. Except as provided in (b) or (c) below, the Enrollment Period shall end no later than the last day of the Plan Year immediately preceding the Plan Year in which the services will be rendered to which the Eligible Compensation subject to the Participation Election relates.

(b) **Performance-Based Compensation**. If any Bonus Compensation constitutes "performance-based compensation" within the meaning of Treas. Reg. Section 1.409A-1(e), then, in order for such Bonus Compensation to be included as Eligible Compensation, the Enrollment Period shall end no later than six months before the end of the performance period for which the Bonus Compensation is earned (and in no event later than the date on which the amount of the Bonus Compensation becomes readily ascertainable). For the avoidance of doubt, a Contributory Employee must be employed by the Company as a Contributory Eligible Employee and must have established performance goals in writing, in each case by March 30 of the applicable performance period beginning on January 1, in order for Bonus Compensation to be included as Eligible Compensation.

(c) **Initial Enrollment Period**. The initial Enrollment Period shall end no later than the Effective Date.

Section 2.20 "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 2.21 "**FICA Amount**" has the meaning set forth in Section 11.02.

Section 2.22 "**Non-Contributory Eligible Employee**" means, unless determined otherwise by the Company in its discretion, a Non-Contributory Employee who (a) is an employee at or above Level 50 for the initial Plan Year or Willis Towers Watson Level 38 (or the equivalent of a Level 50), in either case as determined by the Committee, (b) has Eligible Compensation for the applicable Plan Year.

Section 2.23 "**Non-Contributory Employee**" means a U.S. employee of the Company or any Affiliate who is eligible to participate in the Pension Plan under a formula other than the Contributory Formula (as defined in the Pension Plan).

Section 2.24 “**Non-Contributory Participant**” means a Non-Contributory Eligible Employee and any former Non-Contributory Eligible Employee who has a balance greater than zero in his or her Stable Value Account.

Section 2.25 “**Non-Contributory Stable Value Benefit**” means the benefit a Non-Contributory Eligible Employee accrues under the Plan, as determined in Section 6.01.

Section 2.26 “**Ordinary Shares**” or “**Shares**” means the ordinary shares of the Company, with a nominal value of $0.000304635.

Section 2.27 “**Participant**” means an individual who participates in the Plan as a Non-Contributory Participant or a Contributory Participant, as applicable.

Section 2.28 “**Participant Contribution**” means 2% of a Contributory Participant’s Eligible Compensation for a Plan Year.

Section 2.29 “**Participation Election**” means an election by a Contributory Eligible Employee to participate in the Plan during a Plan Year. Any election shall be irrevocable and, except as otherwise provided by the Committee, shall carry over from Plan Year to Plan Year unless changed or revoked during the applicable Enrollment Period.

Section 2.30 “**Payment Date**” means the first business day of the month on which the NASDAQ Stock Market is open for business following a Payment Event.

Section 2.31 “**Payment Event**” has the meaning set forth in Section 10.01.

Section 2.32 “**Pension Plan**” means the Willis Towers Watson Pension Plan for U.S. Employees.

Section 2.33 “**Plan**” means this Willis Towers Watson Non-Qualified Stable Value Excess Plan for U.S. Employees.

Section 2.34 “**Plan Year**” means the twelve consecutive month period which begins on January 1 and ends on the following December 31; provided that the initial Plan Year shall begin on the Effective Date and end on December 31, 2017.

Section 2.35 “**Quarterly Determination Date**” means the last day of each calendar quarter of a Plan Year in which a Non-Contributory Eligible Employee participates in the Plan or a Contributory Participant has a Participation Election in effect, as applicable.

Section 2.36 “**RSUs**” means restricted share units granted pursuant to Section 10 of the EIP.

Section 2.37 “**Separation from Service**” has the meaning set forth in Code Section 409A(a)(2)(A)(i) and Treas. Reg. Section 1.409A-1(h).

Section 2.38 “**Shortfall**” has the meaning set forth in Section 9.01.

Section 2.39 “**Stable Value Account**” means a hypothetical bookkeeping account(s) established in the name of each Participant and maintained by the Company to reflect the Participant’s interests under the Plan.

Section 2.40 “**Stable Value Allocation**” has the meaning set forth in Section 7.03.

Section 2.41 “**State, Local, and Foreign Tax Amount**” has the meaning set forth in Section 11.05.

Section 2.42 “**Valuation Date**” means each day of the Plan Year on which the NASDAQ Stock Market is open for business.

Section 2.43 “**WTW**” means Willis Towers Watson plc, formerly Willis Group Holdings plc, a company incorporated in Ireland under registered number 475616, or any successor thereto.

Section 2.44 “**Year of Service**” means a Period of Service equal to one year, as determined under the Pension Plan.

Section 2.45 “**Year of Vesting Service**” means a Period of Service equal to one year, as determined under the Pension Plan with respect to the vesting of accrued benefits.

3. **Eligibility.**

Section 3.01 **Requirements for Non-Contributory Employee Participation.** All Non-Contributory Eligible Employees shall participate in the Plan commencing as of the first day of the Plan Year. Non-Contributory Eligible Employees shall not be required to complete a Participation Election.

Section 3.02 **Requirements for Contributory Employee Participation**. Subject to Section 3.03, any Contributory Eligible Employee may participate in the Plan commencing as of the first day of the Plan Year.

Section 3.03 **Newly Eligible Contributory Employees**. Any Contributory Employee who will first satisfy the one-year requirement set forth in Section 2.10(c) during a Plan Year and otherwise qualifies as a Contributory Eligible Employee may participate in the Plan commencing as of the date such Contributory Employee satisfies such one-year requirement; provided that such Contributory Employee has completed a Participation Election during the applicable Enrollment Period for such Plan Year.

Section 3.04 **Cessation of Participation**. If a Contributory Participant ceases to be a Contributory Eligible Employee during a Plan Year, then the Contributory Participant’s Participation Election shall be cancelled as of the end of the Plan Year. If a Non-Contributory Participant ceases to be a Non-Contributory Eligible Employee during a Plan Year, then the Non-Contributory Participant shall cease to accrue a Non-Contributory Stable Value Benefit as of the end of the Plan Year.

4. **Contributory Employee Enrollment.**

Section 4.01 **Enrollment Procedures**. A Contributory Eligible Employee (or a Contributory Employee who will satisfy the one-year requirement set forth in Section 2.10(c) during the applicable Plan Year and otherwise qualifies as a Contributory Eligible Employee) may become a Contributory Participant in the Plan by completing a Participation Election and submitting it in accordance with Plan procedures during the Enrollment Period.

Section 4.02 Continued Enrollment Until Cancellation. The Participation Election will continue in effect for the entire Plan Year and subsequent Plan Years unless the Contributory Participant cancels such Participation Election during the applicable Enrollment Period. Upon a cancellation of the Participation Election, the Contributory Participant will cease to make Participant Contributions and cease to accrue a Contributory Stable Value Benefit effective on the first day of the next Plan Year.

5. **Stable Value Account.** The Company shall establish and maintain a Stable Value Account for each Participant. The Company may establish more than one Stable Value Account on behalf of any Participant as deemed necessary by the Committee for administrative purposes. The Stable Value
Account(s) are established and maintained for bookkeeping purposes only.

6. **Non-Contributory Stable Value Benefit.**

Section 6.01 Determination of Non-Contributory Stable Value Benefit. On each Quarterly Determination Date, the Non-Contributory Stable Value Benefit for each Non-Contributory Eligible Employee shall be determined, and shall be equal to the amount set forth below:

(a) 16.5% of Eligible Compensation payable during such quarter if the Non-Contributory Eligible Employee has less than 10 Years of Service;

(b) 18% of Eligible Compensation payable during such quarter if the Non-Contributory Eligible Employee has at least 10 but less than 20 Years of Service; and

(c) 20% of Eligible Compensation payable during such quarter if the Non-Contributory Eligible Employee has at least 20 Years of Service.

There will be a 5% compound reduction to the Non-Contributory Stable Value Benefit for each year by which the Quarterly Determination Date precedes the date that the Non-Contributory Eligible Employee shall attain age 65, as shown in the table in Appendix A for whole ages at the Quarterly Determination Date. The reduction factor for non-whole ages at the Quarterly Determination Date shall be determined based on an interpolation of the factors for the two nearest whole ages. The Non-Contributory Stable Value Benefit will be unreduced if the Quarterly Determination Date is on or after the date that the Non-Contributory Eligible Employee attains age 65.

Section 6.02 Credit to Stable Value Account. The amount of each Non-Contributory Eligible Employee's Non-Contributory Stable Value Benefit with respect to each quarter during a Plan Year shall be determined as of each Quarterly Determination Date and shall be credited to the Non-Contributory Eligible Employee's Stable Value Account in accordance with Section 9.01.

7. **Contributory Stable Value Benefit.**

Section 7.01 Determination of Contributory Stable Value Benefit. On each Quarterly Determination Date, the Contributory Stable Value Benefit for each Contributory Participant who has a Participation Election in effect shall be determined, and shall be equal to the amount set forth below:

(a) 14.5% of Eligible Compensation payable during such quarter if the Contributory Participant has less than 10 Years of Service;

(b) 16% of Eligible Compensation payable during such quarter if the Contributory Participant has at least 10 but less than 20 Years of Service; and

(c) 17.5% of Eligible Compensation payable during such quarter if the Contributory Participant has at least 20 Years of Service.

There will be a 5% compound reduction to the Contributory Stable Value Benefit for each year by which the Quarterly Determination Date precedes the date that the Contributory Participant shall attain age 65, as shown in the table in Appendix A for whole ages at the Quarterly Determination Date. The reduction factor for non-whole ages at the Quarterly Determination Date shall be determined based on an interpolation of the factors for the two nearest whole ages. The Contributory Stable Value Benefit will be unreduced if the Quarterly Determination Date is on or after the date that the Contributory Participant attains age 65.

Section 7.02 Contributory Participant Contributions. Each Plan Year in which a Contributory Participant has a Participation Election in effect, the Participant Contributions, if any, shall be deducted from the Contributory Participant's Eligible Compensation and allocated to the Contributory Participant's Stable Value Account. Unless otherwise specified by the Committee, Participant Contributions shall be contributed to the Contributory Participant's Stable Value Account as of the payroll date of the corresponding Eligible Compensation. With respect to the Plan Year that begins on the Effective Date and ends of December 31, 2017, Participant Contributions for Contributory Participants who already participate in a deferred compensation arrangement that would be aggregated with this Plan for purposes of Code Section 409A will be deducted from such Contributory Participant's Eligible Compensation on an after-tax basis, or will be $0, as determined by the Company in its sole discretion.

Section 7.03 Stable Value Allocation. For each Contributory Participant who has a Participation Election in effect during a Plan Year, the amount of such Contributory Participant's Contributory Stable Value Benefit with respect to each quarter during the applicable Plan Year shall be determined as of each Quarterly Determination Date, and an amount equal to the excess, if any, of the Contributory Stable Value Benefit determined as set forth above with respect to such quarter over the Participant Contributions credited during such quarter (the "**Stable Value Allocation**") shall be credited to the Contributory Participant's Stable Value Account in accordance with Section 9.01.

8. <u>Vesting</u>.

Section 8.01 Vesting of Non-Contributory Stable Value Benefit. Unless otherwise determined by the Committee, a Non-Contributory Participant shall vest in the Non-Contributory Stable Value Benefit attributable to a Plan Year on the earlier of (a) the last day of the second Plan Year following the applicable Plan Year; (b) the date the Non-Contributory Participant attains age 55 if such Non-Contributory Participant has 10 Years of Vesting Service ; (c) the date the Non-Contributory Participant attains age 65 if such Non-Contributory Participant has 5 Years of Vesting Service; (d) death; or (e) Disability.

Section 8.02 Vesting of Participant Contributions. Contributory Participants shall be fully vested in Participant Contributions at all time.

Section 8.03 Vesting of Stable Value Allocation. Unless otherwise determined by the Committee, a Contributory Participant shall vest in the Stable Value Allocation attributable to a Plan Year on the earlier of (a) the last day of the second Plan Year following the applicable Plan Year; (b) the date the Contributory Participant attains age 55 if such Contributory Participant has 10 Years of Vesting Service; (c) the date the Contributory Participant attains age 65 if such Contributory Participant has 5 Years of Vesting Service; (d) death; or (e) Disability.

9. **Investment in Shares.**

Section 9.01 Conversion to Notional Shares. Each Stable Value Account shall be deemed invested in Ordinary Shares as of the Quarterly Determination Date or as soon as practicable thereafter. For the period between the time the Participant Contributions are credited to the Stable Value Account and the time the Participant Contributions are deemed to be invested in Ordinary Shares, the deferral shall, unless otherwise determined by the Committee, be credited with interest determined based on the prime rate of interest determined as of the first business day of the applicable calendar year. In the event of changes in the outstanding Ordinary Shares or in the capital structure of the Company by reason of any share or extraordinary cash dividend, share split, reverse share split, an extraordinary corporate transaction such as any recapitalization, reorganization, merger, consolidation, combination, exchange, or other relevant change in capitalization, the Ordinary Shares credited to each Participant's Stable Value Account will be equitably adjusted or substituted, as to the number, price, or kind of Ordinary Share or other consideration. An adjustment under this provision may have the effect of reducing the price at which Ordinary Shares may be acquired to less than their nominal value (the "**Shortfall**"), but only if and to the extent that the Board 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 Ordinary Shares. For the avoidance of doubt, the amount to be paid up on an Ordinary Share issued pursuant to the Plan may never be less than the nominal value of the Ordinary Share.

Section 9.02 Deemed Earnings. Each Stable Value Account shall be adjusted based on the performance of the Ordinary Shares. The Stable Value Account of a Participant who has ceased to be an Eligible Employee shall continue to be credited with earnings and losses until the applicable Payment Date. The distribution to a Participant on the distribution date shall be based on the value of the Participant's Stable Value Account as of the applicable Payment Date, to the extent vested less the nominal value of the Ordinary Shares distributed. Dividends, if any, which are awarded for Ordinary Shares will be credited to Participant Stable Value Accounts and deemed invested in Ordinary Shares, and shall vest on the same schedule as the underlying Ordinary Shares pursuant to Section 8.

Section 9.03 Nature of Accounts. Stable Value Accounts may not actually be invested in Ordinary Shares and Participants do not have any real or beneficial ownership in Ordinary Shares prior to a Payment Event. A Participant's Stable Value Account is solely a device for the measurement and determination of the amounts to be paid to the Participant pursuant to the Plan and shall not constitute or be treated as a trust fund of any kind.

Section 9.04 RSUs. Notwithstanding anything to the contrary in Section 9.01 and Section 9.02, a Participant's Stable Value Account may be credited with RSUs granted pursuant to the EIP in lieu of notional Ordinary Shares, in which case such RSUs shall include DERs that shall be deemed reinvested in additional RSUs unless provided otherwise by the Committee. Such RSUs (including any RSUs credited pursuant to DERs) shall vest as set forth in Section 8 of this Plan and shall be payable at the times and subject to the terms set forth in Sections 9, 10 and 11 of this Plan, and shall be subject to the terms of the EIP. This Plan shall constitute the Award Agreement with respect to any such RSUs and in the event that the Company determines there to be a conflict between the terms of this Plan and the EIP with respect to such RSUs or DERs, the terms of the Willis Towers Watson 2012 EIP shall control. A Participant shall have no rights in, to, or as a holder of Ordinary Shares with respect to any unissued securities covered by any RSUs until the date the Participant becomes the holder of record of such securities.

10. **<u>Payment</u>.**

Section 10.01 In General. Distribution of a Participant's vested Stable Value Account shall be made on the Payment Date following the earliest to occur of the following events (each, a "**Payment Event**"):

(a) The date that is six (6) months after the Participant's Separation from Service or

(b) The date that is thirty (30) days after the Participant's death.

Section 10.02 Timing of Valuation. The value of a Participant's Stable Value Account on the Payment Date shall be determined as of the applicable Payment Date.

Section 10.03 Forfeiture of Unvested Accounts. Unless otherwise determined by the Committee, a Participant's unvested Stable Value Account balance shall be forfeited upon the Participant's Separation from Service**.**

Section 10.04 Timing of Distributions. Except as otherwise provided in this Plan, distribution shall be made on the Payment Date.

Section 10.05 Method of Distribution. The Participant's vested Stable Value Account shall be paid in Ordinary Shares; provided that, if the Participant's vested Stable Value Account balance on such Payment Event has a total value of less than $1,000, the vested Stable Value Account shall be paid in cash. Fractional shares shall be paid in cash.

11. **<u>Permissible Acceleration Events</u>.** Notwithstanding anything in the Plan to the contrary, the Committee, in its sole discretion, may accelerate the distribution of all or a portion of a Participant's vested Stable Value Account upon the occurrence of any of the events ("**Acceleration Events**") set forth in this Section 11. The Committee's determination of whether distribution may be accelerated in accordance with this Section 11 shall be made in accordance with Treas. Reg. Section 1.409A-3(j)(4).

Section 11.01 Limited Cashouts. The Committee may accelerate distribution of a Participant's vested Stable Value Account to the extent that (a) the aggregate amount in the Participant's Stable Value Account does not exceed the applicable dollar amount under Code Section 402(g)(1)(B); (b) the distribution results in the termination of the Participant's entire interest in the Plan and any plans that are aggregated with the Plan pursuant to Treas. Reg. Section 1.409A-1(c)(2); and (c) the Committee's decision to cash out the Participant's Stable Value Account is evidenced in writing no later than the date of distribution.

Section 11.02 Payment of Employment Taxes. The Committee may accelerate distribution of all or a portion of a Participant's vested Stable Value Account (a) to pay the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101, 3121(a), and 3121(v)(2) (the "**FICA Amount**"); or (b) to pay the income tax at source on wages imposed under Code Section 3401 or the corresponding withholding provisions of applicable state, local, or foreign tax laws as a result of the payment of the

FICA Amount and the additional income tax at source on wages attributable to the pyramiding Section 3401 wages and taxes; provided, however, that the total payment under this Section 11.02 shall not exceed the FICA Amount and the income tax withholding related to the FICA Amount.

Section 11.03 Distribution Upon Income Inclusion. The Committee may accelerate distribution of all or a portion of a Participant's vested Stable Value Account to the extent that the Plan fails to meet the requirements of Code Section 409A, provided that, the amount accelerated shall not exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

Section 11.04 Termination of the Plan. The Committee may accelerate distributions of all or a portion of a Participant's vested Stable Value Account upon termination of the Plan in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).

Section 11.05 Payment of State, Local, or Foreign Taxes. The Committee may accelerate distribution of all or a portion of a Participant's vested Stable Value Account for:

(a) the payment of state, local, or foreign tax obligations arising from participation in the Plan that relate to an amount deferred under the Plan before the amount is paid or made available to the Participant (the "**State, Local, and Foreign Tax Amount**"), provided, however, the accelerated payment amount shall not exceed the taxes due as a result of participation in the Plan, and/or

(b) the payment of income tax at source on wages imposed under Code Section 3401 as a result of such payment and the payment of the additional income tax at source on wages imposed under Code Section 3401 attributable to the additional Section 3401 wages and taxes; provided, however, the accelerated payment amount shall not exceed the aggregate of the State, Local, and Foreign Tax Amount and the income tax withholding related to such amount.

Section 11.06 Certain Offsets. The Committee may accelerate distribution of all or a portion of the Participant's vested Stable Value Account to satisfy a debt of the Participant to the Company or an Affiliate incurred in the ordinary course of the service relationship between the Company and the Participant, provided, however, the amount accelerated shall not exceed $5,000 and the distribution shall be made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

12. **Code Section 162(m)**. If the Committee reasonably anticipates that, if a distribution were made as scheduled under the Plan it would result in a loss of the Company's tax deduction due to the application of Code Section 162(m), such distribution may be delayed and paid during the Participant's first taxable year in which the Committee reasonably anticipates that the Company's tax deduction will not be limited or eliminated by the application of Code Section 162(m). Notwithstanding the foregoing, no distribution under the Plan may be deferred in accordance with this Section 12 unless all scheduled distributions to the Participant and all similarly situated Participants that could be delayed in accordance with Treas. Reg. Section 1.409A-2(b)(7)(i) are also delayed.

13. **Plan Administration**.

Section 13.01 Administration By Committee. The Plan shall be administered by the Committee, which shall have the authority to:

(a) Construe and interpret the Plan and apply its provisions;

(b) Promulgate, amend, and rescind rules and regulations relating to the administration of the Plan;

(c) Authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(d) Determine the types of Eligible Compensation that will be deferred into the Plan via Participant Contributions;

(e) Select, subject to the limitations set forth in the Plan, those Employees who shall be Eligible Employees;

(f) Interpret, administer, reconcile any inconsistency in, correct any defect in, and/or supply any omission in the Plan and any instrument, Participation Election, or agreement relating to the Plan; and

(g) Exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Plan.

Section 13.02 Non-Uniform Treatment. The Committee’s determinations under the Plan need not be uniform and any such determinations may be made selectively among Participants.

Section 13.03 Committee Decisions Final. Subject to the claims procedures set forth in Section 14, all decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on the Company and the Participants, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious.

Section 13.04 Indemnification. No member of the Committee or any designee shall be liable for any action, failure to act, determination, or interpretation made in good faith with respect to the Plan except for any liability arising from his or her own willful malfeasance, gross negligence, or reckless disregard of his or her duties.

14. **Claims Procedures**.

Section 14.01 Filing a Claim. Any Participant or other person claiming an interest in the Plan (the “**Claimant**”) may file a claim in writing with the Committee. The Committee shall review the claim itself or appoint an individual or entity to review the claim.

Section 14.02 Claim Decision. The Claimant shall be notified within ninety (90) days after the claim is filed whether the claim is approved or denied, unless the Committee determines that special circumstances beyond the control of the Plan require an extension of time, in which case the Committee may have up to an additional ninety (90) days to process the claim. If the Committee determines that an extension of time for processing is required, the Committee shall furnish written or electronic notice of the extension to the Claimant before the end of the initial ninety (90) day period. Any notice of extension shall describe the special circumstances necessitating the additional time and the date by which the Committee expects to render its decision.

Section 14.03 Notice of Denial. If the Committee denies the claim, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

(a) The specific reason(s) for the denial;

(b) Specific reference to the pertinent Plan provisions on which such denial is based;

(c) A description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or information is necessary;

(d) A description of the Plan’s appeal procedures and the time limits applicable to such procedures, including a statement of the Claimant’s right to bring a civil action under Section 502(a) of ERISA following a denial of the claim on appeal; and

(e) If an internal rule was relied on to make the decision, either a copy of the internal rule or a statement that this information is available at no charge upon request.

Section 14.04 Appeal Procedures. A request for appeal of a denied claim must be made in writing to the Committee within sixty (60) days after receiving notice of denial. The decision on appeal will be made within sixty (60) days after the Committee’s receipt of a request for appeal. A notice of such an extension must be provided to the Claimant within the initial sixty (60) day period and must explain the special circumstances and provide an expected date of decision. The reviewer shall afford the Claimant an opportunity to review and receive, without charge, all relevant documents, information and records and to submit issues and comments in writing to the Committee. The reviewer shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claim regardless of whether the information was submitted or considered in the initial benefit determination.

Section 14.05 Notice of Decision on Appeal. If the Committee denies the appeal, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

(a) The specific reason(s) for the denial;

(b) Specific references to the pertinent Plan provisions on which such denial is based;

(c) A statement that the Claimant may receive on request all relevant records at no charge;

(d) A description of the Plan’s voluntary procedures and deadlines, if any;

(e) A statement of the Claimant’s right to sue under Section 502(a) of ERISA; and

(f) If an internal rule was relied on to make the decision, either a copy of the internal rule or a statement that this information is available at no charge upon request.

Section 14.06 Claims Procedures Mandatory. The internal claims procedures set forth in this Section 14 are mandatory. If a Claimant fails to follow these claims procedures, or to timely file a request for appeal in accordance with this Section 14, the denial of the claim shall become final and binding on all persons for all purposes.

15. **Amendment and Termination**. Subject to the applicable requirements of Code Section 409A, the Board or the Committee, to the extent that authority has been delegated to the Committee, may at any time, and in its sole discretion, alter, amend, modify, suspend, or terminate the Plan or any portion thereof;

provided, however, that no such amendment, modification, suspension, or termination shall, without the consent of a Participant, adversely affect such Participant's rights with respect to amounts credited to or accrued in his or her Stable Value Account. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

16. **Miscellaneous**.

Section 16.01 No Employment or Other Service Rights. Nothing in the Plan or any instrument executed pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment or service at any time with or without notice and with or without cause.

Section 16.02 Tax Withholding. The Company and its Affiliates shall have the right to deduct from any amounts otherwise payable under the Plan any federal, state, local, or other applicable taxes required to be withheld.

Section 16.03 Governing Law. The Plan shall be administered, construed, and governed in all respects under and by the laws of Ireland, without reference to the principles of conflicts of law (except and to the extent pre-empted by applicable laws of the United States).

Section 16.04 Code Section 409A. The Company intends that the Plan comply with the requirements of Code Section 409A and shall be operated and interpreted consistent with that intent. Notwithstanding the foregoing, the Company makes no representation that the Plan complies with Code Section 409A and shall have no liability to any Participant for any failure to comply with Code Section 409A.

Section 16.05 No Warranties. Neither the Company nor the Committee warrants or represents that the value of any Participant's Stable Value Account will increase. Each Participant assumes the risk in connection with the deemed investment of his or her Stable Value Account.

Section 16.06 Beneficiary Designation. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries to receive the Participant's interest in the Plan in the event of the Participant's death. Each designation will revoke all prior designations by the same Participant, shall be in a form reasonably prescribed by the Committee, and shall be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. If a Participant fails to designate a beneficiary, then the Participant's designated beneficiary shall be deemed to be the Participant's estate.

Section 16.07 No Assignment. Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, or otherwise encumber, transfer, hypothecate, or convey any amounts payable hereunder prior to the date that such amounts are paid (except for the designation of beneficiaries pursuant to Section 16.06).

Section 16.08 Expenses. The costs of administering this Plan shall be charged to Participant Stable Value Accounts, unless paid for by the Company, as determined by the Company in its discretion.

Section 16.09 Severability. If any provision of the Plan is held to be invalid, illegal, or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent of such invalidity, illegality, or unenforceability and the remaining provisions shall not be affected.

Section 16.10 Headings and Subheadings. Headings and subheadings in the Plan are for convenience only and are not to be considered in the construction of the provisions hereof.

IN WITNESS WHEREOF, Willis NA has adopted this plan as of the Effective Date written above.

WILLIS NA, Inc.

/s/ Susan Fegan
Susan Fegan, Director of Benefits -- North America

Date: May 24, 2017

APPENDIX A

Willis Towers Watson Non-Qualified Stable Value Excess Plan
Table of Stable Value Benefit Reduction Factors

Age	Reduction Factor
65	1.00000
64	0.95000
63	0.90250
62	0.85738
61	0.81451
60	0.77378
59	0.73509
58	0.69834
57	0.66342
56	0.63025
55	0.59874
54	0.56880
53	0.54036
52	0.51334
51	0.48767
50	0.46329
49	0.44013
48	0.41812
47	0.39721
46	0.37735
45	0.35849
44	0.34056
43	0.32353
42	0.30736
41	0.29199
40	0.27739
39	0.26352
38	0.25034
37	0.23783
36	0.22594
35	0.21464
34	0.20391
33	0.19371
32	0.18403
31	0.17482
30	0.16608
29	0.15778
28	0.14989
27	0.14240
26	0.13528
25	0.12851

24	0.12209
23	0.11598
22	0.11018
21	0.10467
20	0.09944

Exhibit 10.4

WillisTowersWatson

June 7, 2017

Mr. Nicolas Aubert
Head of Great Britain
Willis Towers Watson
51 Lime Street, London EC3M 7DQ
United Kingdom

Dear Nicolas:

I am writing in my capacity as CEO of Willis Towers Watson to memorialize our recent discussions.

Effective April 1, 2017 your annual salary will be 465,000 GBP. We have agreed that your AIP target is 125% of salary for performance year 2017 and going forward, with the actual payment amount for 2017 to be determined based upon your achievement of stated Enterprise and Geography financial budget metrics and individual goals as approved by the Compensation Committee and based upon the same performance payout sliding scales as for other Operating Committee members. Of course, consistent with the Company's normal practices, in order to receive this award you must be employed by the Company on the date of payment (subject to the protections of the termination and severance provisions of your employment contract for a termination by the Company without "Cause" or a termination by you for "Good Reason"). For clarity, your annual LTI award target for 2017 is 677,600 GBP, with such award subject to the same performance metrics and other terms and conditions as for other Operating Committee members.

We have also agreed that this circumstance does not constitute "Good Reason" within the meaning of the termination and severance provisions of your contract of employment.

We deeply appreciate your commitment to the Company and look forward to continuing to work together.

With best regards,

/s/ John J. Haley

John J. Haley
Chief Executive Officer

Acknowledged and Agreed:

/s/ Nicolas Aubert	June 8, 2017
Nicolas Aubert	Date

cc: Anne Bodnar, Matt Furman

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 7, 2017

/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, Roger F. Millay, 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 7, 2017

/s/ Roger F. Millay

Roger F. Millay
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, 2017, 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 7, 2017

/s/ John J. Haley

John J. Haley
Chief Executive Officer

/s/ Roger F. Millay

Roger F. Millay
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.