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 September 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

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 November 1, 2017, there were outstanding 132,038,819 ordinary shares, nominal value $0.000304635 per share, of the registrant.

WILLIS TOWERS WATSON

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For the Three and Nine Months Ended September 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 the Company operates, including, among other risks, the impact of pending competition law and regulatory investigations;
- 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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues				
Commissions and fees	$ 1,832	$ 1,761	$ 6,065	$ 5,874
Interest and other income	20	16	59	86
Total revenues	1,852	1,777	6,124	5,960
Costs of providing services				
Salaries and benefits	1,145	1,119	3,484	3,519
Other operating expenses	366	370	1,158	1,171
Depreciation	54	45	151	132
Amortization	141	157	441	443
Restructuring costs	31	49	85	115
Transaction and integration expenses	74	36	177	117
Total costs of providing services	1,811	1,776	5,496	5,497
Income from operations	41	1	628	463
Interest expense	47	45	139	138
Other expense, net	29	14	79	26
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(35)	(58)	410	299
Provision for/(benefit from) income taxes	19	(26)	73	11
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(54)	(32)	337	288
Interest in earnings of associates, net of tax	—	1	2	2
NET (LOSS)/INCOME	(54)	(31)	339	290
Income attributable to non-controlling interests	—	(1)	(16)	(12)
NET (LOSS)/INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (54)	$ (32)	$ 323	$ 278
EARNINGS PER SHARE				
Basic (loss)/earnings per share	$ (0.40)	$ (0.23)	$ 2.38	$ 2.03
Diluted (loss)/earnings per share	$ (0.40)	$ (0.23)	$ 2.36	$ 2.00
Cash dividends declared per share	$ 0.53	$ 0.48	$ 1.59	$ 1.44
Comprehensive income/(loss) before non-controlling interests	$ 34	$ (73)	$ 546	$ 96
Comprehensive loss/(income) attributable to non-controlling interests	12	1	(15)	(2)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 46	$ (72)	$ 531	$ 94

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)

	September 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 912	$ 870
Fiduciary assets	12,206	10,505
Accounts receivable, net	2,155	2,080
Prepaid and other current assets	418	337
Total current assets	15,691	13,792
Fixed assets, net	937	839
Goodwill	10,529	10,413
Other intangible assets, net	4,034	4,368
Pension benefits assets	649	488
Other non-current assets	432	353
Total non-current assets	16,581	16,461
TOTAL ASSETS	$ 32,272	$ 30,253
LIABILITIES AND EQUITY		
Fiduciary liabilities	$ 12,206	$ 10,505
Deferred revenue and accrued expenses	1,472	1,481
Short-term debt and current portion of long-term debt	85	508
Other current liabilities	793	876
Total current liabilities	14,556	13,370
Long-term debt	4,493	3,357
Liability for pension benefits	1,207	1,321
Deferred tax liabilities	856	864
Provision for liabilities	603	575
Other non-current liabilities	476	532
Total non-current liabilities	7,635	6,649
TOTAL LIABILITIES	22,191	20,019
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NON-CONTROLLING INTEREST	55	51
EQUITY (i)		
Additional paid-in capital	10,501	10,596
Retained earnings	1,130	1,452
Accumulated other comprehensive loss, net of tax	(1,676)	(1,884)
Treasury shares, at cost, 263,899 shares in 2017 and 795,816 shares in 2016, and 40,000 shares, €1 nominal value, in 2017 and 2016	(40)	(99)
Total Willis Towers Watson shareholders' equity	9,915	10,065
Non-controlling interests	111	118
Total equity	10,026	10,183
TOTAL LIABILITIES AND EQUITY	$ 32,272	$ 30,253

i. Equity includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 132,529,824 (2017) and 137,075,068 (2016); Outstanding 132,283,444 (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)

	Nine Months Ended September 30,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	$ 339	$ 290
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	169	132
Amortization	441	443
Net periodic benefit of defined benefit pension plans	(106)	(68)
Provision for doubtful receivables from clients	15	25
Benefit from deferred income taxes	(56)	(120)
Share-based compensation	48	94
Net loss on disposal of operations	10	—
Non-cash foreign exchange loss/(gain)	79	(23)
Other, net	(21)	15
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	31	20
Fiduciary assets	(1,233)	(1,076)
Fiduciary liabilities	1,233	1,076
Other assets	(95)	(211)
Other liabilities	(351)	(48)
Provisions	12	72
Net cash from operating activities	515	621
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Additions to fixed assets and software for internal use	(198)	(151)
Capitalized software costs	(52)	(64)
Acquisitions of operations, net of cash acquired	(13)	476
Other, net	1	22
Net cash (used in)/from investing activities	(262)	283
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net borrowings/(payments) on revolving credit facility	675	(389)
Senior notes issued	650	1,606
Proceeds from issuance of other debt	32	404
Debt issuance costs	(9)	(14)
Repayments of debt	(714)	(1,861)
Repurchase of shares	(462)	(222)
Proceeds from issuance of shares	44	44
Payments related to share cancellation	(177)	—
Payments of deferred and contingent consideration related to acquisitions	(43)	(64)
Cash paid for employee taxes on withholding shares	(14)	(13)
Dividends paid	(209)	(133)
Acquisitions of and dividends paid to non-controlling interests	(19)	(17)
Net cash used in financing activities	(246)	(659)
INCREASE IN CASH AND CASH EQUIVALENTS	7	245
Effect of exchange rate changes on cash and cash equivalents	35	(10)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	870	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 912	$ 767

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	(1,791)	—	(222)	—	—	(222)	—	(222)	—	
Net income	—	—	278	—	—	278	6	284	6	$ 290
Dividends	—	—	(198)	—	—	(198)	(8)	(206)	(4)	
Other comprehensive (loss)/income	—	—	—	—	(184)	(184)	(8)	(192)	(2)	$ (194)
Issuance of shares under employee stock compensation plans	873	44	—	—	—	44	—	44	—	
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	—	94	—	—	—	94	—	94	—	
Additional non-controlling interests	—	5	—	—	—	5	13	18	—	
Foreign currency translation	—	(2)	—	—	—	(2)	—	(2)	—	
Balance as of September 30, 2016	137,207	$ 10,536	$ 1,455	$ (3)	$ (1,221)	$ 10,767	$ 134	$ 10,901	$ 53	
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	(3,354)	—	(425)	(37)	—	(462)	—	(462)	—	
Shares canceled	(1,415)	(177)	—	96	—	(81)	—	(81)	—	
Net income	—	—	323	—	—	323	9	332	7	$ 339
Dividends	—	—	(217)	—	—	(217)	(15)	(232)	(3)	
Other comprehensive income/(loss)	—	—	—	—	208	208	(1)	207	—	$ 207
Issuance of shares under employee stock compensation plans	755	44	—	—	—	44	—	44	—	
Share-based compensation	—	48	—	—	—	48	—	48	—	
Additional non-controlling interests	—	(1)	—	—	—	(1)	—	(1)	—	
Foreign currency translation	—	(9)	—	—	—	(9)	—	(9)	—	
Balance as of September 30, 2017	132,283	$ 10,501	$ 1,130	$ (40)	$ (1,676)	$ 9,915	$ 111	$ 10,026	$ 55	

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 nine months ended September 30, 2017 are not necessarily indicative of the results that can be expected for the entire year. The Company experiences seasonal fluctuations of its commissions and fees revenue. Commissions and fees are typically higher during the Company's first and fourth quarters due to the timing of broking-related activities. The results reflect certain estimates and assumptions made by management, including those estimates used in calculating acquisition consideration and fair value of tangible and intangible assets and liabilities, professional liability claims, estimated bonuses, valuation of billed and unbilled receivables, and anticipated tax liabilities that affect the amounts reported in the condensed consolidated financial statements and related notes.

Recent Accounting Pronouncements

Not yet adopted

In 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, at which time the Company will adopt it, although 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 at the beginning of its 2018 fiscal year, at which time the Company will adopt it, although early adoption is permitted. 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 it believes the impact on its financial statements will be immaterial as it is 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, and the Company is still evaluating when to adopt this ASU. The Company does not expect an immediate impact to its condensed consolidated financial statements upon adopting this ASU since the most recent Step 1 goodwill impairment test resulted in fair values in excess of carrying values for all reporting units at October 1, 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 will adopt this standard on January 1, 2018, and 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 will adopt this standard on January 1, 2018, and is currently assessing the impact that this standard will have on any awards that are modified once this standard is adopted.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities*, which provides amendments under six specific objectives to better align risk management activities and financial reporting, and to simplify disclosure, presentation, hedging and the testing and measurement of ineffectiveness. The ASU becomes effective for the Company on January 1, 2019. Early adoption is permitted, and any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently assessing when it will adopt this standard, and the impact that this standard will have on its condensed consolidated financial statements.

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 $3 million and $5 million tax benefit in provision for income taxes during the three and nine months ended September 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 $5 million excess tax benefit as an operating activity in the condensed consolidated statement of cash flows for the nine months ended September 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 $13 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 nine months ended September 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')
- Benefits Delivery and Administration ('BDA') - formerly known as Exchange Solutions [(i)]

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

Willis Towers Watson's chief operating decision maker is its chief executive officer. We determined that the operational data used by the chief operating decision maker is at the segment level. Management bases strategic goals and decisions on these segments and the data presented below is used to assess the adequacy of strategic decisions, the method of achieving these strategies and related financial results.

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 September 30, 2017 and 2016.

	Three Months Ended September 30,									
	HCB		CRB		IRR		BDA		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segment commissions and fees	$ 736	$ 720	$ 581	$ 553	$ 320	$ 312	$ 179	$ 161	$ 1,816	$ 1,746
Segment interest and other income	—	—	5	8	14	7	—	—	19	15
Segment revenues	$ 736	$ 720	$ 586	$ 561	$ 334	$ 319	$ 179	$ 161	$ 1,835	$ 1,761
Segment operating income	$ 143	$ 127	$ 48	$ 46	$ 39	$ 38	$ 36	$ 23	$ 266	$ 234

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 nine months ended September 30, 2017 and 2016.

	Nine Months Ended September 30,									
	HCB		CRB		IRR		BDA		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segment commissions and fees	$ 2,405	$ 2,377	$ 1,855	$ 1,821	$ 1,205	$ 1,190	$ 536	$ 478	$ 6,001	$ 5,866
Segment interest and other income	15	9	16	20	25	55	—	1	56	85
Segment revenues	$ 2,420	$ 2,386	$ 1,871	$ 1,841	$ 1,230	$ 1,245	$ 536	$ 479	$ 6,057	$ 5,951
Segment operating income	$ 615	$ 568	$ 270	$ 255	$ 358	$ 360	$ 108	$ 100	$ 1,351	$ 1,283

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Total segment revenues	$ 1,835	$ 1,761	$ 6,057	$ 5,951
Fair value adjustment for deferred revenue	—	—	—	(58)
Reimbursable expenses and other	17	16	67	67
Total revenues	$ 1,852	$ 1,777	$ 6,124	$ 5,960
Total segment operating income	$ 266	$ 234	$ 1,351	$ 1,283
Fair value adjustment for deferred revenue	—	—	—	(58)
Amortization	(141)	(157)	(441)	(443)
Restructuring costs	(31)	(49)	(85)	(115)
Transaction and integration expenses	(74)	(36)	(177)	(117)
Provision for the Stanford litigation	—	—	—	(50)
Unallocated, net (i)	21	9	(20)	(37)
Income from operations	41	1	628	463
Interest expense	47	45	139	138
Other expense, net	29	14	79	26
(Loss)/income from operations before income taxes and interest in earnings of associates	$ (35)	$ (58)	$ 410	$ 299

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 $31 million and $85 million for the three and nine months ended September 30, 2017, respectively, and $36 million and $98 million for the three and nine months ended September 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 $13 million and $17 million of restructuring costs related to the Business Restructure Program for the three and nine months ended September 30, 2016, respectively.

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

	Three Months Ended September 30, 2017					
	HCB	CRB	IRR	BDA	Corporate	Total
Termination benefits	$ —	$ 5	$ —	$ —	$ 1	$ 6
Professional services and other	1	20	2	—	2	25
Total	$ 1	$ 25	$ 2	$ —	$ 3	$ 31

	Three Months Ended September 30, 2016					
	HCB	CRB	IRR	BDA	Corporate	Total
Termination benefits	$ 12	$ 3	$ —	$ —	$ 1	$ 16
Professional services and other	—	23	1	—	9	33
Total	$ 12	$ 26	$ 1	$ —	$ 10	$ 49

	Nine Months Ended September 30, 2017					
	HCB	CRB	IRR	BDA	Corporate	Total
Termination benefits	$ —	$ 14	$ 3	$ —	$ 2	$ 19
Professional services and other	2	50	4	—	10	66
Total	$ 2	$ 64	$ 7	$ —	$ 12	$ 85

	Nine Months Ended September 30, 2016					
	HCB	CRB	IRR	BDA	Corporate	Total
Termination benefits	$ 14	$ 11	$ 3	$ —	$ 2	$ 30
Professional services and other	—	60	2	—	23	85
Total	$ 14	$ 71	$ 5	$ —	$ 25	$ 115

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

	HCB	CRB	IRR	BDA	Corporate	Total
2014						
Termination benefits	$ —	$ 15	$ 1	$ —	$ —	$ 16
Professional services and other [i]	—	3	—	—	17	20
2015						
Termination benefits	2	24	7	—	3	36
Professional services and other [i]	1	57	2	—	30	90
2016						
Termination benefits	1	18	3	—	1	23
Professional services and other [i]	1	81	4	—	36	122
2017						
Termination benefits	—	14	3	—	2	19
Professional services and other [i]	2	50	4	—	10	66
Total						
Termination benefits	3	71	14	—	6	94
Professional services and other [i]	4	191	10	—	93	298
Total	$ 7	$ 262	$ 24	$ —	$ 99	$ 392

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

The changes in the Company's liability under the Operational Improvement Program from its commencement to September 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	19	66	85
Cash payments	(16)	(78)	(94)
Balance at September 30, 2017	$ 10	$ 6	$ 16

The changes in the Company's liability under the Business Restructure Program from its commencement to September 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 September 30, 2017	$ 5	$ —	$ 5

Note 6 — Income Taxes

Provision for income taxes for the three and nine months ended September 30, 2017 was $19 million and $73 million, respectively, compared to a benefit from income taxes of $26 million and a provision for income taxes of $11 million for the three and nine months ended September 30, 2016, respectively. The effective tax rate was (53.0)% and 17.7% for the three and nine months ended September 30, 2017, respectively, and 45.9% and 3.5% for the three and nine months ended September 30, 2016, respectively. These effective tax rates are calculated using extended values from our condensed consolidated statements of comprehensive income, and are therefore more precise tax rates than can be calculated from rounded values. 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 (53.0)% effective tax rate for the three months ended September 30, 2017 was the result of a discrete income tax charge for an internal reorganization. The increase in tax expense for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 was primarily due to an internal restructuring for certain legacy Towers Watson businesses. The increase in the effective tax rate for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 was primarily due to a current year U.S. tax expense resulting from internal reorganizations for certain legacy Towers Watson businesses, and a prior year tax benefit resulting from an enacted statutory tax rate reduction in the U.K.

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 $57 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 $4 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 nine months ended September 30, 2017:

	HCB	CRB	IRR	BDA	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
Goodwill disposed of during the period	(31)	—	—	—	(31)
Foreign exchange	64	57	18	—	139
Balance at September 30, 2017:					
Goodwill, gross	4,332	2,256	1,876	2,557	11,021
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - September 30, 2017	$ 4,202	$ 1,894	$ 1,876	$ 2,557	$ 10,529

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 nine months ended September 30, 2017:

	Balance at December 31, 2016	Intangible assets acquired	Intangible assets disposed	Amortization(ii)	Foreign Exchange	Balance at September 30, 2017
Client relationships	$ 2,655	$ 13	$ (22)	$ (289)	$ 89	$ 2,446
Management contracts	54	—	—	(3)	7	58
Software (i)	570	36	—	(112)	14	508
Trademark and trade name	1,006	—	(1)	(34)	5	976
Product	33	—	—	(2)	2	33
Favorable agreements	11	—	—	(1)	1	11
Other	3	—	—	(1)	—	2
Total amortizable intangible assets	$ 4,332	$ 49	$ (23)	$ (442)	$ 118	$ 4,034

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 nine months ended September 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 $141 million and $441 million, for the three and nine months ended September 30, 2017, respectively, and $157 million and $443 million for the three and nine months ended September 30, 2016, respectively.

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

	September 30, 2017		December 31, 2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Client relationships	$ 3,476	$ (1,030)	$ 3,396	$ (741)
Management contracts	69	(11)	62	(8)
Software	762	(254)	711	(141)
Trademark and trade name	1,054	(78)	1,051	(45)
Product	38	(5)	36	(3)
Favorable agreements	14	(3)	13	(2)
Other	5	(3)	6	(3)
Total finite-lived assets	$ 5,418	$ (1,384)	$ 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 September 30, 2017 was 14.5 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	$ 142	$ (1)
2018	536	(4)
2019	478	(2)
2020	427	(2)
2021	348	(2)
Thereafter	2,092	(5)
Total	$ 4,023	$ (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 September 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 September 30, 2017 and December 31, 2016 had total notional amounts of $776 million and $945 million, respectively, and net fair value liabilities of $34 million and $110 million, respectively.

At September 30, 2017, the Company estimates, based on current interest and exchange rates, there will be $33 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 September 30, 2017, our longest outstanding maturity was 2.7 years.

The effects of the material derivative instruments that are designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2017 and 2016 are as follows:

Three Months Ended September 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/(loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	Gain/(loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	
	2017	2016		2017	2016		2017	2016
Forward exchange contracts	$ 12	$ (6)	Other expense, net	$ (10)	$ (14)	Interest expense	$ —	$ —

Nine Months Ended September 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/(loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	Gain/(loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	
	2017	2016		2017	2016		2017	2016
Forward exchange contracts	$ 24	$ (81)	Other expense, net	$ (53)	$ (28)	Interest expense	$ 1	$ (1)

We also enter into foreign currency transactions, primarily to hedge certain intercompany loans. These derivatives are not generally designated as hedging instruments and at September 30, 2017 and December 31, 2016, we had notional amounts of $569 million and $630 million, respectively, and had net fair value liabilities of $1 million and $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 nine months ended September 30, 2017 and 2016 are as follows:

		(Loss)/gain recognized in income			
		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives not designated as hedging instruments:	Location of (loss)/gain recognized in income	2017	2016	2017	2016
Forward exchange contracts	Other expense, net	$ (3)	$ 4	$ 6	$ (6)

Note 9 — Debt

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

	September 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:

	September 30, 2017	December 31, 2016
Revolving $1.25 billion credit facility	$ 917	$ —
Revolving $800 million credit facility	—	238
7-year term loan facility	—	196
Term loan due 2019	105	169
7.000% senior notes due 2019	186	186
5.750% senior notes due 2021	496	496
3.500% senior notes due 2021	447	446
2.125% senior notes due 2022 (i)	635	565
4.625% senior notes due 2023	248	247
3.600% senior notes due 2024	645	—
4.400% senior notes due 2026	543	543
6.125% senior notes due 2043	271	271
	$ 4,493	$ 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 19 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 September 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 17 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 Earnings Before Interest, Tax, Depreciation and Amortization ('EBITDA') growth for the acquired business.

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

		Fair Value Measurements on a Recurring Basis at September 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	$ 40	$ —	$ —	$ 40
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 11	$ —	$ 11
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 44	$ 44
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 47	$ —	$ 47

	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 9.39% and 10.76% at September 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)	September 30, 2017
Balance at December 31, 2016	$ 55
Obligations assumed	—
Payments	(9)
Realized and unrealized losses	(6)
Foreign exchange	4
Balance at September 30, 2017	$ 44

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

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

	September 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	$ 4,493	$ 4,332	$ 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 nine months ended September 30, 2017 and 2016:

	Three Months Ended September 30,							
	2017				2016			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 16	$ 8	$ 6	$ —	$ 15	$ 6	$ 5	$ —
Interest cost	34	23	4	1	34	26	6	1
Expected return on plan assets	(61)	(72)	(7)	—	(61)	(58)	(8)	—
Settlement	1	—	—	—	—	—	—	—
Amortization of net loss	4	13	—	—	3	10	—	—
Amortization of prior service credit	—	(4)	—	—	—	(5)	—	—
Net periodic benefit (income)/cost	$ (6)	$ (32)	$ 3	$ 1	$ (9)	$ (21)	$ 3	$ 1

	Nine Months Ended September 30,							
	2017				2016			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 49	$ 23	$ 15	$ —	$ 44	$ 19	$ 14	$ —
Interest cost	104	69	13	3	102	83	20	3
Expected return on plan assets	(184)	(211)	(22)	—	(180)	(186)	(26)	—
Settlement	1	—	—	—	—	—	2	—
Amortization of net loss	10	39	1	—	8	32	1	—
Amortization of prior service credit	—	(13)	—	—	—	(15)	—	—
Net periodic benefit (income)/cost	$ (20)	$ (93)	$ 7	$ 3	$ (26)	$ (67)	$ 11	$ 3

Employer Contributions to Defined Benefit Pension Plans

The Company made $50 million contributions to its U.S. plans for the nine months ended September 30, 2017 and anticipates making no further contributions for the remainder of the fiscal year. The Company made contributions of $45 million to its U.K. plans for the nine months ended September 30, 2017 and anticipates making additional contributions of $18 million for the remainder of the fiscal year. The Company made contributions of $11 million to its other plans for the nine months ended September 30, 2017 and anticipates making additional contributions of $4 million for the remainder of the fiscal year.

Defined Contribution Plans

The Company made contributions to its defined contribution plans of $39 million and $118 million for the three and nine months ended September 30, 2017, respectively, and $37 million and $118 million for the three and nine months ended September 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 Towers Watson common stock, captioned *Rangeley Capital LLC v. Towers Watson & Co.*, C.A. No. 12063-CB, *Merion Capital L.P. v. Towers Watson & Co.*, C.A. No. 12064-CB, and *College Retirement Equities Fund v. Towers Watson & Co.,* C.A. No. 12126-CB. The appraisal petitions seek, among other things, a determination of the fair value of the appraisal petitioners' shares at the time of the Merger; an order that Towers Watson pay that value to the appraisal petitioners, together with interest at the statutory rate; and an award of costs, attorneys' fees, and other expenses. Towers Watson answered the appraisal petitions between March 24, 2016 and April 18, 2016. On May 9, 2016, the court consolidated the three pending appraisal proceedings under the caption *In re Appraisal of Towers Watson & Co.*, Consolidated C.A. No. 12064-CB. A fourth owner filed an appraisal demand, but did not file an appraisal petition. The aggregate amount of shares subject to appraisal from these four owners was 1,415,199. The court provisionally scheduled trial for October 2, 2017. On September 15, 2017, the Company reached a settlement with all shareholders who made demands for appraisal, resolving all claims related to the appraised shares. Under the terms of the settlement, these shareholders surrendered all rights to the Towers Watson shares and all potential Merger consideration issuable for the legacy shares. In exchange, the Company made a payment to these shareholders of approximately $211 million, which represented $134.75 per share plus accrued interest at the statutory rate of interest. As a result of the settlement, the Court, on September 18, 2017, dismissed all claims in the case with prejudice. The Company thereafter canceled all of the Towers Watson common shares at issue in the appraisal proceeding.

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, the settlement and the related bar orders described below, if upheld through any appeals, would enable the Company (a newly-combined firm) to conduct itself with the bar orders' protection from the continued overhang of matters alleged to have occurred approximately a decade ago. Further, the Settlement Term Sheet provided that the parties understood and agreed that there is no admission of liability or wrongdoing by the Company. The Company expressly denies any liability or wrongdoing with respect to the matters alleged in the Stanford litigation.

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

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

On September 7, 2016, Plaintiffs filed with the Court a motion to approve the settlement. On October 19, 2016, the Court preliminarily approved the settlement. Several of the plaintiffs in the other actions above objected to the settlement, and a hearing to consider final approval of the settlement was held on January 20, 2017, after which the Court reserved decision. On August 23, 2017, the Court approved the settlement, including the bar orders. Several of the objectors have since appealed the settlement approval and bar orders to the Fifth Circuit. The appeals are currently pending. The Company will not make the $120 million settlement payment unless and until the appeals are decided in its favor and the settlement is not subject to any further appeal.

City of Houston

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

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

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

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

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

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. This proposed settlement amount was accrued during the three months ended March 31, 2017. A formal settlement agreement was submitted to the Court for its preliminary approval on May 18, 2017. On October 25, 2017, the Court preliminarily approved the settlement, and set a final fairness and final approval hearing on the settlement for January 26, 2018. The Court also granted the Company's unopposed motion for a good faith settlement determination. Class members who properly object to the settlement have standing to appeal if the Court orders final approval of the settlement.

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

European Commission and FCA Regulatory Investigations

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

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

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

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

U.K. Investment Consulting Investigation

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

The CMA investigation of the investment consulting market is expected to take at least 18 months to conclude. Given the early stage of the investigation, the Company is currently unable to assess whether the CMA will find any adverse effects on competition, and, if the CMA does find any adverse effects on competition, what remedies it may impose on the industry. Given this, the Company is unable to provide an estimate of the reasonably possible loss or range of loss.

Note 13 — Supplementary Information for Certain Balance Sheet Accounts

Related Party Transaction - During the three months ended September 30, 2017, the Company divested its Global Wealth Solutions business through a sale to an employee of the business. As part of that transaction, WTW financed a $50 million note payable from the employee to purchase the business. The note amortizes over 10 years, bears interest at 3% and is guaranteed by $3 million of assets. Following the sale, employees of this business are no longer employees of WTW, and the purchasing employee is no longer considered a related party. The current and non-current portions of the note receivable are included in the tables below as Other current assets and Other non-current assets.

Additional details of specific balance sheet accounts are detailed below.

Accounts receivable, net consists of the following:

	September 30, 2017	December 31, 2016
Billed, net of allowance for doubtful debts of $47 million and $40 million	$ 1,790	$ 1,789
Accrued and unbilled, at estimated net realizable value	365	291
Accounts receivable, net	$ 2,155	$ 2,080

Prepaid and other current assets consist of the following:

	September 30, 2017	December 31, 2016
Prepayments and accrued income	$ 162	$ 131
Derivatives and investments	24	32
Deferred compensation plan assets	18	15
Retention incentives	8	7
Corporate income and other taxes	139	97
Other current assets	67	55
Total prepaid and other current assets	$ 418	$ 337

Other non-current assets consists of the following:

	September 30, 2017	December 31, 2016
Prepayments and accrued income	$ 15	$ 15
Deferred compensation plan assets	125	111
Deferred tax assets	50	50
Accounts receivable, net	33	27
Other investments	29	30
Other non-current assets	180	120
Total other non-current assets	$ 432	$ 353

Provision for liabilities consists of the following:

	September 30, 2017	December 31, 2016
Claims, lawsuits and other proceedings	$ 478	$ 456
Other provisions	125	119
Total provision for liabilities	$ 603	$ 575

Other non-current liabilities consist of the following:

	September 30, 2017	December 31, 2016
Incentives from lessors	$ 140	$ 133
Deferred compensation plan liability	127	111
Contingent and deferred consideration on acquisitions	36	89
Derivatives	7	51
Other non-current liabilities	166	148
Total other non-current liabilities	$ 476	$ 532

Note 14 — Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of non-controlling interests, and net of tax are provided in the following table for both the three and nine months ended September 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 June 30, 2017 and 2016, respectively	$ (647)	$ (398)	$ (39)	$ (73)	$ (1,090)	$ (710)	$ (1,776)	$ (1,181)
Other comprehensive income/(loss) before reclassifications	78	(36)	6	(1)	(5)	(6)	79	(43)
Loss/(income) reclassified from accumulated other comprehensive loss (net of income tax benefit of $4 and $1, respectively)	—	—	11	(6)	10	9	21	3
Net current-period other comprehensive income/(loss)	78	(36)	17	(7)	5	3	100	(40)
Balance at September 30, 2017 and 2016, respectively	$ (569)	$ (434)	$ (22)	$ (80)	$ (1,085)	$ (707)	$ (1,676)	$ (1,221)
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	81	(120)	15	(56)	39	(26)	135	(202)
Loss/(income) reclassified from accumulated other comprehensive loss (net of income tax benefit of $17 and income tax expense of $3, respectively)	—	—	45	(14)	28	32	73	18
Net current-period other comprehensive income/(loss)	81	(120)	60	(70)	67	6	208	(184)
Balance at September 30, 2017 and 2016, respectively	$ (569)	$ (434)	$ (22)	$ (80)	$ (1,085)	$ (707)	$ (1,676)	$ (1,221)

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

ii Reclassification adjustments from accumulated other comprehensive loss are included in the computation of net periodic pension cost (see Note 11 — Retirement Benefits) 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 September 30, 2017 and 2016, there were 0.9 million and 1.3 million time-based share options; 1.0 million and 1.2 million performance-based options; 0.4 million and 0.9 million restricted time-based stock units; and 0.6 million and 0.7 million restricted performance-based stock units outstanding, respectively.

Basic and diluted earnings per share are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net (loss)/income attributable to Willis Towers Watson	$ (54)	$ (32)	$ 323	$ 278
Basic average number of shares outstanding	134	138	136	137
Dilutive effect of potentially issuable shares	—	—	1	2
Diluted average number of shares outstanding	134	138	137	139
Basic (loss)/earnings per share	$ (0.40)	$ (0.23)	$ 2.38	$ 2.03
Dilutive effect of potentially issuable shares	—	—	(0.02)	(0.03)
Diluted (loss)/earnings per share	$ (0.40)	$ (0.23)	$ 2.36	$ 2.00

The dilutive effect of stock options was not computed for the three months ended September 30, 2017 and 2016 as the Company reported a net loss within its condensed consolidated statements of comprehensive income. There were no anti-dilutive options for the nine months ended September 30, 2017. Options to purchase 0.6 million shares for the nine months ended September 30, 2016 were not included in the computation of the dilutive effect of stock options because their effect was anti-dilutive.

Note 16 — Subsequent Events

On November 1, 2017, the Company sold a portion of its programs business in North America. The revenue associated with the divested programs represents less than 2% of our IRR segment's total revenues.

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

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

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

On August 11, 2017 a newly formed entity, Willis Towers Watson UK Holdings Limited, became the successor to, and assumed all guarantees of, WTW Bermuda Holdings Limited under the outstanding indentures for the senior notes described above. As both entities are direct subsidiaries of TA I Limited, and sub-consolidate within the 'Other Guarantors' columns of the financial statements presented herein, there is no significant impact on the condensed consolidated financial statements from what has previously been disclosed. Please refer to the Current Report on Form 8-K filed on August 16, 2017 for additional information regarding this change.

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis Towers Watson described in Note 18 and the guarantor structure associated with the senior notes and revolving credit facility issued by Trinity Acquisition plc described in Note 19.

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 September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 3	$ 1,829	$ —	$ 1,832
Interest and other income	—	—	—	20	—	20
Total revenues	—	—	3	1,849	—	1,852
Costs of providing services						
Salaries and benefits	2	—	20	1,123	—	1,145
Other operating expenses	—	30	6	330	—	366
Depreciation	—	2	—	52	—	54
Amortization	—	1	—	143	(3)	141
Restructuring costs	—	1	1	29	—	31
Transaction and integration expenses	—	2	4	68	—	74
Total costs of providing services	2	36	31	1,745	(3)	1,811
(Loss)/income from operations	(2)	(36)	(28)	104	3	41
Income from Group undertakings	—	(136)	(46)	(39)	221	—
Expenses due to Group undertakings	—	13	48	160	(221)	—
Interest expense	8	25	9	5	—	47
Other (income)/expense, net	—	(48)	—	(120)	197	29
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(10)	110	(39)	98	(194)	(35)
(Benefit from)/provision for income taxes	(1)	10	(4)	14	—	19
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	100	(35)	84	(194)	(54)
Interest in earnings of associates, net of tax	—	—	—	—	—	—
Equity account for subsidiaries	(45)	(142)	(248)	—	435	—
NET (LOSS)/INCOME	(54)	(42)	(283)	84	241	(54)
Income attributable to non-controlling interests	—	—	—	—	—	—
NET (LOSS)/INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (54)	$ (42)	$ (283)	$ 84	$ 241	$ (54)
Comprehensive income/(loss) before non-controlling interests	$ 46	$ 62	$ (215)	$ (4)	$ 145	$ 34
Comprehensive loss attributable to non-controlling interest	—	—	—	12	—	12
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 46	$ 62	$ (215)	$ 8	$ 145	$ 46

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended September 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 5	$ 1,756	$ —	$ 1,761
Interest and other income	—	—	—	16	—	16
Total revenues	—	—	5	1,772	—	1,777
Costs of providing services						
Salaries and benefits	—	—	14	1,105	—	1,119
Other operating expenses	1	27	10	332	—	370
Depreciation	—	1	4	40	—	45
Amortization	—	—	—	157	—	157
Restructuring costs	—	7	7	35	—	49
Transaction and integration expenses	—	1	5	30	—	36
Total costs of providing services	1	36	40	1,699	—	1,776
(Loss)/income from operations	(1)	(36)	(35)	73	—	1
Income from Group undertakings	—	(126)	(61)	(34)	221	—
Expenses due to Group undertakings	—	13	48	160	(221)	—
Interest expense	8	22	10	5	—	45
Other expense, net	—	—	—	14	—	14
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(9)	55	(32)	(72)	—	(58)
Benefit from income taxes	—	(9)	(10)	(7)	—	(26)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	64	(22)	(65)	—	(32)
Interest in earnings of associates, net of tax	—	—	—	1	—	1
Equity account for subsidiaries	(23)	(82)	(29)	—	134	—
NET LOSS	(32)	(18)	(51)	(64)	134	(31)
Income attributable to non-controlling interests	—	—	—	(1)	—	(1)
NET LOSS ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (32)	$ (18)	$ (51)	$ (65)	$ 134	$ (32)
Comprehensive loss before non-controlling interests	$ (72)	$ (58)	$ (77)	$ (91)	$ 225	$ (73)
Comprehensive loss attributable to non-controlling interest	—	—	—	1	—	1
Comprehensive loss attributable to Willis Towers Watson	$ (72)	$ (58)	$ (77)	$ (90)	$ 225	$ (72)

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine Months Ended September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 14	$ 6,051	$ —	$ 6,065
Interest and other income	—	—	—	59	—	59
Total revenues	—	—	14	6,110	—	6,124
Costs of providing services						
Salaries and benefits	4	—	40	3,440	—	3,484
Other operating expenses	2	74	16	1,066	—	1,158
Depreciation	—	5	—	146	—	151
Amortization	—	3	—	441	(3)	441
Restructuring costs	—	5	1	79	—	85
Transaction and integration expenses	—	32	6	139	—	177
Total costs of providing services	6	119	63	5,311	(3)	5,496
(Loss)/income from operations	(6)	(119)	(49)	799	3	628
Income from Group undertakings	—	(402)	(160)	(112)	674	—
Expenses due to Group undertakings	—	52	144	478	(674)	—
Interest expense	23	75	25	16	—	139
Other (income)/expense, net	—	(48)	—	(70)	197	79
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(29)	204	(58)	487	(194)	410
(Benefit from)/provision for income taxes	(2)	19	(7)	63	—	73
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(27)	185	(51)	424	(194)	337
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	350	158	(23)	—	(485)	—
NET INCOME/(LOSS)	323	343	(74)	426	(679)	339
Income attributable to non-controlling interests	—	—	—	(16)	—	(16)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 323	$ 343	$ (74)	$ 410	$ (679)	$ 323
Comprehensive income before non-controlling interests	$ 531	$ 552	$ 68	$ 434	$ (1,039)	$ 546
Comprehensive income attributable to non-controlling interests	—	—	—	(15)	—	(15)
Comprehensive income attributable to Willis Towers Watson	$ 531	$ 552	$ 68	$ 419	$ (1,039)	$ 531

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine Months Ended September 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ —	$ 16	$ 5,858	$ —	$ 5,874
Interest and other income	—	1	—	85	—	86
Total revenues	—	1	16	5,943	—	5,960
Costs of providing services						
Salaries and benefits	1	1	38	3,479	—	3,519
Other operating expenses	4	84	82	1,001	—	1,171
Depreciation	—	3	11	118	—	132
Amortization	—	—	—	443	—	443
Restructuring costs	—	18	23	74	—	115
Transaction and integration expenses	—	13	15	89	—	117
Total costs of providing services	5	119	169	5,204	—	5,497
(Loss)/income from operations	(5)	(118)	(153)	739	—	463
Income from Group undertakings	—	(367)	(177)	(104)	648	—
Expenses due to Group undertakings	—	53	134	461	(648)	—
Interest expense	25	65	29	19	—	138
Other expense/(income), net	1	(2)	—	27	—	26
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(31)	133	(139)	336	—	299
(Benefit from)/provision for income taxes	—	(32)	(41)	84	—	11
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(31)	165	(98)	252	—	288
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	309	124	92	—	(525)	—
NET INCOME/(LOSS)	278	289	(6)	254	(525)	290
Income attributable to non-controlling interests	—	—	—	(12)	—	(12)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 278	$ 289	$ (6)	$ 242	$ (525)	$ 278
Comprehensive income/(loss) before non-controlling interests	$ 94	$ 104	$ (107)	$ 88	$ (83)	$ 96
Comprehensive income attributable to non-controlling interest	—	—	—	(2)	—	(2)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 94	$ 104	$ (107)	$ 86	$ (83)	$ 94

Unaudited Condensed Consolidating Balance Sheet

	As of September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ —	$ 5	$ —	$ 907	$ —	$ 912
Fiduciary assets	—	—	—	12,206	—	12,206
Accounts receivable, net	—	—	5	2,150	—	2,155
Prepaid and other current assets	2	26	143	298	(51)	418
Amounts due from group undertakings	6,131	1,478	1,360	2,576	(11,545)	—
Total current assets	6,133	1,509	1,508	18,137	(11,596)	15,691
Investments in subsidiaries	4,357	8,895	6,209	—	(19,461)	—
Fixed assets, net	—	35	—	902	—	937
Goodwill	—	—	—	10,529	—	10,529
Other intangible assets, net	—	61	—	4,034	(61)	4,034
Pension benefits assets	—	—	—	649	—	649
Other non-current assets	—	14	246	373	(201)	432
Non-current amounts due from group undertakings	—	4,918	861	48	(5,827)	—
Total non-current assets	4,357	13,923	7,316	16,535	(25,550)	16,581
TOTAL ASSETS	$ 10,490	$ 15,432	$ 8,824	$ 34,672	$ (37,146)	$ 32,272
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 12,206	$ —	$ 12,206
Deferred revenue and accrued expenses	1	9	82	1,380	—	1,472
Short-term debt and current portion of long-term debt	—	—	—	85	—	85
Other current liabilities	78	43	117	546	9	793
Amounts due to group undertakings	—	7,537	2,402	1,607	(11,546)	—
Total current liabilities	79	7,589	2,601	15,824	(11,537)	14,556
Long-term debt	496	2,945	946	106	—	4,493
Liability for pension benefits	—	—	—	1,207	—	1,207
Deferred tax liabilities	—	—	—	1,057	(201)	856
Provision for liabilities	—	—	120	483	—	603
Other non-current liabilities	—	7	59	410	—	476
Non-current amounts due to group undertakings	—	—	519	5,308	(5,827)	—
Total non-current liabilities	496	2,952	1,644	8,571	(6,028)	7,635
TOTAL LIABILITIES	575	10,541	4,245	24,395	(17,565)	22,191
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	55	—	55
EQUITY						
Total Willis Towers Watson shareholders' equity	9,915	4,891	4,579	10,111	(19,581)	9,915
Non-controlling interests	—	—	—	111	—	111
Total equity	9,915	4,891	4,579	10,222	(19,581)	10,026
TOTAL LIABILITIES AND EQUITY	$ 10,490	$ 15,432	$ 8,824	$ 34,672	$ (37,146)	$ 32,272

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

	Nine Months Ended September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 525	$ (498)	$ (99)	$ 774	$ (187)	$ 515
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(6)	—	(192)	—	(198)
Capitalized software costs	—	—	—	(52)	—	(52)
Acquisitions of operations, net of cash acquired	—	—	—	(13)	—	(13)
Other, net	—	—	—	1	—	1
Proceeds from intercompany investing activities	1,102	336	10	223	(1,671)	—
Repayments of intercompany investing activities	—	(195)	—	(311)	506	—
Reduction in investment in subsidiaries	—	1,148	—	59	(1,207)	—
Additional investment in subsidiaries	(1,000)	(207)	—	—	1,207	—
Net cash from/(used in) investing activities	$ 102	$ 1,076	$ 10	$ (285)	$ (1,165)	$ (262)
CASH FLOWS USED IN FINANCING ACTIVITIES						
Net borrowings on revolving credit facility	—	560	115	—	—	675
Senior notes issued	—	—	650	—	—	650
Proceeds from issuance of other debt	—	—	—	32	—	32
Debt issuance costs	—	(4)	(5)	—	—	(9)
Repayments of debt	—	(219)	(400)	(95)	—	(714)
Repurchase of shares	(462)	—	—	—	—	(462)
Proceeds from issuance of shares	44	—	—	—	—	44
Payments related to share cancellation	—	—	—	(177)	—	(177)
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(43)	—	(43)
Cash paid for employee taxes on withholding shares	—	—	—	(14)	—	(14)
Dividends paid	(209)	—	(58)	(129)	187	(209)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(19)	—	(19)
Proceeds from intercompany financing activities	—	163	148	195	(506)	—
Repayments of intercompany financing activities	—	(1,073)	(361)	(237)	1,671	—
Net cash (used in)/from financing activities	$ (627)	$ (573)	$ 89	$ (487)	$ 1,352	$ (246)
INCREASE IN CASH AND CASH EQUIVALENTS	—	5	—	2	—	7
Effect of exchange rate changes on cash and cash equivalents	—	—	—	35	—	35
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	—	870	—	870
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ 5	$ —	$ 907	$ —	$ 912

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine Months Ended September 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 6	$ (130)	$ (175)	$ 989	$ (69)	$ 621
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(76)	(8)	(131)	64	(151)
Capitalized software costs	—	—	—	(64)	—	(64)
Acquisitions of operations, net of cash acquired	—	—	—	476	—	476
Other, net	—	—	1	16	5	22
Proceeds from intercompany investing activities	47	47	—	18	(112)	—
Repayments of intercompany investing activities	(4,015)	(3,953)	—	(805)	8,773	—
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	$ 632	$ (4,982)	$ (7)	$ (4,090)	$ 8,730	$ 283
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net payments on revolving credit facility	—	(389)	—	—	—	(389)
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)	(1,032)	—	(529)	—	(1,861)
Repurchase of shares	(222)	—	—	—	—	(222)
Proceeds from issuance of shares	44	—	—	—	—	44
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(64)	—	(64)
Dividends paid	(133)	—	—	—	—	(133)
Cash paid for employee taxes on withholding shares	—	—	—	(13)	—	(13)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(17)	—	(17)
Proceeds from intercompany financing activities	—	4,557	199	4,017	(8,773)	—
Repayments of intercompany financing activities	(30)	(18)	(17)	(47)	112	—
Net cash (used in)/from financing activities	$ (641)	$ 5,110	$ 182	$ 3,351	$ (8,661)	$ (659)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	(2)	—	250	—	245
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(10)	—	(10)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	2	—	527	—	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ —	$ —	$ 767	$ —	$ 767

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

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

On August 11, 2017 a newly formed entity, Willis Towers Watson UK Holdings Limited, became the successor to, and assumed all guarantees of, WTW Bermuda Holdings Limited under the outstanding indentures for the senior notes described above. As both entities are direct subsidiaries of TA I Limited, and sub-consolidate within the 'Other Guarantors' columns of the financial statements presented herein, there is no significant impact on the condensed consolidated financial statements from what has previously been disclosed. Please refer to the Current Report on Form 8-K filed on August 16, 2017 for additional information regarding this change.

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America 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 19.

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 September 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 3	$ 1,829	$ —	$ 1,832
Interest and other income	—	—	20	—	20
Total revenues	—	3	1,849	—	1,852
Costs of providing services					
Salaries and benefits	2	20	1,123	—	1,145
Other operating expenses	—	36	330		366
Depreciation	—	2	52	—	54
Amortization	—	1	143	(3)	141
Restructuring costs	—	2	29	—	31
Transaction and integration expenses	—	6	68	—	74
Total costs of providing services	2	67	1,745	(3)	1,811
(Loss)/income from operations	(2)	(64)	104	3	41
Income from Group undertakings	—	(155)	(39)	194	—
Expenses due to Group undertakings	—	34	160	(194)	—
Interest expense	8	34	5	—	47
Other (income)/expense, net	—	(48)	(120)	197	29
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(10)	71	98	(194)	(35)
(Benefit from)/provision for income taxes	(1)	6	14	—	19
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	65	84	(194)	(54)
Interest in earnings of associates, net of tax	—	—	—	—	—
Equity account for subsidiaries	(45)	(107)	—	152	—
NET (LOSS)/INCOME	(54)	(42)	84	(42)	(54)
Income attributable to non-controlling interests	—	—	—	—	—
NET (LOSS)/INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (54)	$ (42)	$ 84	$ (42)	$ (54)
Comprehensive income before non-controlling interests	$ 46	$ 62	$ (4)	$ (70)	$ 34
Comprehensive loss attributable to non-controlling interests	—	—	12	—	12
Comprehensive income attributable to Willis Towers Watson	$ 46	$ 62	$ 8	$ (70)	$ 46

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended September 30, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 5	$ 1,756	$ —	$ 1,761
Interest and other income	—	—	16	—	16
Total revenues	—	5	1,772	—	1,777
Costs of providing services					
Salaries and benefits	—	14	1,105	—	1,119
Other operating expenses	1	37	332	—	370
Depreciation	—	5	40	—	45
Amortization	—	—	157	—	157
Restructuring costs	—	14	35	—	49
Transaction and integration expenses	—	6	30	—	36
Total costs of providing services	1	76	1,699	—	1,776
(Loss)/income from operations	(1)	(71)	73	—	1
Income from Group undertakings	—	(159)	(34)	193	—
Expenses due to Group undertakings	—	33	160	(193)	—
Interest expense	8	32	5	—	45
Other expense, net	—	—	14	—	14
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(9)	23	(72)	—	(58)
Benefit from income taxes	—	(19)	(7)	—	(26)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	42	(65)	—	(32)
Interest in earnings of associates, net of tax	—	—	1	—	1
Equity account for subsidiaries	(23)	(60)	—	83	—
NET LOSS	(32)	(18)	(64)	83	(31)
Income attributable to non-controlling interests	—	—	(1)	—	(1)
NET LOSS ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (32)	$ (18)	$ (65)	$ 83	$ (32)
Comprehensive loss before non-controlling interests	$ (72)	$ (58)	$ (91)	$ 148	$ (73)
Comprehensive loss attributable to non-controlling interests	—	—	1	—	1
Comprehensive loss attributable to Willis Towers Watson	$ (72)	$ (58)	$ (90)	$ 148	$ (72)

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine Months Ended September 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 14	$ 6,051	$ —	$ 6,065
Interest and other income	—	—	59	—	59
Total revenues	—	14	6,110	—	6,124
Costs of providing services					
Salaries and benefits	4	40	3,440	—	3,484
Other operating expenses	2	90	1,066	—	1,158
Depreciation	—	5	146	—	151
Amortization	—	3	441	(3)	441
Restructuring costs	—	6	79	—	85
Transaction and integration expenses	—	38	139	—	177
Total costs of providing services	6	182	5,311	(3)	5,496
(Loss)/income from operations	(6)	(168)	799	3	628
Income from Group undertakings	—	(478)	(112)	590	—
Expenses due to Group undertakings	—	112	478	(590)	—
Interest expense	23	100	16	—	139
Other (income)/expense, net	—	(48)	(70)	197	79
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(29)	146	487	(194)	410
(Benefit from)/provision for income taxes	(2)	12	63	—	73
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(27)	134	424	(194)	337
Interest in earnings of associates, net of tax	—	—	2	—	2
Equity account for subsidiaries	350	209	—	(559)	—
NET INCOME	323	343	426	(753)	339
Income attributable to non-controlling interests	—	—	(16)	—	(16)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 323	$ 343	$ 410	$ (753)	$ 323
Comprehensive income before non-controlling interests	$ 531	$ 552	$ 434	$ (971)	$ 546
Comprehensive income attributable to non-controlling interests	—	—	(15)	—	(15)
Comprehensive income attributable to Willis Towers Watson	$ 531	$ 552	$ 419	$ (971)	$ 531

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine Months Ended September 30, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
Revenues					
Commissions and fees	$ —	$ 16	$ 5,858	$ —	$ 5,874
Interest and other income	—	1	85	—	86
Total revenues	—	17	5,943	—	5,960
Costs of providing services					
Salaries and benefits	1	39	3,479	—	3,519
Other operating expenses	4	166	1,001	—	1,171
Depreciation	—	14	118	—	132
Amortization	—	—	443	—	443
Restructuring costs	—	41	74	—	115
Transaction and integration expenses	—	28	89	—	117
Total costs of providing services	5	288	5,204	—	5,497
(Loss)/income from operations	(5)	(271)	739	—	463
Income from Group undertakings	—	(461)	(104)	565	—
Expenses due to Group undertakings	—	104	461	(565)	—
Interest expense	25	94	19	—	138
Other expense/(income), net	1	(2)	27	—	26
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(31)	(6)	336	—	299
(Benefit from)/provision for income taxes	—	(73)	84	—	11
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(31)	67	252	—	288
Interest in earnings of associates, net of tax	—	—	2	—	2
Equity account for subsidiaries	309	222	—	(531)	—
NET INCOME	278	289	254	(531)	290
Income attributable to non-controlling interests	—	—	(12)	—	(12)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 278	$ 289	$ 242	$ (531)	$ 278
Comprehensive income before non-controlling interests	$ 94	$ 104	$ 88	$ (190)	$ 96
Comprehensive income attributable to non-controlling interests	—	—	(2)	—	(2)
Comprehensive income attributable to Willis Towers Watson	$ 94	$ 104	$ 86	$ (190)	$ 94

Unaudited Condensed Consolidating Balance Sheet

	As of September 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
ASSETS					
Cash and cash equivalents	$ —	$ 5	$ 907	$ —	$ 912
Fiduciary assets	—	—	12,206	—	12,206
Accounts receivable, net	—	5	2,150	—	2,155
Prepaid and other current assets	2	169	298	(51)	418
Amounts due from group undertakings	6,131	1,728	2,576	(10,435)	—
Total current assets	6,133	1,907	18,137	(10,486)	15,691
Investments in subsidiaries	4,357	10,524	—	(14,881)	—
Fixed assets, net	—	35	902	—	937
Goodwill	—	—	10,529	—	10,529
Other intangible assets, net	—	61	4,034	(61)	4,034
Pension benefits assets	—	—	649	—	649
Other non-current assets	—	261	373	(202)	432
Non-current amounts due from group undertakings	—	5,260	48	(5,308)	—
Total non-current assets	4,357	16,141	16,535	(20,452)	16,581
TOTAL ASSETS	$ 10,490	$ 18,048	$ 34,672	$ (30,938)	$ 32,272
LIABILITIES AND EQUITY					
Fiduciary liabilities	$ —	$ —	$ 12,206	$ —	$ 12,206
Deferred revenue and accrued expenses	1	91	1,380	—	1,472
Short-term debt and current portion of long-term debt	—	—	85	—	85
Other current liabilities	78	160	546	9	793
Amounts due to group undertakings	—	8,829	1,607	(10,436)	—
Total current liabilities	79	9,080	15,824	(10,427)	14,556
Long-term debt	496	3,891	106	—	4,493
Liability for pension benefits	—	—	1,207	—	1,207
Deferred tax liabilities	—	—	1,057	(201)	856
Provision for liabilities	—	120	483	—	603
Other non-current liabilities	—	66	410	—	476
Non-current amounts due to group undertakings	—	—	5,308	(5,308)	—
Total non-current liabilities	496	4,077	8,571	(5,509)	7,635
TOTAL LIABILITIES	575	13,157	24,395	(15,936)	22,191
REDEEMABLE NON-CONTROLLING INTEREST	—	—	55	—	55
EQUITY					
Total Willis Towers Watson shareholders' equity	9,915	4,891	10,111	(15,002)	9,915
Non-controlling interests	—	—	111	—	111
Total equity	9,915	4,891	10,222	(15,002)	10,026
TOTAL LIABILITIES AND EQUITY	$ 10,490	$ 18,048	$ 34,672	$ (30,938)	$ 32,272

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

	Nine Months Ended September 30, 2017				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 525	$ (655)	$ 774	$ (129)	$ 515
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Additions to fixed assets and software for internal use	—	(6)	(192)	—	(198)
Capitalized software costs	—	—	(52)	—	(52)
Acquisitions of operations, net of cash acquired	—	—	(13)	—	(13)
Other, net	—	—	1	—	1
Proceeds from intercompany investing activities	1,102	143	223	(1,468)	—
Repayments of intercompany investing activities	—	(195)	(311)	506	—
Reduction in investment in subsidiaries	—	1,148	59	(1,207)	—
Additional investment in subsidiaries	(1,000)	(207)	—	1,207	—
Net cash from/(used in) investing activities	$ 102	$ 883	$ (285)	$ (962)	$ (262)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Net borrowings on revolving credit facility	—	675	—	—	675
Senior notes issued	—	650	—	—	650
Proceeds from issuance of other debt	—	—	32	—	32
Debt issuance costs	—	(9)	—	—	(9)
Repayments of debt	—	(619)	(95)	—	(714)
Repurchase of shares	(462)	—	—	—	(462)
Proceeds from issuance of shares	44	—	—	—	44
Payments related to share cancellation	—	—	(177)	—	(177)
Payments of deferred and contingent consideration related to acquisitions	—	—	(43)	—	(43)
Cash paid for employee taxes on withholding shares	—	—	(14)	—	(14)
Dividends paid	(209)	—	(129)	129	(209)
Acquisitions of and dividends paid to non-controlling interests	—	—	(19)	—	(19)
Proceeds from intercompany financing activities	—	311	195	(506)	—
Repayments of intercompany financing activities	—	(1,231)	(237)	1,468	—
Net cash used in financing activities	$ (627)	$ (223)	$ (487)	$ 1,091	$ (246)
INCREASE IN CASH AND CASH EQUIVALENTS	—	5	2	—	7
Effect of exchange rate changes on cash and cash equivalents	—	—	35	—	35
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	870	—	870
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ 5	$ 907	$ —	$ 912

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine Months Ended September 30, 2016				
	Willis Towers Watson — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 6	$ (305)	$ 989	$ (69)	$ 621
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Additions to fixed assets and software for internal use	—	(84)	(131)	64	(151)
Capitalized software costs	—	—	(64)	—	(64)
Acquisitions of operations, net of cash acquired	—	—	476	—	476
Other, net	—	1	16	5	22
Proceeds from intercompany investing activities	47	30	18	(95)	—
Repayments of intercompany investing activities	(4,015)	(3,953)	(805)	8,773	—
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	$ 632	$ (5,006)	$ (4,090)	$ 8,747	$ 283
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Net payments on revolving credit facility	—	(389)	—	—	(389)
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)	(1,032)	(529)	—	(1,861)
Repurchase of shares	(222)	—	—	—	(222)
Proceeds from issuance of shares	44	—	—	—	44
Payments of deferred and contingent consideration related to acquisitions	—	—	(64)	—	(64)
Dividends paid	(133)	—	—	—	(133)
Cash paid for employee taxes on withholding shares	—	—	(13)	—	(13)
Acquisitions of and dividends paid to non-controlling interests	—	—	(17)	—	(17)
Proceeds from intercompany financing activities	—	4,756	4,017	(8,773)	—
Repayments of intercompany financing activities	(30)	(18)	(47)	95	—
Net cash (used in)/from financing activities	$ (641)	$ 5,309	$ 3,351	$ (8,678)	$ (659)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	(2)	250	—	245
Effect of exchange rate changes on cash and cash equivalents	—	—	(10)	—	(10)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	2	527	—	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ —	$ 767	$ —	$ 767

Note 19 — 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 $917 million outstanding under the $1.25 billion revolving credit facility issued March 7, 2017.

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

On August 11, 2017 a newly formed entity, Willis Towers Watson UK Holdings Limited, became the successor to, and assumed all guarantees of, WTW Bermuda Holdings Limited under the outstanding indentures for the senior notes described above. As both entities are direct subsidiaries of TA I Limited, and sub-consolidate within the 'Other Guarantors' columns of the financial statements presented herein, there is no significant impact on the condensed consolidated financial statements from what has previously been disclosed. Please refer to the Current Report on Form 8-K filed on August 16, 2017 for additional information regarding this change.

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America described in Note 17 and the guarantor structure associated with the senior notes issued by Willis Towers Watson 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 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 September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 3	$ —	$ 1,829	$ —	$ 1,832
Interest and other income	—	—	—	20	—	20
Total revenues	—	3	—	1,849	—	1,852
Costs of providing services						
Salaries and benefits	2	20	—	1,123	—	1,145
Other operating expenses	—	35	1	330	—	366
Depreciation	—	2	—	52	—	54
Amortization	—	1	—	143	(3)	141
Restructuring costs	—	2	—	29	—	31
Transaction and integration expenses	—	6	—	68	—	74
Total costs of providing services	2	66	1	1,745	(3)	1,811
(Loss)/income from operations	(2)	(63)	(1)	104	3	41
Income from Group undertakings	—	(148)	(36)	(39)	223	—
Expenses due to Group undertakings	—	57	6	160	(223)	—
Interest expense	8	9	25	5	—	47
Other (income)/expense, net	—	(48)	—	(120)	197	29
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(10)	67	4	98	(194)	(35)
(Benefit from)/provision for income taxes	(1)	6	—	14	—	19
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	61	4	84	(194)	(54)
Interest in earnings of associates, net of tax	—	—	—	—	—	—
Equity account for subsidiaries	(45)	(103)	(108)	—	256	—
NET (LOSS)/INCOME	(54)	(42)	(104)	84	62	(54)
Income attributable to non-controlling interests	—	—	—	—	—	—
NET (LOSS)/INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (54)	$ (42)	$ (104)	$ 84	$ 62	$ (54)
Comprehensive income before non-controlling interests	$ 46	$ 62	$ 2	$ (4)	$ (72)	$ 34
Comprehensive loss attributable to non-controlling interests	—	—	—	12	—	12
Comprehensive income attributable to Willis Towers Watson	$ 46	$ 62	$ 2	$ 8	$ (72)	$ 46

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three Months Ended September 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 5	$ —	$ 1,756	$ —	$ 1,761
Interest and other income	—	—	—	16	—	16
Total revenues	—	5	—	1,772	—	1,777
Costs of providing services						
Salaries and benefits	—	14	—	1,105	—	1,119
Other operating expenses	1	37	—	332	—	370
Depreciation	—	5	—	40	—	45
Amortization	—	—	—	157	—	157
Restructuring costs	—	14	—	35	—	49
Transaction and integration expenses	—	6	—	30	—	36
Total costs of providing services	1	76	—	1,699	—	1,776
(Loss)/income from operations	(1)	(71)	—	73	—	1
Income from Group undertakings	—	(155)	(34)	(34)	223	—
Expenses due to Group undertakings	—	57	6	160	(223)	—
Interest expense	8	10	22	5	—	45
Other expense, net	—	—	—	14	—	14
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(9)	17	6	(72)	—	(58)
Benefit from income taxes	—	(19)	—	(7)	—	(26)
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(9)	36	6	(65)	—	(32)
Interest in earnings of associates, net of tax	—	—	—	1	—	1
Equity account for subsidiaries	(23)	(54)	(55)	—	132	—
NET LOSS	(32)	(18)	(49)	(64)	132	(31)
Income attributable to non-controlling interests	—	—	—	(1)	—	(1)
NET LOSS ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (32)	$ (18)	$ (49)	$ (65)	$ 132	$ (32)
Comprehensive loss before non-controlling interests	$ (72)	$ (58)	$ (59)	$ (91)	$ 207	$ (73)
Comprehensive loss attributable to non-controlling interests	—	—	—	1	—	1
Comprehensive loss attributable to Willis Towers Watson	$ (72)	$ (58)	$ (59)	$ (90)	$ 207	$ (72)

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine Months Ended September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 14	$ —	$ 6,051	$ —	$ 6,065
Interest and other income	—	—	—	59	—	59
Total revenues	—	14	—	6,110	—	6,124
Costs of providing services						
Salaries and benefits	4	40	—	3,440	—	3,484
Other operating expenses	2	89	1	1,066	—	1,158
Depreciation	—	5	—	146	—	151
Amortization	—	3	—	441	(3)	441
Restructuring costs	—	6	—	79	—	85
Transaction and integration expenses	—	38	—	139	—	177
Total costs of providing services	6	181	1	5,311	(3)	5,496
(Loss)/income from operations	(6)	(167)	(1)	799	3	628
Income from Group undertakings	—	(457)	(108)	(112)	677	—
Expenses due to Group undertakings	—	180	19	478	(677)	—
Interest expense	23	24	76	16	—	139
Other (income)/expense, net	—	(48)	—	(70)	197	79
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(29)	134	12	487	(194)	410
(Benefit from)/provision for income taxes	(2)	11	1	63	—	73
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(27)	123	11	424	(194)	337
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	350	220	117	—	(687)	—
NET INCOME	323	343	128	426	(881)	339
Income attributable to non-controlling interests	—	—	—	(16)	—	(16)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 323	$ 343	$ 128	$ 410	$ (881)	$ 323
Comprehensive income before non-controlling interests	$ 531	$ 552	$ 336	$ 434	$ (1,307)	$ 546
Comprehensive income attributable to non-controlling interests	—	—	—	(15)	—	(15)
Comprehensive income attributable to Willis Towers Watson	$ 531	$ 552	$ 336	$ 419	$ (1,307)	$ 531

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine Months Ended September 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
Revenues						
Commissions and fees	$ —	$ 16	$ —	$ 5,858	$ —	$ 5,874
Interest and other income	—	1	—	85	—	86
Total revenues	—	17	—	5,943	—	5,960
Costs of providing services						
Salaries and benefits	1	39	—	3,479	—	3,519
Other operating expenses	4	166	—	1,001	—	1,171
Depreciation	—	14	—	118	—	132
Amortization	—	—	—	443	—	443
Restructuring costs	—	41	—	74	—	115
Transaction and integration expenses	—	28	—	89	—	117
Total costs of providing services	5	288	—	5,204	—	5,497
(Loss)/income from operations	(5)	(271)	—	739	—	463
Income from Group undertakings	—	(451)	(98)	(104)	653	—
Expenses due to Group undertakings	—	173	19	461	(653)	—
Interest expense	25	28	66	19	—	138
Other expense/(income), net	1	(2)	—	27	—	26
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(31)	(19)	13	336	—	299
(Benefit from)/provision for income taxes	—	(74)	1	84	—	11
(LOSS)/INCOME FROM OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(31)	55	12	252	—	288
Interest in earnings of associates, net of tax	—	—	—	2	—	2
Equity account for subsidiaries	309	234	57	—	(600)	—
NET INCOME	278	289	69	254	(600)	290
Income attributable to non-controlling interests	—	—	—	(12)	—	(12)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 278	$ 289	$ 69	$ 242	$ (600)	$ 278
Comprehensive income/(loss) before non-controlling interests	$ 94	$ 104	$ (3)	$ 88	$ (187)	$ 96
Comprehensive income attributable to non-controlling interests	—	—	—	(2)	—	(2)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 94	$ 104	$ (3)	$ 86	$ (187)	$ 94

Unaudited Condensed Consolidating Balance Sheet

	As of September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
ASSETS						
Cash and cash equivalents	$ —	$ 5	$ —	$ 907	$ —	$ 912
Fiduciary assets	—	—	—	12,206	—	12,206
Accounts receivable, net	—	5	—	2,150	—	2,155
Prepaid and other current assets	2	172	1	298	(55)	418
Amounts due from group undertakings	6,131	1,449	1,655	2,576	(11,811)	—
Total current assets	6,133	1,631	1,656	18,137	(11,866)	15,691
Investments in subsidiaries	4,357	10,112	2,143	—	(16,612)	—
Fixed assets, net	—	35	—	902	—	937
Goodwill	—	—	—	10,529	—	10,529
Other intangible assets, net	—	61	—	4,034	(61)	4,034
Pension benefits assets	—	—	—	649	—	649
Other non-current assets	—	259	1	373	(201)	432
Non-current amounts due from group undertakings	—	4,461	1,318	48	(5,827)	—
Total non-current assets	4,357	14,928	3,462	16,535	(22,701)	16,581
TOTAL ASSETS	$ 10,490	$ 16,559	$ 5,118	$ 34,672	$ (34,567)	$ 32,272
LIABILITIES AND EQUITY						
Fiduciary liabilities	$ —	$ —	$ —	$ 12,206	$ —	$ 12,206
Deferred revenue and accrued expenses	1	91	—	1,380	—	1,472
Short-term debt and current portion of long-term debt	—	—	—	85	—	85
Other current liabilities	78	150	14	546	5	793
Amounts due to group undertakings	—	9,775	7	1,607	(11,389)	—
Total current liabilities	79	10,016	21	15,824	(11,384)	14,556
Long-term debt	496	946	2,945	106	—	4,493
Liability for pension benefits	—	—	—	1,207	—	1,207
Deferred tax liabilities	—	—	—	1,057	(201)	856
Provision for liabilities	—	120	—	483	—	603
Other non-current liabilities	—	66	—	410	—	476
Non-current amounts due to group undertakings	—	519	423	5,308	(6,250)	—
Total non-current liabilities	496	1,651	3,368	8,571	(6,451)	7,635
TOTAL LIABILITIES	575	11,667	3,389	24,395	(17,835)	22,191
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	55	—	55
EQUITY						
Total Willis Towers Watson shareholders' equity	9,915	4,892	1,729	10,111	(16,732)	9,915
Non-controlling interests	—	—	—	111	—	111
Total equity	9,915	4,892	1,729	10,222	(16,732)	10,026
TOTAL LIABILITIES AND EQUITY	$ 10,490	$ 16,559	$ 5,118	$ 34,672	$ (34,567)	$ 32,272

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

	Nine Months Ended September 30, 2017					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 525	$ (649)	$ 50	$ 774	$ (185)	$ 515
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(6)	—	(192)	—	(198)
Capitalized software costs	—	—	—	(52)	—	(52)
Acquisitions of operations, net of cash acquired	—	—	—	(13)	—	(13)
Other, net	—	—	—	1	—	1
Proceeds from intercompany investing activities	1,102	137	212	223	(1,674)	—
Repayments of intercompany investing activities	—	(48)	(438)	(311)	797	—
Reduction in investment in subsidiaries	—	1,148	—	59	(1,207)	—
Additional investment in subsidiaries	(1,000)	(59)	(148)	—	1,207	—
Net cash from/(used in) investing activities	$ 102	$ 1,172	$ (374)	$ (285)	$ (877)	$ (262)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net borrowings on revolving credit facility	—	115	560	—	—	675
Senior notes issued	—	650	—	—	—	650
Proceeds from issuance of other debt	—	—	—	32	—	32
Debt issuance costs	—	(5)	(4)	—	—	(9)
Repayments of debt	—	(400)	(219)	(95)	—	(714)
Repurchase of shares	(462)	—	—	—	—	(462)
Proceeds from issuance of shares	44	—	—	—	—	44
Payments related to share cancellation	—	—	—	(177)	—	(177)
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(43)	—	(43)
Cash paid for employee taxes on withholding shares	—	—	—	(14)	—	(14)
Dividends paid	(209)	(56)	—	(129)	185	(209)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(19)	—	(19)
Proceeds from intercompany financing activities	—	602	—	195	(797)	—
Repayments of intercompany financing activities	—	(1,424)	(13)	(237)	1,674	—
Net cash (used in)/from financing activities	$ (627)	$ (518)	$ 324	$ (487)	$ 1,062	$ (246)
INCREASE IN CASH AND CASH EQUIVALENTS	—	5	—	2	—	7
Effect of exchange rate changes on cash and cash equivalents	—	—	—	35	—	35
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	—	870	—	870
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ 5	$ —	$ 907	$ —	$ 912

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine Months Ended September 30, 2016					
	Willis Towers Watson	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 6	$ (314)	$ 9	$ 989	$ (69)	$ 621
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES						
Additions to fixed assets and software for internal use	—	(84)	—	(131)	64	(151)
Capitalized software costs	—	—	—	(64)	—	(64)
Acquisitions of operations, net of cash acquired	—	—	—	476	—	476
Other, net	—	1	—	16	5	22
Proceeds from intercompany investing activities	47	42	17	18	(124)	—
Repayments of intercompany investing activities	(4,015)	(3,386)	(567)	(805)	8,773	—
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	$ 632	$ (4,427)	$ (550)	$ (4,090)	$ 8,718	$ 283
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Net payments on revolving credit facility	—	—	(389)	—	—	(389)
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)	—	(1,032)	(529)	—	(1,861)
Repurchase of shares	(222)	—	—	—	—	(222)
Proceeds from issuance of shares	44	—	—	—	—	44
Payments of deferred and contingent consideration related to acquisitions	—	—	—	(64)	—	(64)
Dividends paid	(133)	—	—	—	—	(133)
Cash paid for employee taxes on withholding shares	—	—	—	(13)	—	(13)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	(17)	—	(17)
Proceeds from intercompany financing activities	—	4,756	—	4,017	(8,773)	—
Repayments of intercompany financing activities	(30)	(17)	(30)	(47)	124	—
Net cash (used in)/from financing activities	$ (641)	$ 4,739	$ 541	$ 3,351	$ (8,649)	$ (659)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3)	(2)	—	250	—	245
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(10)	—	(10)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	2	—	527	—	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ —	$ —	$ 767	$ —	$ 767

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 13% 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 September 30,				Nine Months Ended September 30,			
	2017		2016		2017		2016	
	($ in millions, except per share data)							
Total revenues	$ 1,852	100 %	$ 1,777	100 %	$ 6,124	100 %	$ 5,960	100 %
Costs of providing services								
Salaries and benefits	1,145	62 %	1,119	63 %	3,484	57 %	3,519	59 %
Other operating expenses	366	20 %	370	21 %	1,158	19 %	1,171	20 %
Depreciation	54	3 %	45	3 %	151	2 %	132	2 %
Amortization	141	8 %	157	9 %	441	7 %	443	7 %
Restructuring costs	31	2 %	49	3 %	85	1 %	115	2 %
Transaction and integration expenses	74	4 %	36	2 %	177	3 %	117	2 %
Total costs of providing services	1,811		1,776		5,496		5,497	
Income from operations	41	2 %	1	— %	628	10 %	463	8 %
Interest expense	47	3 %	45	3 %	139	2 %	138	2 %
Other expense, net	29	2 %	14	1 %	79	1 %	26	— %
Provision for/(benefit from) income taxes	19	1 %	(26)	(1)%	73	1 %	11	— %
Interest in earnings of associates, net of tax	—	— %	1	— %	2	— %	2	— %
Income attributable to non-controlling interests	—	— %	(1)	— %	(16)	— %	(12)	— %
NET (LOSS)/INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (54)	(3)%	$ (32)	(2)%	$ 323	5 %	$ 278	5 %
Diluted (loss)/earnings per share	$ (0.40)		$ (0.23)		$ 2.36		$ 2.00	

Consolidated Revenues

Revenues for the three months ended September 30, 2017 were $1.9 billion, compared to $1.8 billion for the three months ended September 30, 2016, an increase of $75 million, or 4% on both an as reported and constant currency basis. Revenues for the nine months ended September 30, 2017 were $6.1 billion, compared to $6.0 billion for the nine months ended September 30, 2016, an increase of $164 million or 3%. Adjusting for the impact of foreign currency, our revenue grew by 4% for the nine months ended September 30, 2017. The quarterly and year-to-date increases in revenues were driven by strong performances in all segments.

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 months ended September 30, 2017, currency translation increased our consolidated revenues by $12 million; for the nine months ended September 30, 2017, currency translation decreased our consolidated revenues by $81 million. The primary currencies driving these changes were the Pound sterling, the Canadian dollar, 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 nine months ended September 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	49%
United Kingdom	22%
France	5%
Germany	3%
Canada	3%

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

Transactional Currency	Revenues	Expenses (i)
U.S. dollars	55%	51%
Pounds sterling	13%	19%
Euro	15%	12%
Other currencies	17%	18%

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

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

	Three Months Ended September 30,			Components of Revenue Change(i)			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Total revenues	$ 1,852	$ 1,777	4%	1%	4%	—%	4%

	Nine Months Ended September 30,			Components of Revenue Change(i)			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Total revenues	$ 6,124	$ 5,960	3%	(1)%	4%	—%	4%

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

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

Segment 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 September 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the three months ended September 30, 2017 from the three months ended September 30, 2016.

	Three Months Ended September 30,				Components of Revenue Change [i]			
	2017	2016	As Reported Change		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Commissions and fees	$ 736	$ 720	2%		1%	2%	(1)%	3%
Interest and other income	—	—						
Total segment revenues	$ 736	$ 720						

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

HCB commissions and fees, and total segment revenues, for the three months ended September 30, 2017 and 2016 were $736 million and $720 million, respectively. As expected, Retirement commissions and fees declined slightly in the third quarter due to the expected decrease in bulk lump sum work in the U.S. as compared to the third quarter of 2016. Great Britain's commissions and fees increase was primarily related to pension legislation in the U.K., and International's commissions and fees increase was due to higher demand for consulting work. Talent and Rewards commissions and fees were up slightly as a result of our product offerings and higher demand for change management consulting, offset by a slight decline in rewards advisory projects. Health and Benefits commissions and fees growth was moderate, as we experienced strong growth in Great Britain and Western Europe, with low growth in North America, and a decline in International due primarily to the sale of our Global Wealth Solutions business. Commissions and fees in the Technology and Administration Solutions business experienced strong growth in all regions as a result of new administration clients and project activity.

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

	Nine Months Ended September 30,				Components of Revenue Change [i]			
	2017	2016	As Reported Change		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)							
Commissions and fees	$ 2,405	$ 2,377	1%		(1)%	2%	—%	3%
Interest and other income	15	9						
Total segment revenues	$ 2,420	$ 2,386						

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

HCB commissions and fees, and total segment revenues, for both the nine months ended September 30, 2017 and 2016 were $2.4 billion. Retirement revenues decreased for the nine months ended September 30, 2017 compared to the same period last year. The decrease occurred in North America and Western Europe and was partially offset by growth in International and 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 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 nine months ended September 30, 2017 compared to the same period last year. Healthcare consulting revenues were up significantly for all markets globally. Revenue in the Technology and Administration Solutions business in Great Britain experienced strong growth as a result of new administration clients and project activity.

Corporate Risk and Broking ('CRB')

The CRB segment provides a broad range of risk advice, insurance broking and consulting services to clients worldwide ranging from small businesses to multinational corporations. The segment delivers 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 September 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the three months ended September 30, 2017 from the three months ended September 30, 2016.

	Three Months Ended September 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	$ 581	$ 553	5%	1%	4%	—%	4%
Interest and other income	5	8					
Total segment revenues	$ 586	$ 561					

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

CRB total segment revenues for the three months ended September 30, 2017 and 2016 were $586 million and $561 million, respectively. Commissions and fees for the three months ended September 30, 2017 and 2016 were $581 million and $553 million, respectively. As expected, North America commissions and fees produced strong growth, with all sub-regions showing commissions and fees growth. International continued to have strong commissions and fees growth primarily from Russia, South Africa and Asia. Western Europe had solid growth led by Sweden and Benelux. Great Britain commissions and fees declined slightly as a result of declines in Transport and a strong comparable in the prior-year third quarter.

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

	Nine Months Ended September 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	$ 1,855	$ 1,821	2%	(1)%	3%	—%	3%
Interest and other income	16	20					
Total segment revenues	$ 1,871	$ 1,841					

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

CRB commissions and fees, and total segment revenues, for the nine months ended September 30, 2017 and 2016, were $1.9 billion and $1.8 billion, respectively. Revenue growth was led by International with additional growth in Great Britain and Western Europe. International's and Great Britain's growth was fueled by solid client retention and strong new business. Western Europe had strong client retention and modest new business growth.

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 September 30, 2017 and 2016, respectively, and the components of the change in commissions and fees for the three months ended September 30, 2017 from the three months ended September 30, 2016.

	Three Months Ended September 30,			Components of Revenue Change[i]			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 320	$ 312	3%	—%	2%	—%	2%
Interest and other income	14	7					
Total segment revenues	$ 334	$ 319					

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

IRR total segment revenues for the three months ended September 30, 2017 and 2016 were $334 million and $319 million, respectively. Commissions and fees for the three months ended September 30, 2017 and 2016 were $320 million and $312 million, respectively. Insurance Consulting and Technology, formerly Risk Consulting and Software, led the growth for the segment as a result of increased project work in Great Britain and a soft comparable in Western Europe. Max Matthiessen, Wholesale and the Securities business showed commissions and fees growth, primarily as a result of strong sales and increased performance fees. Reinsurance and Investment both experienced revenue growth, but commissions and fees were flat for both groups. The reduction in Portfolio and Underwriting Services commissions and fees was driven by a loss of profit commissions following the Atlantic hurricanes, the cancellation of a key contract, and the divestiture of small programs in the portfolio.

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

	Nine Months Ended September 30,			Components of Revenue Change[i]			
	2017	2016	As Reported Change	Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Commissions and fees	$ 1,205	$ 1,190	1%	(2)%	3%	—%	3%
Interest and other income	25	55					
Total segment revenues	$ 1,230	$ 1,245					

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

IRR total segment revenues for both the nine months ended September 30, 2017 and 2016 were $1.2 billion. Total segment revenues for the nine months ended September 30, 2016 included £28 million ($41 million) received for a settlement related to the Fine Arts, Jewellery and Specie Team. Commissions and fees for both the nine months ended September 30, 2017 and 2016 were $1.2 billion. Wholesale, Investment, Insurance Consulting and Technology, Max Matthiessen, Securities and Reinsurance all posted commissions and fees revenue growth, primarily as a result of strong sales and increased performance fees. The reduction in Portfolio and Underwriting Services commissions and fees was driven by a loss of profit commissions following the Atlantic hurricanes, the cancellation of a key contract, and the divestiture of small programs in the portfolio.

Benefits Delivery and Administration ('BDA')

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

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

	Three Months Ended September 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	$ 179	$ 161	11%	—%	11%	—%	11%
Interest and other income	—	—					
Total segment revenues	$ 179	$ 161					

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

BDA total segment revenues for the three months ended September 30, 2017 and 2016 were $179 million and $161 million, respectively. Individual Marketplace, formerly Retiree and Access Exchanges, commissions and fees increased by 9% and the rest of the segment grew by 15%, led by Group Marketplace, formerly Active Exchanges, and Benefits Outsourcing, formerly Technology and Administration Solutions. Growth in the Individual and Group Marketplaces was a result of the additional 2017 enrollments, and Benefit Outsourcing's growth was a result of new client wins.

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

	Nine Months Ended September 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	$ 536	$ 478	12%	—%	12%	—%	12%
Interest and other income	—	1					
Total segment revenues	$ 536	$ 479					

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

BDA total segment revenues for the nine months ended September 30, 2017 and 2016 were $536 million and $479 million, respectively. Individual Marketplace revenues increased by 10%, and the rest of the segment grew by 16%, led by Group Marketplace and Benefits Outsourcing.

BDA revenue growth is expected to slow to around 10% in 2017 due to the stabilization of the retiree enrollments. We continue to expect the Group Marketplace growth to be strong.

Costs of Providing Services

Total costs of providing services were $1.8 billion for the three months ended September 30, 2017, compared to $1.8 billion for the three months ended September 30, 2016, an increase of $35 million or 2%. Total costs of providing services were $5.5 billion for the nine months ended September 30, 2017, compared to $5.5 billion for the nine months ended September 30, 2016, a decrease of $1 million. See the analysis below for further information.

Salaries and benefits

Salaries and benefits for the three months ended September 30, 2017 were $1.1 billion, compared to $1.1 billion for the three months ended September 30, 2016, an increase of $26 million. This increase was a result of higher incentive accruals as compared to the prior year.

Salaries and benefits for the nine months ended September 30, 2017 were $3.5 billion, compared to $3.5 billion for the nine months ended September 30, 2016, a decrease of $35 million. Salaries and benefits costs decreased during the year-to-date periods 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 from 63% to 62% for the quarter and from 59% to 57% year-to-date.

Other operating expenses

Other operating expenses for the three months ended September 30, 2017 were $366 million, compared to $370 million for the three months ended September 30, 2016, a decrease of $4 million, or 1%. This $4 million decrease was due primarily to lower professional liability costs, partially offset by increased professional services expenses. As a result of this cost decrease, other operating expenses as a percentage of revenue decreased from 21% to 20%.

Other operating expenses for the nine months ended September 30, 2017 were $1.2 billion, compared to $1.2 billion for the nine months ended September 30, 2016, a decrease of $13 million, or 1%. This $13 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 increases in other litigation reserves and professional services. Other operating expenses as a percentage of revenue decreased from 20% to 19%.

Depreciation

Depreciation for the three months ended September 30, 2017 was $54 million, compared to $45 million for the three months ended September 30, 2016, an increase of $9 million, or 20%. Depreciation for the nine months ended September 30, 2017 was $151 million, compared to $132 million for the nine months ended September 30, 2016, an increase of $19 million, or 14%. These increases were 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 September 30, 2017 was $141 million, compared to $157 million for the three months ended September 30, 2016, a decrease of $16 million, or 10%. Amortization for the nine months ended September 30, 2017 was $441 million, compared to $443 million for the nine months ended September 30, 2016, a decrease of $2 million. 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 September 30, 2017 were $31 million, compared to $49 million for the three months ended September 30, 2016, a decrease of $18 million, or 37%. Restructuring costs for the nine months ended September 30, 2017 were $85 million, compared to $115 million for the nine months ended September 30, 2016, a decrease of $30 million, or 26%.

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.

Transaction and integration expenses

Transaction and integration expenses for the three months ended September 30, 2017 were $74 million, compared to $36 million for the three months ended September 30, 2016, an increase of $38 million, or 106%. Transaction and integration expenses for the nine months ended September 30, 2017 were $177 million, compared to $117 million for the nine months ended September 30, 2016, an increase of $60 million, or 51%. The increase in expenses primarily related to costs associated with the settlement of the Merger-related appraisal demand lawsuit (see Part I, Item 1. Note 12 - Commitments and Contingencies - Legal Proceedings for additional information), along with costs associated with our other integration activities.

Income from Operations

Income from operations for the three months ended September 30, 2017 was $41 million, compared to $1 million for the three months ended September 30, 2016, an increase of $40 million. This increase resulted from an increase to total revenue of $75 million, partially offset by increased costs of providing services of $35 million.

Income from operations for the nine months ended September 30, 2017 was $628 million, compared to $463 million for the nine months ended September 30, 2016, an increase of $165 million, or 36%. This increase resulted primarily from additional revenue of $164 million.

Interest Expense

Interest expense for the three months ended September 30, 2017 was $47 million, compared to $45 million for the three months ended September 30, 2016, an increase of $2 million, or 4%. Interest expense for the nine months ended September 30, 2017 was $139 million, compared to $138 million for the nine months ended September 30, 2016, an increase of $1 million, or 1%. The increase in interest expense resulted from additional levels of indebtedness.

Other Expense, Net

Other expense, net for the three months ended September 30, 2017 was $29 million, compared to $14 million for the three months ended September 30, 2016, an increase of $15 million. Other expense, net for the nine months ended September 30, 2017 was $79 million, compared to $26 million for the nine months ended September 30, 2016, an increase of $53 million. 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. Additionally, during the three months ended September 30, 2017, the Company recorded a loss of $10 million associated with the disposal of the Global Wealth Solutions business.

Provision for/(Benefit from) Income Taxes

Provision for/(benefit from) income taxes for the three months ended September 30, 2017 was a provision of $19 million, compared to an income tax benefit of $26 million for the three months ended September 30, 2016, an increase to income tax expense of $45 million. The effective tax rate was (53.0)% for the three months ended September 30, 2017, and 45.9% for the three months ended September 30, 2016. The (53.0)% effective tax rate for the three months ended September 30, 2017 was the result of a discrete income tax charge for an internal reorganization. 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 results in deductions in jurisdictions with high statutory income tax rates.

Provision for income taxes for the nine months ended September 30, 2017 was $73 million, compared to $11 million for the nine months ended September 30, 2016, an increase of $62 million. The effective tax rate was 17.7% for the nine months ended September 30, 2017, and 3.5% for the nine months ended September 30, 2016. The increase in the effective tax rate for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 was primarily due to a current year U.S. tax expense resulting from internal reorganizations for certain legacy Towers Watson businesses, compared with a prior year tax benefit resulting from an enacted statutory tax rate reduction in the U.K.

Net (Loss)/Income Attributable to Willis Towers Watson

Net loss attributable to Willis Towers Watson for the three months ended September 30, 2017 was $54 million, compared to $32 million for the three months ended September 30, 2016, a net loss increase of $22 million, or 69%. This additional loss resulted from increases in revenues for the quarter being more than offset by increases in the total costs of providing services, provision for income taxes, and other expenses, net.

Net income attributable to Willis Towers Watson for the nine months ended September 30, 2017 was $323 million, compared to $278 million for the nine months ended September 30, 2016, an increase of $45 million, or 16%. This $45 million increase resulted from additional income from operations of $165 million, partially offset by increases in provision for income taxes and other expenses, net.

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 September 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 September 30, 2017 totaled $912 million, compared to $870 million at December 31, 2016. The increase in cash from December 31, 2016 to September 30, 2017 was due primarily to foreign currency translation, as cash flows from operating activities were offset by our investing and financing activities.

Additionally, at September 30, 2017, $329 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 September 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 nine months ended September 30, 2017 and 2016:

	Nine Months Ended September 30,	
	2017	2016
	(in millions)	
Net cash from/(used in):		
Operating activities	$ 515	$ 621
Investing activities	(262)	283
Financing activities	(246)	(659)
INCREASE IN CASH AND CASH EQUIVALENTS	7	245
Effect of exchange rate changes on cash and cash equivalents	35	(10)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	870	532
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 912	$ 767

Cash Flows From Operating Activities

Cash flows from operating activities were $515 million for the nine months ended September 30, 2017, compared to cash flows from operating activities of $621 million for the nine months ended September 30, 2016. The $515 million net cash from operating activities for the nine months ended September 30, 2017 included net income of $339 million, adjusted for $579 million of non-cash adjustments, partially offset by changes in operating assets and liabilities of $403 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 $621 million of cash flows from operating activities for the nine months ended September 30, 2016 included net income of $290 million and $498 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 $167 million.

Cash Flows (Used In)/From Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2017 were $262 million, driven primarily by capital expenditures and capitalized software costs.

Cash flows from investing activities for the nine months ended September 30, 2016 were $283 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. Fixed asset purchases and capitalized costs of developing software for internal use totaled $215 million.

Cash Flows Used In Financing Activities

Cash flows used in financing activities for the nine months ended September 30, 2017 were $246 million. The significant financing activities included the payment of $177 million related to the cancellation of Towers Watson shares in connection with the settlement of the Merger-related appraisal demand lawsuit (consisting of the portion of the settlement equal to the value of consideration that would have been due to the shareholders at the closing of the Merger if they had exchanged their shares; see Part I, Item 1. Note 12 - Commitments and Contingencies - Legal Proceedings for additional information), share repurchases of $462 million and dividend payments of $209 million, which were partially offset by net borrowings of $634 million.

Cash flows used in financing activities for the nine months ended September 30, 2016 were $659 million, driven primarily by debt issuance of $2.0 billion, debt repayments of $1.9 billion, net payments on the revolving credit facility of $389 million, dividend payments of $133 million, and share repurchases of $222 million.

Indebtedness

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

	September 30, 2017	December 31, 2016
	($ in millions)	
Long-term debt	$ 4,493	$ 3,357
Short-term debt and current portion of long-term debt	85	508
Total debt	$ 4,578	$ 3,865
Total Willis Towers Watson shareholders’ equity	$ 9,915	$ 10,065
Capitalization ratio	31.6%	27.7%

At September 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 September 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 September 30, 2017 and December 31, 2016, we had fiduciary funds of $3.1 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 September 30, 2017, approximately $671 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 September 30, 2017 of $154.23 was 4,351,419.

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

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Shares repurchased	1,116,645	3,354,482
Average price per share	$148.83	$137.72

Aggregate repurchase cost (excluding broker costs)	$166 million	$462 million

In addition to the shares reported in the table above, the Company canceled 1,415,199 Towers Watson common shares at issue in the settlement of the Merger-related appraisal demand lawsuit (see Part I, Item 1. Note 12 - Commitments and Contingencies - Legal Proceedings for additional information) and an equivalent number of ordinary shares represented in the Company’s issued and outstanding share count up until the settlement date. As a result, the litigation settlement and related share cancellation had a similar impact to a share repurchase in that it reduced the number of outstanding shares of the Company. However, it did not impact the remaining authority under the share repurchase program.

Capital Commitments

Capital expenditures for fixed assets and software for internal use were $198 million during the nine months ended September 30, 2017. The Company estimates that there will be additional such expenditures of approximately $75 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 $209 million were paid during the nine months ended September 30, 2017. In September 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 October 16, 2017 to shareholders of record as of September 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 transaction and integration expenses - Management believes it is appropriate to adjust for restructuring costs and transaction and integration expenses when they relate to a specific significant program with a defined set of activities and costs that are not expected to continue beyond a defined period of time, or one-time Merger-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when these programs will have concluded.

- 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 gain or loss resulting from 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 nine months ended September 30, 2017 and 2016, and reconciliations of the reported changes to the constant currency and organic changes for the three and nine months ended September 30, 2017 are as follows:

	Three Months Ended September 30,		As Reported Change	Components of Revenue Change[i]			
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Total revenues	$ 1,852	$ 1,777	4%	1%	4%	—%	4%

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

	Nine Months Ended September 30,		As Reported Change	Components of Revenue Change			
	2017	2016		Currency Impact	Constant Currency Change	Acquisitions/Divestitures	Organic Change
	($ in millions)						
Total revenues	$ 6,124	$ 5,960	3%	(1)%	4%	—%	4%
Fair value adjustment for deferred revenue	—	58					
Adjusted revenues	$ 6,124	$ 6,018	2%	(1)%	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, transaction and 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 nine months ended September 30, 2017 and 2016 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in millions)			
Income from operations	$ 41	$ 1	$ 628	$ 463
Adjusted for certain items:				
Amortization	141	157	441	443
Restructuring costs	31	49	85	115
Transaction and integration expenses	74	36	177	117
Provision for the Stanford litigation	—	—	—	50
Fair value adjustment for deferred revenue	—	—	—	58
Adjusted operating income	$ 287	$ 243	$ 1,331	$ 1,246

Adjusted operating income increased for the three months ended September 30, 2017 to $287 million, compared to $243 million for the three months ended September 30, 2016, as a result of strong revenue growth during the quarter from increased client demand.

Adjusted operating income increased for the nine months ended September 30, 2017 to $1.3 billion from $1.2 billion for the prior year period, an increase of $85 million, or 7%. Income from operations increased by $165 million, largely due to additional client demand and lower salaries and benefits expense resulting from savings associated with our integration and restructuring plans, partially offset by an increase in depreciation expense due to a higher depreciable base of assets.

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

Reconciliations of net (loss)/income to adjusted EBITDA for the three and nine months ended September 30, 2017 and 2016 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in millions)			
NET (LOSS)/INCOME	$ (54)	$ (31)	$ 339	$ 290
Provision for/(benefit from) income taxes	19	(26)	73	11
Interest expense	47	45	139	138
Depreciation	54	45	151	132
Amortization	141	157	441	443
Restructuring costs	31	49	85	115
Transaction and integration expenses	74	36	177	117
Provision for the Stanford litigation	—	—	—	50
Fair value adjustment for deferred revenue	—	—	—	58
Loss/(gain) on disposal of operations	10	—	10	(2)
Venezuela currency devaluation	—	—	2	—
Adjusted EBITDA	$ 322	$ 275	$ 1,417	$ 1,352

Adjusted EBITDA for the three months ended September 30, 2017 was $322 million, compared to $275 million for the three months ended September 30, 2016. Revenue growth from increased client demand, driven by all segments, was partially offset by adverse foreign currency movements.

Adjusted EBITDA for the nine months ended September 30, 2017 and 2016 was $1.4 billion, an increase of $65 million, or 5%. The prior year included settlement income of £28 million ($41 million) related to the Fine Arts, Jewellery and Specie team.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

Adjusted net income is defined as net income/(loss) attributable to Willis Towers Watson adjusted for amortization, restructuring costs, transaction and integration expenses, the fair value adjustment for deferred revenue, (gain)/loss on disposal of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results 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 loss attributable to Willis Towers Watson to adjusted diluted earnings per share for the three months ended September 30, 2017 and 2016, respectively, are as follows:

	Three Months Ended September 30,	
	2017	2016
	($ in millions)	
NET LOSS ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ (54)	$ (32)
Adjusted for certain items:		
Amortization	141	157
Restructuring costs	31	49
Transaction and integration expenses	74	36
Loss on disposal of operations	10	—
Tax effect on certain items listed above [(i)]	(74)	(67)
Tax effects of internal reorganization	22	—
Adjusted net income	$ 150	$ 143
Weighted average shares of common stock — diluted	134	138
Diluted loss per share	$ (0.40)	$ (0.23)
Adjusted for certain items:		
Amortization	1.05	1.14
Restructuring costs	0.23	0.36
Transaction and integration expenses	0.55	0.26
Loss on disposal of operations	0.08	—
Tax effect on certain items listed above [(i)]	(0.55)	(0.49)
Tax effects of internal reorganization	0.16	—
Adjusted diluted earnings per share	$ 1.12	$ 1.04

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

Our adjusted diluted earnings per share increased for the three months ended September 30, 2017 as compared to the prior year primarily due to revenue growth from increased client demand.

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

	Nine Months Ended September 30,	
	2017	2016
	($ in millions)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 323	$ 278
Adjusted for certain items:		
Amortization	441	443
Restructuring costs	85	115
Transaction and integration expenses	177	117
Provision for the Stanford litigation	—	50
Fair value adjustment for deferred revenue	—	58
Loss/(gain) on disposal of operations	10	(2)
Venezuela currency devaluation	2	—
Tax effect on certain items listed above (i)	(219)	(221)
Tax effects of internal reorganization	41	—
Adjusted net income	$ 860	$ 838
Weighted average shares of common stock — diluted	137	139
Diluted earnings per share	$ 2.36	$ 2.00
Adjusted for certain items:		
Amortization	3.23	3.19
Restructuring costs	0.62	0.83
Transaction and integration expenses	1.30	0.84
Provision for the Stanford litigation	—	0.36
Fair value adjustment for deferred revenue	—	0.42
Loss/(gain) on disposal of operations	0.07	(0.02)
Venezuela currency devaluation	0.02	—
Tax effect on certain items listed above (i)	(1.60)	(1.59)
Tax effects of internal reorganization	0.30	—
Adjusted diluted earnings per share	$ 6.30	$ 6.03

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 and lower salaries and benefits expense, partially offset by an increase in depreciation expense. 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, transaction and integration expenses, the fair value adjustment for deferred revenue, (gain)/loss on disposal of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted income before taxes is used solely for the purpose of calculating the adjusted income tax rate.

Adjusted income taxes/tax rate is defined as the provision for/(benefit from) income taxes adjusted for taxes on certain items of amortization, restructuring costs, transaction and integration expenses, the fair value adjustment for deferred revenue, (gain)/loss 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/(loss) from operations before income taxes and interest in earnings of associates to adjusted income before taxes and provision for/(benefit from) income taxes to adjusted income taxes for the three and nine months ended September 30, 2017 and 2016, respectively, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	($ in millions)			
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	$ (35)	$ (58)	$ 410	$ 299
Adjusted for certain items:				
Amortization	141	157	441	443
Restructuring costs	31	49	85	115
Transaction and integration expenses	74	36	177	117
Provision for the Stanford litigation	—	—	—	50
Fair value adjustment for deferred revenue	—	—	—	58
Loss/(gain) on disposal of operations	10	—	10	(2)
Venezuela currency devaluation	—	—	2	—
Adjusted income before taxes	$ 221	$ 184	$ 1,125	$ 1,080
Provision for/(benefit from) income taxes	$ 19	$ (26)	$ 73	$ 11
Tax effect on certain items listed above(i)	74	67	219	221
Tax effects of internal reorganization	(22)	—	(41)	—
Adjusted income taxes	$ 71	$ 41	$ 251	$ 232
U.S. GAAP tax rate	(53.0)%	45.9%	17.7%	3.5%
Adjusted income tax rate	32.1 %	22.2%	22.3%	21.4%

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 results in deductions in jurisdictions with high statutory income tax rates. Our U.S. GAAP tax rate was (53.0)% and 45.9% for the three months ended September 30, 2017 and 2016, respectively, and 17.7% and 3.5% for the nine months ended September 30, 2017 and 2016, respectively.

Our adjusted income tax rates were 32.1% and 22.2% for the three months ended September 30, 2017 and 2016, respectively, and 22.3% and 21.4% for the nine months ended September 30, 2017 and 2016, respectively. The increase in the adjusted tax rate for the three and nine months ended September 30, 2017 was primarily due to a prior year tax benefit resulting from an enacted statutory tax rate reduction in the U.K.

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 nine months ended September 30, 2017 and 2016 are as follows:

	Nine Months Ended September 30,	
	2017	2016[i]
	(in millions)	
Cash flows from operating activities	$ 515	$ 621
Less: Additions to fixed assets and software for internal use	(198)	(151)
Free cash flow	$ 317	$ 470

i. As a result of the adoption of ASU 2016-09, cash flows from operating activities for the nine months ended September 30, 2016 increased by $13 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 free cash flows in 2017 as compared to 2016 primarily resulted from higher capital expenditures, unfavorable 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.

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 nine months ended September 30, 2017 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 September 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 nine months ended September 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, U.K., Irish, Australian and New Zealand businesses were migrated to the Legacy Towers Watson global system. The U.K. and Irish businesses were migrated during the three months ended September 30, 2017 and such implementation changes were material. All other migrations noted above occurred during the two previous quarters of 2017. 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 the system of internal controls over the impacted areas for adequacy of design and operating effectiveness. Subsequent geography deployments will be incorporated into existing controls.

There have been no other changes in our internal control over financial reporting during the quarter ended September 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 September 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 nine months ended September 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 third 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
July 1, 2017 through July 31, 2017	407,175	$ 146.74	407,175	5,060,889
August 1, 2017 through August 31, 2017	403,880	$ 149.24	403,880	4,657,009
September 1, 2017 through September 30, 2017	305,590	$ 151.07	305,590	4,351,419
	1,116,645	$ 148.83	1,116,645	

The maximum number of shares that may yet be purchased under the existing stock repurchase plan is 4,351,419. At September 30, 2017, approximately $671 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 September 30, 2017 of $154.23.

In addition to the shares reported in the table above, the Company canceled 1,415,199 Towers Watson common shares at issue in the settlement of the Merger-related appraisal demand lawsuit (see Part I, Item 1. Note 12 - Commitments and Contingencies - Legal Proceedings for additional information) and an equivalent number of ordinary shares represented in the Company's issued and outstanding share count up until the settlement date. As a result, the litigation settlement and related share cancellation had a similar impact to a share repurchase in that it reduced the number of outstanding shares of the Company. However, it did not impact the remaining authority under the share repurchase program.

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

€61,848 was received by Gras Savoye for the third quarter on September 27, 2017 for the policy. Gras Savoye will retain a commission of €7,422 from this payment. Health benefits of approximately €78,719 were paid to beneficiaries during the third quarter of 2017. Gras Savoye will not renew this policy at the end of 2017.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
4.1	Eighth Supplemental Indenture, dated as of August 11, 2017, to the Indenture, dated as of July 1, 2005 (incorporated by reference to Exhibit 4.1 to the Form 8-K filed by the Company on August 16, 2017).
4.2	Third Supplemental Indenture, dated as of August 11, 2017, to the Indenture, dated as of March 17, 2011 (incorporated by reference to Exhibit 4.2 to the Form 8-K filed by the Company on August 16, 2017).
4.3	Fifth Supplemental Indenture, dated as of August 11, 2017, to the Indenture, dated as of August 15, 2013 (incorporated by reference to Exhibit 4.3 to the Form 8-K filed by the Company on August 16, 2017).
4.4	Second Supplemental Indenture, dated as of August 11, 2017, to the Indenture, dated as of May 16, 2017 (incorporated by reference to Exhibit 4.4 to the Form 8-K filed by the Company on August 16, 2017).
10.1	Offer Letter, dated August 17, 2017, from John J. Haley to Michael J. Burwell (incorporated by reference to Exhibit 10.1 to the Form 8-K filed by the Company on August 21, 2017).†
10.2	Letter Agreement, dated September 18, 2017, by and between the Company and Roger F. Millay.†*
31.1	Certification of the Registrant's Chief Executive Officer, John J. Haley, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.*
31.2	Certification of the Registrant's Chief Financial Officer, Michael J. Burwell, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.*
32.1	Certification of the Registrant's Chief Executive Officer, John J. Haley, and Chief Financial Officer, Michael J. Burwell, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed or furnished herewith.

† Management contract or compensatory plan or arrangement.

SIGNATURES

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

Willis Towers Watson Public Limited Company
(Registrant)

/s/ John J. Haley		November 6, 2017
Name:	John J. Haley	Date
Title:	Chief Executive Officer	
/s/ Michael J. Burwell		November 6, 2017
Name:	Michael J. Burwell	Date
Title:	Chief Financial Officer	
/s/ Susan D. Davies		November 6, 2017
Name:	Susan D. Davies	Date
Title:	Principal Accounting Officer and Controller	

Exhibit 10.2

Willis Towers Watson

September 18, 2017

Roger Millay
5401 Kirkwood Drive
Bethesda, MD 20816

Roger,

This letter is intended to confirm the treatment of your unvested stock options and performance-based restricted stock unit (RSU) awards in connection with your planned retirement on October 5, 2017.

With respect to your fiscal year 2015 unvested stock options granted on September 11, 2015, the Compensation Committee has the authority in its discretion to accelerate the vesting or exercisability of your options upon your termination of service in accordance with Section 6.3 of the Towers Watson Amended and Restated 2009 Long Term Incentive Plan (the "Legacy Towers Plan"). The Compensation Committee has determined in its discretion to amend the vesting and exercisability terms of your stock option award upon your termination of service to provide for continued vesting in accordance with the original vesting schedule of the options (consistent with Section 5(c) of your Non-Qualified Stock Option Award Agreement). Once vested, the options will remain exercisable in accordance with the terms thereof for the remainder of their seven-year term.

With respect to your 2016 Long-Term Incentive Plan performance-based RSUs granted July 20, 2016, the Compensation Committee has determined in its discretion to accelerate the vesting of your performance-based RSUs pursuant to Section 3.2(d) of your Performance-Based Restricted Share Unit Agreement for Operating Committee Members. The award will become payable following the original vesting date of March 15, 2019, subject to the application of the final performance measures with respect to the relevant performance period.

For reference, Section 6.3 of the Legacy Towers Plan states the following:

> *Vesting of Stock Options.* The Committee shall, in its discretion, prescribe the time or times at which, or the conditions upon which, a Stock Option or portion thereof shall become vested and/or exercisable. The requirements for vesting and exercisability of a Stock Option may be based on the continued Service of the Participant with the Company or a Subsidiary for a specified time period (or periods), on the attainment of a specified Performance Goal (or goals) or on such other terms and conditions as approved by the Committee in its discretion. The Committee may accelerate the vesting or exercisability of any Stock Option upon termination of Service under certain circumstances, as set forth in the Award Agreement or otherwise. If the vesting requirements of a Stock Option are not satisfied, the Award shall be forfeited.

For reference, Section 3.2(d) of your Performance-Based Restricted Share Unit Agreement for Operating Committee Members states the following:

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

You acknowledge that Willis Towers Watson (the "Company") is engaged in a highly competitive business and has a compelling business interest in preventing the use or disclosure of the Company's confidential information and trade secrets, and that you, by virtue of your position, have had access to confidential information and trade secrets of the Company. Accordingly, you understand and agree that continued vesting of your unvested stock options and performance-based RSUs as described in this letter shall immediately cease and the stock options and performance-based RSUs shall be immediately forfeited and cancelled in the event that prior to the date such awards become vested, you, acting alone or with others, directly or indirectly, become connected with (either as an employee, employer, consultant, contractor, advisor, or director, or as an owner, investor, partner or stockholder (other than as a stockholder of less than two percent (2%) of the issued and outstanding stock of a publicly held corporation)) obtain any interest in, own, manage, operate, control, participate in, or otherwise engages or participates in any activity, project, contract, or business in an area or region in which the Company conducts business at the date the event occurs, which is in competition with a business then conducted by the Company or a subsidiary or affiliate. You understand and agree that these non-competition obligations will be in addition to and supplement any other confidentiality and non-solicitation provisions and/or agreements applicable to you.

Please indicate your acceptance of the terms set forth in this letter by signing in the space provided below.

If you have any questions, please feel free to reach out to me.

Sincerely,

/s/ Anne Donovan Bodnar

Anne Donovan Bodnar

AGREED AND ACCEPTED:

/s/ Roger F. Millay
Roger Millay

October 12, 2017
Date

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: November 6, 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, Michael J. Burwell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Towers Watson Public Limited Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2017

/s/ Michael J. Burwell

Michael J. Burwell
Chief Financial Officer

Exhibit 32.1

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

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

- The Quarterly Report of the Company on Form 10-Q for the period ended September 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: November 6, 2017

/s/ John J. Haley

John J. Haley
Chief Executive Officer

/s/ Michael J. Burwell

Michael J. Burwell
Chief Financial Officer

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