UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2019
OR

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

For the transition period from _________ to _________

Commission File Number: 001-16503

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

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

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

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

As of July 30, 2019, there were outstanding 128,994,464 ordinary shares, nominal value $0.000304635 per share, of the registrant.

WILLIS TOWERS WATSON

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For the Three and Six Months Ended June 30, 2019

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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
'Miller'	Miller Insurance Services LLP and its subsidiaries
'TRANZACT'	CD&R TZ Holdings, Inc. and its subsidiaries, doing business as TRANZACT
'U.S.'	United States
'U.K.'	United Kingdom
'Brexit'	The United Kingdom's planned exit from the European Union, which has a deadline of October 31, 2019.
'E.U.'	European Union or European Union 27 (the number of member countries following the United Kingdom's exit)
'U.S. GAAP'	United States Generally Accepted Accounting Principles
'FASB'	Financial Accounting Standards Board
'ASU'	Accounting Standards Update
'ASC'	Accounting Standards Codification
'SEC'	Securities and Exchange Commission

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 revenue, the impact of changes to tax laws on our financial results, business strategies and planned acquisitions, (including the acquisition of TRANZACT), competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions are forward-looking statements. Also, when we use words such as 'may,' 'will,' 'would,' 'anticipate,' 'believe,' 'estimate,' 'expect,' 'intend,' 'plan,' 'probably,' or similar expressions, we are making forward-looking statements. Such statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

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

- our ability to successfully establish, execute and achieve our global business strategy as it evolves;
- changes in demand for our services, including any decline in defined benefit pension plans or the purchasing of insurance;
- changes in general economic, business and political conditions, including changes in the financial markets;
- significant competition that we face and the potential for loss of market share and/or profitability;
- the impact of seasonality and differences in timing of renewals;
- the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation;
- the risk that the Stanford litigation settlement approval will be overturned on appeal, the risk that the bar order may be challenged in other jurisdictions, and the risk that the charge related to the settlement may not be tax deductible;
- the risk of material adverse outcomes on existing litigation or investigation matters;
- changes in the regulatory environment in which we operate, including, among other risks, the impact of pending competition law and regulatory investigations;
- various claims, government inquiries or investigations or the potential for regulatory action;
- our ability to make divestitures or acquisitions and our ability to integrate or manage such acquired businesses (including with respect to the acquisition of TRANZACT);
- failure to protect client data or breaches of information systems;
- the ability to comply with complex and evolving regulations related to data privacy and cyber security;
- the potential impact of Brexit;
- our ability to successfully enhance our billing, collection, and other working capital efforts, and thereby increase our free cash flow;
- the potential impact of the change in the method for determining the London Interbank Offered Rate ('LIBOR');
- our ability to properly identify and manage conflicts of interest;
- reputational damage;
- reliance on third-party services;
- the loss of key employees;
- our ability to successfully manage ongoing organizational changes;
- disasters or business continuity problems;
- doing business internationally, including the impacts of foreign currency exchange rates;
- compliance with extensive government regulation;
- the risk of sanctions imposed by governments, or changes to associated sanction regulations;

- technological changes;
- changes and developments in the insurance industry or the U.S. healthcare system;
- the risk that we may not be able to repurchase our intended number of outstanding shares due to merger & acquisition activity or investment opportunities, market or business conditions, or other factors;
- the inability to protect the Company's intellectual property rights, or the potential infringement upon the intellectual property rights of others;
- fluctuations in our pension assets and liabilities;
- our ability to meet our financial guidance;
- our capital structure, including indebtedness amounts, the limitations imposed by the covenants in the documents governing such indebtedness and the maintenance of the financial and disclosure controls and procedures of each;
- our ability to obtain financing on favorable terms or at all;
- adverse changes in our credit ratings;
- the impact of recent changes to U.S. tax laws, including on our effective tax rate, and the enactment of additional, or the revision of existing, state, federal, and/or foreign tax laws and regulations;
- U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares;
- changes in accounting principles, estimates and assumptions, including the impact of the adoption of the new leasing standard;
- fluctuation in revenue against our relatively fixed expenses;
- the laws of Ireland being different from the laws of the United States and potentially affording less protections to the holders of our securities; and
- our holding company structure potentially preventing us from being able to receive dividends or other distributions in needed amounts from our subsidiaries.

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

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

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	$ 2,048	$ 1,990	$ 4,360	$ 4,282
Costs of providing services				
Salaries and benefits	1,278	1,275	2,626	2,652
Other operating expenses	412	406	830	829
Depreciation	59	51	113	100
Amortization	123	140	250	281
Transaction and integration expenses	—	55	6	98
Total costs of providing services	1,872	1,927	3,825	3,960
Income from operations	176	63	535	322
Interest expense	(56)	(52)	(110)	(103)
Other income, net	67	63	122	119
INCOME FROM OPERATIONS BEFORE INCOME TAXES	187	74	547	338
Provision for income taxes	(38)	(9)	(105)	(52)
NET INCOME	149	65	442	286
Income attributable to non-controlling interests	(11)	(7)	(17)	(13)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 138	$ 58	$ 425	$ 273
EARNINGS PER SHARE				
Basic earnings per share	$ 1.06	$ 0.44	$ 3.27	$ 2.06
Diluted earnings per share	$ 1.06	$ 0.44	$ 3.26	$ 2.05
Comprehensive income/(loss) before non-controlling interests	$ 132	$ (111)	$ 447	$ 194
Comprehensive income attributable to non-controlling interests	(13)	(6)	(18)	(13)
Comprehensive income/(loss) attributable to Willis Towers Watson	$ 119	$ (117)	$ 429	$ 181

See accompanying notes to the condensed consolidated financial statements

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

	June 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	$ 812	$ 1,033
Fiduciary assets	14,609	12,604
Accounts receivable, net	2,461	2,379
Prepaid and other current assets	451	404
Total current assets	18,333	16,420
Fixed assets, net	967	942
Goodwill	10,454	10,465
Other intangible assets, net	3,055	3,318
Right-of-use assets	930	—
Pension benefits assets	886	773
Other non-current assets	541	467
Total non-current assets	16,833	15,965
TOTAL ASSETS	$ 35,166	$ 32,385
LIABILITIES AND EQUITY		
Fiduciary liabilities	$ 14,609	$ 12,604
Deferred revenue and accrued expenses	1,444	1,647
Current debt	187	186
Current lease liabilities	154	—
Other current liabilities	810	864
Total current liabilities	17,204	15,301
Long-term debt	4,284	4,389
Liability for pension benefits	1,125	1,170
Deferred tax liabilities	532	559
Provision for liabilities	549	540
Long-term lease liabilities	941	—
Other non-current liabilities	299	429
Total non-current liabilities	7,730	7,087
TOTAL LIABILITIES	24,934	22,388
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NON-CONTROLLING INTEREST	28	26
EQUITY (i)		
Additional paid-in capital	10,644	10,615
Retained earnings	1,442	1,201
Accumulated other comprehensive loss, net of tax	(1,993)	(1,961)
Treasury shares, at cost, 17,519 shares in 2019 and 2018, and 40,000 shares, €1 nominal value, in 2019 and 2018	(3)	(3)
Total Willis Towers Watson shareholders' equity	10,090	9,852
Non-controlling interests	114	119
Total equity	10,204	9,971
TOTAL LIABILITIES AND EQUITY	$ 35,166	$ 32,385

(i) Equity includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 128,982,802 (2019) and 128,921,530 (2018); Outstanding 128,982,802 (2019) and 128,921,530 (2018); (b) Ordinary shares, €1 nominal value; Authorized and Issued 40,000 shares in 2019 and 2018; and (c) Preference shares, $0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2019 and 2018.

See accompanying notes to the condensed consolidated financial statements

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

	Six Months Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	$ 442	$ 286
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	113	104
Amortization	250	281
Non-cash lease expense	72	—
Net periodic benefit of defined benefit pension plans	(64)	(78)
Provision for doubtful receivables from clients	10	10
Benefit from deferred income taxes	(41)	(48)
Share-based compensation	27	4
Net loss on disposal of operations	—	9
Non-cash foreign exchange loss	13	15
Other, net	(6)	3
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	(82)	81
Fiduciary assets	(1,961)	(2,193)
Fiduciary liabilities	1,961	2,193
Other assets	(164)	70
Other liabilities	(285)	(325)
Provisions	18	(17)
Net cash from operating activities	303	395
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to fixed assets and software for internal use	(120)	(141)
Capitalized software costs	(34)	(25)
Acquisitions of operations, net of cash acquired	(1)	(8)
Net proceeds from sale of operations	13	4
Other, net	(6)	17
Net cash used in investing activities	(148)	(153)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net (payments)/borrowings on revolving credit facility	(106)	197
Repayments of debt	(3)	(43)
Repurchase of shares	(51)	(269)
Proceeds from issuance of shares	27	18
Payments of deferred and contingent consideration related to acquisitions	(47)	(41)
Cash paid for employee taxes on withholding shares	(12)	(30)
Dividends paid	(161)	(149)
Acquisitions of and dividends paid to non-controlling interests	(21)	(18)
Net cash used in financing activities	(374)	(335)
DECREASE IN CASH AND CASH EQUIVALENTS	(219)	(93)
Effect of exchange rate changes on cash and cash equivalents	(2)	(26)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,033	1,030
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 812	$ 911

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)

Six Months Ended June 30, 2019

	Shares outstanding	Additional paid-in capital	Retained earnings	Treasury shares	AOCL [i]	Total WTW shareholders' equity	Non-controlling interests	Total equity	Redeemable non-controlling interest [ii]	Total
Balance as of December 31, 2018	128,922	$ 10,615	$ 1,201	$ (3)	$ (1,961)	$ 9,852	$ 119	$ 9,971	$ 26	
Adoption of ASU 2018-02	—	—	36	—	(36)	—	—	—	—	
Net income	—	—	287	—	—	287	4	291	2	$ 293
Dividends declared ($0.65 per share)	—	—	(85)	—	—	(85)	—	(85)	—	
Other comprehensive income/(loss)	—	—	—	—	23	23	(1)	22	—	$ 22
Issuance of shares under employee stock compensation plans	289	22	—	—	—	22	—	22	—	
Share-based compensation and net settlements	—	(7)	—	—	—	(7)	—	(7)	—	
Balance as of March 31, 2019	129,211	$ 10,630	$ 1,439	$ (3)	$ (1,974)	$ 10,092	$ 122	$ 10,214	$ 28	
Shares repurchased	(280)	—	(51)	—	—	(51)	—	(51)	—	
Net income	—	—	138	—	—	138	9	147	2	$ 149
Dividends declared ($0.65 per share)	—	—	(84)	—	—	(84)	—	(84)	—	
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(19)	(19)	(2)	
Other comprehensive (loss)/income	—	—	—	—	(19)	(19)	2	(17)	—	$ (17)
Issuance of shares under employee stock compensation plans	52	5	—	—	—	5	—	5	—	
Share-based compensation and net settlements	—	10	—	—	—	10	—	10	—	
Foreign currency translation	—	(1)	—	—	—	(1)	—	(1)	—	
Balance as of June 30, 2019	128,983	$ 10,644	$ 1,442	$ (3)	$ (1,993)	$ 10,090	$ 114	$ 10,204	$ 28	

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

WILLIS TOWERS WATSON

Condensed Consolidated Statements of Changes in Equity – (continued)

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

(Unaudited)

	Six Months Ended June 30, 2018									
	Shares outstanding	Additional paid-in capital	Retained earnings	Treasury shares	AOCL (i)	Total WTW shareholders' equity	Non-controlling interests	Total equity	Redeemable non-controlling interest (ii)	Total
Balance as of December 31, 2017	132,140	$ 10,538	$ 1,104	$ (3)	$ (1,513)	$ 10,126	$ 123	$ 10,249	$ 28	
Adoption of ASC 606	—	—	317	—	—	317	—	317	—	
Net income	—	—	215	—	—	215	6	221	—	$ 221
Dividends declared ($0.60 per share)	—	—	(79)	—	—	(79)	—	(79)	—	
Other comprehensive income	—	—	—	—	83	83	1	84	—	$ 84
Issuance of shares under employee stock compensation plans	277	11	—	—	—	11	—	11	—	
Share-based compensation and net settlements	—	3	—	—	—	3	—	3	—	
Foreign currency translation	—	(4)	—	—	—	(4)	—	(4)	—	
Balance as of March 31, 2018	132,417	$ 10,548	$ 1,557	$ (3)	$ (1,430)	$ 10,672	$ 130	$ 10,802	$ 28	
Shares repurchased	(1,768)	—	(269)	—	—	(269)	—	(269)	—	
Net income	—	—	58	—	—	58	5	63	2	$ 65
Dividends declared ($0.60 per share)	—	—	(76)	—	—	(76)	—	(76)	—	
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(16)	(16)	(2)	
Other comprehensive loss	—	—	—	—	(175)	(175)	—	(175)	(1)	$ (176)
Issuance of shares under employee stock compensation plans	81	7	—	—	—	7	—	7	—	
Share-based compensation and net settlements	—	1	—	—	—	1	—	1	—	
Foreign currency translation	—	10	—	—	—	10	—	10	—	
Balance as of June 30, 2018	130,730	$ 10,566	$ 1,270	$ (3)	$ (1,605)	$ 10,228	$ 119	$ 10,347	$ 27	

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

See accompanying notes to the condensed consolidated financial statements

Note 1 — Nature of Operations

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

We offer our clients a broad range of services and solutions to help identify and control risks, and to enhance business performance by improving the attraction, retention and engagement of talent.

Our risk identification and control services include strategic risk consulting (including providing actuarial analysis), a variety of due diligence services, the provision of practical on-site risk control services (such as health and safety and property loss control consulting), and analytical and advisory services (such as hazard modeling and reinsurance optimization studies). We also assist our clients with planning for managing incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans.

We help our clients enhance business performance by delivering consulting services, technology and solutions to help anticipate, identify and capitalize on emerging opportunities in human capital management. Our services and solutions encompass such areas as employee benefits, total rewards, talent and benefits outsourcing. In addition, we provide 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 on their risk management requirements, helping them to determine the best means of managing risk and negotiating and placing insurance with insurance carriers through our global distribution network.

We operate a private Medicare marketplace in the U.S. through which, along with our active employee marketplace, 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 SEC for quarterly reports on Form 10-Q and therefore do not include all of the information and footnotes required by U.S. GAAP. In the opinion of management, these condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of the condensed consolidated financial statements and results for the interim periods. All intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated financial statements should be read together with the Company’s Annual Report on Form 10-K, filed with the SEC on February 27, 2019, and may be accessed via EDGAR on the SEC’s web site at www.sec.gov.

The results of operations for the three and six months ended June 30, 2019 are not necessarily indicative of the results that can be expected for the entire year. The Company experiences seasonal fluctuations of its revenue. Revenue is typically higher during the Company’s first and fourth quarters due primarily 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 January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, current U.S. GAAP requires the performance of procedures to determine the fair value at the impairment testing date of assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, the amendments under this ASU require the goodwill impairment test to be performed by comparing the fair value of a reporting unit with its carrying amount. An impairment

charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The ASU becomes effective for the Company on January 1, 2020, at which time the Company will adopt it, although earlier adoption is permitted. The amendments in this ASU should be applied on a prospective basis. 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, 2018.

In August 2018, the FASB issued two ASU's as part of its disclosure framework project. The focus of this project is to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by U.S. GAAP that is most important to users of an entity's financial statements. Both of these ASU's remove certain disclosure requirements and add or modify other requirements. The two ASU's are as follows:

- ASU No. 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* – effective for the Company on January 1, 2020, although early adoption is permitted immediately. Additionally, companies are permitted to immediately adopt the removal or modifications of disclosures as provided in this ASU, and adopt the additional disclosures on the effective date of the ASU. Certain provisions of the ASU must be adopted retrospectively, while others must be adopted prospectively. The Company is still assessing when and how it will adopt this ASU, but does not expect there to be a material impact to the notes to the condensed consolidated financial statements.

- ASU No. 2018-14, *Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* – this ASU will impact certain 10-K disclosures and will be effective for the Company for its 2020 Annual Report on Form 10-K. Early adoption is permitted and must be applied on a retrospective basis. The Company is still assessing when it will adopt this ASU, but does not expect there to be a material impact to the notes to the condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments,* which amends the guidance on the impairment of financial instruments. The ASU adds an impairment model (known as the current expected credit loss ('CECL') model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of lifetime expected credit losses on assets measured at amortized cost, which is intended to result in more timely recognition of such losses. The ASU is also intended to reduce the complexity of U.S. GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments. Further, the ASU makes targeted changes to the impairment model for available-for-sale debt securities. The ASU becomes effective for the Company on January 1, 2020. The Company is still assessing the impact of the CECL model, particularly to the accounting for longer-term accounts receivable and contract asset balances.

Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ('ASU No. 2016-02'), which requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Additional ASUs have since been issued which provide amended and additional guidance for the implementation of ASU No. 2016-02. All related guidance has been codified into, and is now known as, ASC 842, *Leases* ('ASC 842'). ASC 842 became effective, and was adopted by the Company, on January 1, 2019. See below and Note 12 – Leases for a full description of the Company's impact from adoption, adoption elections made and the newly-required disclosures.

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 became effective for, and was adopted by, the Company on January 1, 2019. This ASU did not have a material impact on our condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ('ASU 2018-02'), which allows for a reclassification from accumulated other comprehensive income/(loss) to retained earnings for 'stranded' tax effects (those tax effects of items within accumulated other comprehensive income resulting from the historical corporate income tax rate reduction) resulting from U.S. Tax Reform. The amendments within this ASU also require certain disclosures about stranded tax effects. The ASU became effective for, and was adopted by, the Company on January 1, 2019, at which time it recorded a reclassification between AOCL and retained earnings of $36 million. The reclassification of $36 million from AOCL includes the effect of the change in the U.S. federal corporate tax rate, however it does not include other income tax effects of U.S. Tax Reform. The stranded tax effect primarily relates to defined pension and post-retirement benefits. The Company's policy is to use the portfolio approach for releasing disproportionate income tax effects from AOCL.

Changes to Accounting Policies

As a result of the adoption of ASC 842 on January 1, 2019, we have updated our accounting policies for leases. These policies govern the recognition and accounting for leases in tandem with the Company's option to elect certain practical expedients offered by ASC 842. These policies are consistent with the modified retrospective approach guidance and with those practical expedients offered by ASC 842 that we have elected to apply. Our lease policies for 2018 and prior reporting periods are reflected in the notes to our annual consolidated financial statements as filed on February 27, 2019, in our Annual Report on Form 10-K.

Leases

As an advisory, broking and solutions company providing services to clients in more than 140 countries, we enter into lease agreements from time to time, primarily for the use of real estate for our office space. We determine if an arrangement is a lease at the inception of the contract, and the nature of our operations is such that it is generally clear whether an arrangement contains a lease and what underlying asset is being leased. The majority of the leases into which we enter are operating leases. Upon entering into leases, we obtain the right to control the use of an identified space for a lease term and recognize these right-of-use ('ROU') assets on our condensed consolidated balance sheets with corresponding lease liabilities reflecting our obligation to make the related lease payments. ROU assets are amortized over the term of the lease.

Our real estate leases are generally long-term in nature, with terms that typically range from 5 to 15 years. Our most significant lease supports our London market operations with a lease term through 2032. Our real estate leases often contain options to renew the lease, either through exercise of the option or through automatic renewal. Additionally, certain leases have options to cancel the lease with appropriate notice to the landlord prior to the end of the stated lease term. As we enter into new leases after the adoption of ASC 842, we will consider these options as we assess lease terms in our recognized ROU assets and lease liabilities. If we are reasonably certain to exercise an option to renew a lease, we include this period in our lease term. To the extent that we have the option to cancel a lease, we recognize our ROU assets and lease liabilities using the term that would result from using this earlier date. If a significant penalty is required to cancel the lease at an earlier date, we assess our lease term as ending at the point when no significant penalty would be due.

In addition to payments for previously-agreed base rent, many of our lease agreements are subject to variable and unknown future payments, typically in the form of common area maintenance charges (a non-lease component as defined by ASC 842) or real estate taxes. These variable payments are excluded from our lease liabilities and ROU assets, and instead are recognized as lease expense within other operating expenses on the condensed consolidated statement of comprehensive income as the amounts are incurred. To the extent that we have agreed to fixed charges for common area maintenance or other non-lease components, or our base rent increases by an index or rate (most commonly an inflation rate), these amounts are included in the measurement of our lease liabilities and ROU assets. We have elected the practical expedient under ASC 842 which allows the lease and non-lease components to be combined in our measurement of lease liabilities and ROU assets.

From time to time we may enter into subleases if we are unable to cancel or fully occupy a space and are able to find an appropriate subtenant. However, entering subleases is not a primary objective of our business operations and these arrangements represent an immaterial amount of cash flows.

Because the discount rates implicit in our leases are generally not readily determinable, we are required to use judgment in the determination of the incremental borrowing rates to calculate the present values of our future lease payments. Since the majority of our debt is publicly-traded, our real estate function is centralized, and our treasury function is centralized and generally prohibits our subsidiaries from borrowing externally, we have determined it appropriate to use the Company's consolidated unsecured borrowing rate, and adjust for collateralization in accordance with ASC 842. Using the resulting interest rate curves from publicly-traded debt at this collateralized borrowing rate, we select the interest rate at lease inception by reference to the lease term and lease currency. Over 90% of our leases are denominated in U.S. dollars, Pounds sterling or Euros.

Our leases generally do not subject us to restrictive covenants and contain no residual value guarantees.

Note 3 — Acquisitions

TRANZACT Acquisition

On March 30, 2019, the Company entered into an agreement to acquire TRANZACT, a U.S.-based provider of comprehensive, direct-to-consumer sales and marketing solutions for leading insurance carriers in the U.S. TRANZACT leverages digital, data and direct marketing solutions to deliver qualified leads, fully-provisioned sales and robust customer management systems to brands seeking to acquire and manage large numbers of consumers. Pursuant to the terms of the acquisition agreement, subject to certain adjustments, the consideration consisted of $1.2 billion payable upon the close of the acquisition, of which $100 million was to be paid at our option in cash or ordinary shares of the Company. Additional contingent consideration in the form of a potential earn-out of up to $200 million was to be paid in either cash or in ordinary shares of the Company at our option in 2021 based on the achievement of

certain financial targets. The Company secured a term loan to finance the transaction (see Note 9 — Debt for further information). TRANZACT will operate as part of the Company's Benefits Delivery and Administration segment.

The transaction closed on July 30, 2019. See Note 17 — Subsequent Events for further information on the final terms of the acquisition.

Alston Gayler Acquisition

On December 21, 2018, the Company, through its majority-owned subsidiary, Miller, completed the transaction to acquire Alston Gayler, a U.K.-based insurance and reinsurance broker, for total consideration of $67 million. Cash consideration of $35 million was paid upon completion of the acquisition, with the remaining $32 million deferred consideration to be paid in equal installments on the first, second and third anniversaries of the date of acquisition.

The Company has preliminarily recognized $36 million of intangible assets, primarily arising from client relationships, and $26 million of goodwill. The purchase price allocation as of the acquisition date and our accounting for the related deferred tax assets and liabilities is not yet complete.

Note 4 — Revenue

Disaggregation of Revenue

The Company reports revenue by segment in Note 5 — Segment Information. The following tables present revenue by service offering and segment, as well as reconciliations to total revenue for the three and six months ended June 30, 2019 and 2018. Along with reimbursable expenses and other, total revenue by service offering represents our revenue from customer contracts.

	Three Months Ended June 30,											
	HCB		CRB		IRR		BDA		Corporate (ii)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Broking	$ 64	$ 61	$ 633	$ 610	$ 249	$ 224	$ 9	$ 4	$ —	$ —	$ 955	$ 899
Consulting (i)	571	558	36	39	100	107	—	—	3	3	710	707
Outsourced administration (i)	101	116	13	16	3	—	117	115	—	—	234	247
Other (i)	56	40	1	2	52	45	—	—	1	2	110	89
Total revenue by service offering	792	775	683	667	404	376	126	119	4	5	2,009	1,942
Reimbursable expenses and other (ii)	15	17	—	—	2	1	2	2	2	4	21	24
Total revenue from customer contracts	$ 807	$ 792	$ 683	$ 667	$ 406	$ 377	$ 128	$ 121	$ 6	$ 9	$ 2,030	$ 1,966
Interest and other income (iii)	5	5	7	7	5	9	—	—	1	3	18	24
Total revenue	$ 812	$ 797	$ 690	$ 674	$ 411	$ 386	$ 128	$ 121	$ 7	$ 12	$ 2,048	$ 1,990

	Six Months Ended June 30,											
	HCB		CRB		IRR		BDA		Corporate (ii)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Broking	$ 137	$ 137	$ 1,293	$ 1,274	$ 654	$ 615	$ 12	$ 8	$ —	$ —	$ 2,096	$ 2,034
Consulting (i)	1,151	1,135	67	83	214	224	—	—	6	6	1,438	1,448
Outsourced administration (i)	224	248	40	39	5	—	249	233	—	—	518	520
Other (i)	103	83	2	5	110	104	—	—	2	3	217	195
Total revenue by service offering	1,615	1,603	1,402	1,401	983	943	261	241	8	9	4,269	4,197
Reimbursable expenses and other (ii)	29	31	—	—	4	3	5	4	9	5	47	43
Total revenue from customer contracts	$ 1,644	$ 1,634	$ 1,402	$ 1,401	$ 987	$ 946	$ 266	$ 245	$ 17	$ 14	$ 4,316	$ 4,240
Interest and other income (iii)	11	9	16	13	15	16	—	—	2	4	44	42
Total revenue	$ 1,655	$ 1,643	$ 1,418	$ 1,414	$ 1,002	$ 962	$ 266	$ 245	$ 19	$ 18	$ 4,360	$ 4,282

(i) Amounts presented for HCB Outsourced administration revenue include corrections of approximately $48 million and $106 million of revenue that was previously classified as HCB Consulting revenue or HCB Other revenue in our quarterly report on Form 10-Q for the three and six months ended June 30, 2018, respectively.
(ii) Reimbursable expenses and other, as well as Corporate revenue, are excluded from segment revenue, but included in total revenue on the condensed consolidated statements of comprehensive income.
(iii) Interest and other income is included in segment revenue and total revenue, however it has been presented separately in the above tables because it does not arise directly from contracts with customers.

Individual revenue streams aggregating to approximately 5% of total revenue from customer contracts for the three and six months ended June 30, 2019 and 2018, respectively, have been included within the Other line in the tables above.

The following tables present revenue by the geography where our work is performed for the three and six months ended June 30, 2019 and 2018. Reconciliations to total revenue on our condensed consolidated statements of comprehensive income and to segment revenue are shown in the tables above.

	Three Months Ended June 30,											
	HCB		CRB		IRR		BDA		Corporate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
North America	$ 478	$ 467	$ 274	$ 259	$ 117	$ 105	$ 126	$ 119	$ 4	$ 5	$ 999	$ 955
Great Britain	120	120	172	170	196	182	—	—	—	—	488	472
Western Europe	124	124	128	121	51	51	—	—	—	—	303	296
International	70	64	109	117	40	38	—	—	—	—	219	219
Total revenue by geography	$ 792	$ 775	$ 683	$ 667	$ 404	$ 376	$ 126	$ 119	$ 4	$ 5	$ 2,009	$ 1,942

	Six Months Ended June 30,											
	HCB		CRB		IRR		BDA		Corporate		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
North America	$ 949	$ 929	$ 494	$ 474	$ 281	$ 258	$ 261	$ 241	$ 8	$ 9	$ 1,993	$ 1,911
Great Britain	238	249	314	318	496	477	—	—	—	—	1,048	1,044
Western Europe	279	278	367	360	120	122	—	—	—	—	766	760
International	149	147	227	249	86	86	—	—	—	—	462	482
Total revenue by geography	$ 1,615	$ 1,603	$ 1,402	$ 1,401	$ 983	$ 943	$ 261	$ 241	$ 8	$ 9	$ 4,269	$ 4,197

Contract Balances

The Company reports accounts receivable, net on the condensed consolidated balance sheet, which includes billed and unbilled receivables and current contract assets. In addition to accounts receivable, net, the Company had the following non-current contract assets and deferred revenue balances at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Billed receivables, net of allowance for doubtful accounts of $43 million and $40 million	$ 1,865	$ 1,702
Unbilled receivables	398	356
Current contract assets	198	321
Accounts receivable, net	$ 2,461	$ 2,379
Non-current accounts receivable, net	$ 17	$ 20
Non-current contract assets	$ 6	$ 3
Deferred revenue	$ 512	$ 448

During the three and six months ended June 30, 2019, revenue of approximately $54 million and $296 million, respectively, was recognized that was reflected as deferred revenue at December 31, 2018. During the three months ended June 30, 2019, revenue of approximately $214 million was recognized that was reflected as deferred revenue at March 31, 2019.

During the three and six months ended June 30, 2019, the Company recognized approximately $9 million of revenue related to performance obligations satisfied in a prior period.

Performance Obligations

The Company has contracts for which performance obligations have not been satisfied as of June 30, 2019 or have been partially satisfied as of this date. The following table shows the expected timing for the satisfaction of the remaining performance obligations. This table does not include contract renewals nor variable consideration, which was excluded from the transaction prices in accordance with the guidance on constraining estimates of variable consideration.

In addition, in accordance with ASC 606, *Revenue From Contracts With Customers* (‘ASC 606’), the Company has elected not to disclose the remaining performance obligations when one or both of the following circumstances apply:

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

	Remainder of 2019	2020	2021 onward	Total
Revenue expected to be recognized on contracts as of June 30, 2019	$ 242	$ 371	$ 489	$ 1,102

Since most of the Company's contracts are cancellable with less than one year's notice, and have no substantive penalty for cancellation, the majority of the Company's remaining performance obligations as of June 30, 2019 have been excluded from the table above.

Note 5 — Segment Information

Willis Towers Watson has four reportable operating segments or business areas:

- Human Capital and Benefits ('HCB')
- Corporate Risk and Broking ('CRB')
- Investment, Risk and Reinsurance ('IRR')
- Benefits Delivery and Administration ('BDA')

Willis Towers Watson's chief operating decision maker is its chief executive officer. We determined that the operational data used by the chief operating decision maker is at the segment level. Management bases strategic goals and decisions on these segments and the data presented below is used to assess the adequacy of strategic decisions and the methods of achieving these strategies and related financial results. Management evaluates the performance of its segments and allocates resources to them based on net operating income on a pre-tax basis.

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

The following table presents segment revenue and segment operating income for our reportable segments for the three months ended June 30, 2019 and 2018.

	Three Months Ended June 30,									
	HCB		CRB		IRR		BDA		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Segment revenue	$ 797	$ 780	$ 690	$ 674	$ 409	$ 385	$ 126	$ 119	$ 2,022	$ 1,958
Segment operating income/(loss)	$ 169	$ 149	$ 104	$ 97	$ 109	$ 89	$ (25)	$ (31)	$ 357	$ 304

The following table presents segment revenue and segment operating income for our reportable segments for the six months ended June 30, 2019 and 2018.

	Six Months Ended June 30,									
	HCB		CRB		IRR		BDA		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Segment revenue	$ 1,626	$ 1,612	$ 1,418	$ 1,414	$ 998	$ 959	$ 261	$ 241	$ 4,303	$ 4,226
Segment operating income/(loss)	$ 373	$ 342	$ 231	$ 222	$ 361	$ 350	$ (46)	$ (63)	$ 919	$ 851

The following table presents reconciliations of the information reported by segment to the Company's condensed consolidated statement of comprehensive income amounts reported for the three and six months ended June 30, 2019 and 2018.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Total segment revenue	$ 2,022	$ 1,958	$ 4,303	$ 4,226
Reimbursable expenses and other	26	32	57	56
Revenue	$ 2,048	$ 1,990	$ 4,360	$ 4,282
Total segment operating income	$ 357	$ 304	$ 919	$ 851
Amortization	(123)	(140)	(250)	(281)
Transaction and integration expenses	—	(55)	(6)	(98)
Unallocated, net (i)	(58)	(46)	(128)	(150)
Income from operations	176	63	535	322
Interest expense	(56)	(52)	(110)	(103)
Other income, net	67	63	122	119
Income from operations before income taxes	$ 187	$ 74	$ 547	$ 338

(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 6 — Income Taxes

Provision for income taxes for the three and six months ended June 30, 2019 was $38 million and $105 million, respectively, compared to $9 million and $52 million for the three and six months ended June 30, 2018, respectively. The effective tax rates were 19.7% and 19.1% for the three and six months ended June 30, 2019, respectively, and 12.7% and 15.5% for the three and six months ended June 30, 2018, 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. The increases in the effective tax rates for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018 were primarily due to additional taxes on global intangible low-taxed income ('GILTI').

In 2017, as a result of U.S. Tax Reform, we analyzed our global working capital and cash requirements and the potential tax liabilities attributable to a repatriation and changed our assertion with respect to certain legacy Towers Watson subsidiaries. For those subsidiaries from which we were able to make a reasonable estimate of the tax effects of such repatriation, we recorded an estimate for foreign withholding and state income taxes. For all other subsidiaries, we continue to assert that the historical cumulative earnings have been reinvested indefinitely, and therefore do not provide deferred taxes on these amounts.

At December 31, 2018, as a result of an international restructuring, we were considering repatriating an additional $2.1 billion, which was previously deemed indefinitely reinvested. As a result, we recorded an estimate for foreign withholding and state income tax expense of approximately $11 million at December 31, 2018. During the three months ended June 30, 2019, we repatriated a portion of this as previously taxed income and return of capital. In June 2019, Treasury regulations were issued that would impact the U.S. taxability of the balance of the earnings associated with the international restructuring. As such, the Company has changed its assertion with respect to any additional earnings from this restructuring for the foreseeable future. Of the original $2.1 billion under consideration, $1.0 billion remains permanently reinvested.

The Company records valuation allowances against net deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized. We have liabilities for uncertain tax positions under ASC 740 of $49 million, excluding interest and penalties. The Company believes the outcomes that are reasonably possible within the next 12 months may result in a reduction in the liability for uncertain tax positions of approximately $1 million to $3 million, excluding interest and penalties.

Note 7 — Goodwill and Other Intangible Assets

The components of goodwill are outlined below for the six months ended June 30, 2019:

	HCB	CRB	IRR	BDA	Total
Balance at December 31, 2018:					
Goodwill, gross	$ 4,300	$ 2,308	$ 1,792	$ 2,557	$ 10,957
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2018	4,170	1,946	1,792	2,557	10,465
Goodwill disposed of during the period	—	(4)	—	—	(4)
Acquisition accounting adjustment	—	—	2	—	2
Foreign exchange	(5)	(4)	—	—	(9)
Balance at June 30, 2019:					
Goodwill, gross	4,295	2,300	1,794	2,557	10,946
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - June 30, 2019	$ 4,165	$ 1,938	$ 1,794	$ 2,557	$ 10,454

Other Intangible Assets

The following table reflects changes in the net carrying amounts of the components of finite-lived intangible assets for the six months ended June 30, 2019:

	Balance at December 31, 2018	ASC 842 reclassification (i)	Intangible assets acquired	Intangible assets disposed	Amortization	Foreign exchange	Balance at June 30, 2019
Client relationships	$ 1,986	$ —	$ 3	$ (6)	$ (160)	$ (1)	$ 1,822
Management contracts	48	—	—	—	(2)	—	46
Software	328	—	—	—	(65)	—	263
Trademark and trade name	920	—	—	—	(22)	—	898
Product	27	—	—	—	(1)	—	26
Favorable agreements	9	(9)	—	—	—	—	—
Total amortizable intangible assets	$ 3,318	$ (9)	$ 3	$ (6)	$ (250)	$ (1)	$ 3,055

(i) On January 1, 2019, in accordance with ASC 842, we reclassified our favorable lease agreement assets to right-of-use assets within our condensed consolidated balance sheet.

We recorded amortization related to our finite-lived intangible assets of $123 million and $250 million for the three and six months ended June 30, 2019. For the three and six months ended June 30, 2018, we recorded amortization related to our finite-lived intangible assets, exclusive of the amortization of our favorable lease agreements, of $140 million and $281 million, respectively.

Our acquired unfavorable lease agreement liabilities were $21 million at December 31, 2018 and were recorded in other non-current liabilities in the condensed consolidated balance sheet. On January 1, 2019, in accordance with ASC 842, we reclassified our unfavorable lease liabilities as a reduction to our right-of-use assets within our condensed consolidated balance sheet.

The following table reflects the carrying value of finite-lived intangible assets and liabilities at June 30, 2019 and December 31, 2018:

	June 30, 2019		December 31, 2018	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Client relationships	$ 3,393	$ (1,571)	$ 3,401	$ (1,415)
Management contracts	62	(16)	63	(15)
Software	750	(487)	749	(421)
Trademark and trade name	1,052	(154)	1,052	(132)
Product	36	(10)	36	(9)
Favorable agreements (i)	—	—	14	(5)
Other	3	(3)	3	(3)
Total finite-lived assets	$ 5,296	$ (2,241)	$ 5,318	$ (2,000)
Unfavorable agreements (i)	$ —	$ —	$ 34	$ (13)
Total finite-lived intangible liabilities	$ —	$ —	$ 34	$ (13)

(i) On January 1, 2019, in accordance with ASC 842, we reclassified our favorable lease agreement assets and unfavorable lease agreement liabilities to right-of-use assets and as reductions to right-of-use assets, respectively, within our condensed consolidated balance sheet.

The weighted-average remaining life of amortizable intangible assets at June 30, 2019 was 13.7 years.

The table below reflects the future estimated amortization expense for amortizable intangible assets for the remainder of 2019 and for subsequent years:

	Amortization
Remainder of 2019	$ 227
2020	422
2021	345
2022	287
2023	238
Thereafter	1,536
Total	$ 3,055

Note 8 — Derivative Financial Instruments

We are exposed to certain 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 foreign currency rates. The Company's board of directors reviews and approves policies for managing each of these risks as summarized below. Additional information regarding our derivative financial instruments can be found in Note 10 — Fair Value Measurements and Note 15 — Accumulated Other Comprehensive Loss.

Foreign Currency Risk

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

These derivatives were designated as hedging instruments and at June 30, 2019 and December 31, 2018 had total notional amounts of $465 million and $438 million, respectively, and had net fair value liabilities of $12 million and $15 million, respectively.

At June 30, 2019, the Company estimates, based on current exchange rates, there will be $9 million of net derivative losses on forward exchange rates reclassified from accumulated other comprehensive loss into earnings within the next twelve months as the forecast transactions affect earnings. At June 30, 2019, our longest outstanding maturity was 1.7 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 six months ended June 30, 2019 and 2018 are below. Amounts pertaining to the ineffective portion of hedging instruments and excluded from effectiveness testing were immaterial for the three and six months ended June 30, 2019 and 2018.

	Loss recognized in OCI (effective element)			
	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Forward exchange contracts	$ (10)	$ (24)	$ (2)	$ (9)

Location of (loss)/gain reclassified from Accumulated OCL into income (effective element)	(Loss)/gain reclassified from Accumulated OCL into income (effective element)			
	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenue	$ (3)	$ —	$ (2)	$ —
Salaries and benefits	1	—	(4)	—
Other income, net	—	(7)	—	(18)
	$ (2)	$ (7)	$ (6)	$ (18)

We also enter into foreign currency transactions, primarily to hedge certain intercompany loans. These derivatives are not generally designated as hedging instruments, and at June 30, 2019 and December 31, 2018, we had notional amounts of $879 million and $909 million, respectively, and had a net fair value liability of $1 million and a net fair value asset of $3 million, respectively.

The effects of derivatives that have not been designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2019 and 2018 are as follows:

		Gain/(loss) recognized in income			
		Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives not designated as hedging instruments:	Location of gain/(loss) recognized in income	2019	2018	2019	2018
Forward exchange contracts	Other income, net	$ 6	$ 2	$ (4)	$ (3)

Note 9 — Debt

Current debt consists of the following:

	June 30, 2019	December 31, 2018
7.000% senior notes due 2019	$ 187	$ 186

Long-term debt consists of the following:

	June 30, 2019	December 31, 2018
Revolving $1.25 billion credit facility	$ 25	$ 130
5.750% senior notes due 2021	498	498
3.500% senior notes due 2021	448	448
2.125% senior notes due 2022 (i)	612	615
4.625% senior notes due 2023	248	248
3.600% senior notes due 2024	646	645
4.400% senior notes due 2026	546	544
4.500% senior notes due 2028	595	595
6.125% senior notes due 2043	271	271
5.050% senior notes due 2048	395	395
	$ 4,284	$ 4,389

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

At June 30, 2019 and December 31, 2018, we were in compliance with all financial covenants.

One-Year Term Loan Commitment

As part of the acquisition of TRANZACT, the Company secured financing of up to $1.1 billion in the form of a one-year unsecured term loan. Borrowing occurred in conjunction with the closing of the acquisition on July 30, 2019 (see Note 17 — Subsequent Events).

Amounts outstanding under the term loan shall bear interest, at the option of the borrowers, at a rate equal to (a) LIBOR plus 0.75% to 1.375% for Eurocurrency Rate Loans or (b) the highest of (i) the Federal Funds Rate plus 0.5%, (ii) the 'prime rate' quoted by Bank of America, N.A., and (iii) LIBOR plus 1.00%, plus 0.00% to 0.375%, in each case, based upon the Company's guaranteed senior-unsecured long-term debt rating. In addition, the Company paid a commitment fee in an amount equal to 0.15% per annum on the undrawn portion of the commitments in respect of the term loan, which we have accrued from May 29, 2019 until the closing date of the acquisition.

The term loan is pre-payable in part or in full prior to the maturity date at the Company's discretion. Covenants and events of default are substantively the same as in our existing revolving credit facility.

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 forward foreign exchange contracts based on estimated amounts the Company would receive or have to pay to terminate the agreements, taking into account observable information about the current 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 tables present our assets and liabilities measured at fair value on a recurring basis at June 30, 2019 and December 31, 2018:

		Fair Value Measurements on a Recurring Basis at June 30, 2019			
	Balance Sheet Location	Level 1	Level 2	Level 3	Total
Assets:					
Available-for-sale securities:					
Mutual funds / exchange traded funds	Prepaid and other current assets and other non-current assets	$ 19	$ —	$ —	$ 19
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 2	$ —	$ 2
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 12	$ 12
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 15	$ —	$ 15

	Balance Sheet Location	Fair Value Measurements on a Recurring Basis at December 31, 2018			
		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	$ 18	$ —	$ —	$ 18
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 5	$ —	$ 5
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 51	$ 51
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 17	$ —	$ 17

(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 rates used on our material contingent consideration calculations were 13.00% and 9.92% at June 30, 2019 and December 31, 2018, respectively. Using different probability weightings and discount rates could result in an increase or decrease of the contingent consideration payable.

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	June 30, 2019
Balance at December 31, 2018	$ 51
Obligations assumed	4
Payments	(46)
Realized and unrealized gains	2
Foreign exchange	1
Balance at June 30, 2019	$ 12

There were no significant transfers between Levels 1, 2 or 3 in the six months ended June 30, 2019 and 2018, respectively.

The following tables present our liabilities not measured at fair value on a recurring basis at June 30, 2019 and December 31, 2018:

	June 30, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Current debt	$ 187	$ 188	$ 186	$ 191
Long-term debt	$ 4,284	$ 4,593	$ 4,389	$ 4,458

The carrying value of our revolving credit facility approximates its fair value. 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 Plans

Willis Towers Watson sponsors both qualified and non-qualified defined benefit pension plans and other post-retirement welfare (‘PRW’) plans throughout the world. The majority of our plan assets and obligations are in the U.S. and the U.K. We have also included disclosures related to defined benefit plans in certain other countries, including Canada, France, Germany and Ireland. Together, these disclosed funded and unfunded plans represent 99% of Willis Towers Watson’s pension and PRW obligations and are disclosed herein.

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

The following tables set forth the components of net periodic benefit (income)/cost for the Company's defined benefit pension and PRW plans for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,							
	2019				2018			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 16	$ 3	$ 5	$ —	$ 17	$ 5	$ 5	$ —
Interest cost	39	23	5	1	35	24	4	1
Expected return on plan assets	(63)	(62)	(8)	—	(69)	(77)	(7)	—
Settlement	—	—	—	—	—	20	—	—
Amortization of net loss	5	5	—	—	3	12	1	—
Amortization of prior service credit	—	(4)	—	(1)	—	(5)	—	—
Net periodic benefit (income)/cost	$ (3)	$ (35)	$ 2	$ —	$ (14)	$ (21)	$ 3	$ 1

	Six Months Ended June 30,							
	2019				2018			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Service cost	$ 32	$ 7	$ 10	$ —	$ 33	$ 10	$ 10	$ —
Interest cost	79	47	9	2	70	48	9	2
Expected return on plan assets	(127)	(125)	(15)	—	(137)	(155)	(15)	—
Settlement	—	—	—	—	—	20	—	—
Amortization of net loss	10	10	1	—	6	24	1	—
Amortization of prior service credit	—	(8)	—	(2)	—	(10)	—	—
Net periodic benefit (income)/cost	$ (6)	$ (69)	$ 5	$ —	$ (28)	$ (63)	$ 5	$ 2

Employer Contributions to Defined Benefit Pension Plans

The Company made no contributions to its U.S. plans for the six months ended June 30, 2019 and anticipates making $60 million in contributions over the remainder of the fiscal year. The Company made contributions of $37 million to its U.K. plans for the six months ended June 30, 2019 and anticipates making additional contributions of $39 million for the remainder of the fiscal year. The Company made contributions of $18 million to its other plans for the six months ended June 30, 2019 and anticipates making additional contributions of $5 million for the remainder of the fiscal year.

Defined Contribution Plans

The Company made contributions to its defined contribution plans of $37 million and $78 million during the three and six months ended June 30, 2019, respectively, and $41 million and $89 million during the three and six months ended June 30, 2018, respectively.

Note 12 — Leases

On January 1, 2019, the Company adopted ASC 842. The adoption of this new guidance had a material impact to the amounts and classifications of certain lease-related balances within our condensed consolidated financial statements and accompanying note disclosures. The Company adopted the standard using the modified retrospective approach whereby it recognized a transition adjustment at the effective date of ASC 842, January 1, 2019, rather than at the beginning of the earliest comparative period presented. The adoption of ASC 842 resulted in an additional $1.2 billion of lease liabilities and $1.0 billion of ROU assets being recognized at January 1, 2019. Furthermore, we reflected additional deferred tax assets of $252 million and deferred tax liabilities of $252 million on the gross lease liabilities and gross ROU assets, respectively. There was no adjustment to retained earnings. Rather, all operating lease-related balances, such as deferred rent accruals and lease-related intangibles, reflected on our condensed consolidated balance sheet as of December 31, 2018 were reclassified as a reduction to the opening ROU asset balance in accordance with the new guidance on January 1, 2019. Likewise, existing deferred taxes on operating lease-related balances have been reclassified as a reduction to the deferred tax liabilities related to the ROU assets.

- We assessed the transition practical expedients available under the guidance and, in addition to selecting the modified retrospective transition approach as noted above, we made the following elections:
    - Practical expedient package – We elected this package, and therefore did not reassess lease classifications for our existing or expired leases, whether any existing or expired contracts contain a lease, or our treatment of any initial direct costs.
    - Hindsight practical expedient – As permitted under the transition rules, the Company did not revisit its estimate of lease terms upon transition to ASC 842.

- Short-term lease exemption – We elected this exemption, and therefore did not recognize any right-of-use assets or liabilities for short-term leases (generally defined as having a term of 12 months or less) on our condensed consolidated balance sheet.
- Separation of lease and non-lease components – We elected the practical expedient to not separate the cash flows associated with lease and non-lease components in our lease accounting and resulting amounts recorded in our condensed consolidated financial statements.

The following table presents amounts recorded on our condensed consolidated balance sheet at June 30, 2019, classified as either operating or finance leases. Operating leases are presented separately on our condensed consolidated balance sheet. For the finance leases, the ROU assets are included in fixed assets, net, and the liabilities are classified within other current liabilities or other non-current liabilities.

	Operating Leases	Finance Leases	Total Leases
Right-of-use assets	$ 930	$ 11	$ 941
Current lease liabilities	154	3	157
Long-term lease liabilities	941	24	965

The following table presents amounts recorded on our condensed consolidated statement of comprehensive income for the three and six months ended June 30, 2019:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Finance lease cost:		
Amortization of right-of-use assets	$ —	$ 1
Interest on lease liabilities	1	2
Operating lease cost	46	94
Short-term lease cost	—	—
Variable lease cost	17	30
Sublease income	(4)	(8)
Total lease cost, net	$ 60	$ 119

The total lease cost is recognized in different locations in our condensed consolidated statement of comprehensive income. Amortization of the finance lease ROU assets is included in depreciation, while the interest cost component of these finance leases is included in interest expense. All other costs are included in other operating expenses. The Company had rent expense of $64 million and $128 million, net of sublease income, for the three and six months ended June 30, 2018, respectively, related to operating leases classified within other operating expenses on our condensed consolidated statement of comprehensive income.

Cash paid for amounts included in the measurement of lease liabilities for the six months ended June 30, 2019, as well as their location in the condensed consolidated statement of cash flows, is as follows:

	Six Months Ended June 30, 2019
Cash flows used in operating activities:	
Operating leases	$ 104
Cash flows used in financing activities:	
Finance leases	3
Total lease payments	$ 107

Non-cash additions to our operating lease ROU assets were $13 million during the six months ended June 30, 2019.

Our operating and finance leases have the following weighted-average terms and discount rates as of June 30, 2019:

	Operating Leases	Finance Leases
Weighted-average term (in years)	8.9	6.8
Weighted-average discount rate	3.6%	12.9%

The maturity of our lease liabilities on an undiscounted basis, including a reconciliation to the total lease liabilities reported on the condensed consolidated balance sheet as of June 30, 2019, is as follows:

	Operating Leases	Finance Leases	Total Leases
Remainder of 2019	$ 96	$ 3	$ 99
2020	178	6	184
2021	161	6	167
2022	144	6	150
2023	134	6	140
Thereafter	572	13	585
Total future lease payments	1,285	40	1,325
Interest	(190)	(13)	(203)
Total lease liabilities	$ 1,095	$ 27	$ 1,122

Prior to the adoption of ASC 842, on December 31, 2018, the maturity of our operating and finance leases on an undiscounted basis was as follows:

	Operating Leases	Finance Leases	Total Leases
2019	$ 197	$ 5	$ 202
2020	180	6	186
2021	159	6	165
2022	142	6	148
2023	131	6	137
Thereafter	542	14	556
Total future lease payments	1,351	43	1,394
Interest	(202)	(14)	(216)
Total lease liabilities	$ 1,149	$ 29	$ 1,178

Note 13 — 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 the Company's obligations and the unique facts of each particular agreement, we do not believe that any potential liability that may arise from such indemnity provisions is probable or material. There are no provisions for recourse to third parties, nor are any assets held by any third parties that any guarantor can liquidate to recover amounts paid under such indemnities.

Legal Proceedings

In the ordinary course of business, the Company is subject to various actual and potential claims, lawsuits and other proceedings. Some of the claims, lawsuits and other proceedings seek damages in amounts which could, if assessed, be significant. We do not expect the impact of claims or demands not described below to be material to the Company's condensed consolidated financial statements. The Company also receives subpoenas in the ordinary course of business and, from time to time, receives requests for information in connection with governmental investigations.

Errors and omissions claims, lawsuits, and other proceedings arising in the ordinary course of business are covered in part by professional indemnity or other appropriate insurance. 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. See Note 14 — Supplementary Information for Certain Balance Sheet Accounts for the amounts accrued at June 30, 2019 and December 31, 2018 in the condensed consolidated balance sheets.

On the basis of current information, the Company does not expect that the actual claims, lawsuits and other proceedings to which it 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 its 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 may not be possible to predict their outcomes or resolutions, and it is possible that these events may have a material adverse effect on the Company.

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

Merger-Related Securities Litigation

On November 21, 2017, a purported former stockholder of Legacy Towers Watson filed a putative class action complaint on behalf of a putative class consisting of all Legacy Towers Watson stockholders as of October 2, 2015 against the Company, Legacy Towers Watson, Legacy Willis, ValueAct Capital Management ('ValueAct'), and certain current and former directors and officers of Legacy Towers Watson and Legacy Willis (John Haley, Dominic Casserley, and Jeffrey Ubben), in the United States District Court for the Eastern District of Virginia. The complaint asserted claims against certain defendants under Section 14(a) of the Securities Exchange Act of 1934 (the 'Exchange Act') for allegedly false and misleading statements in the proxy statement for the Merger; and against other defendants under Section 20(a) of the Exchange Act for alleged 'control person' liability with respect to such allegedly false and misleading statements. The complaint further contended that the allegedly false and misleading statements caused stockholders of Legacy Towers Watson to accept inadequate Merger consideration. The complaint sought damages in an unspecified amount. On February 20, 2018, the court appointed the Regents of the University of California ('Regents') as Lead Plaintiff and Bernstein Litowitz Berger & Grossman LLP ('Bernstein') as Lead Counsel for the putative class, consolidated all subsequently filed, removed, or transferred actions, and captioned the consolidated action 'In re Willis Towers Watson plc Proxy Litigation,' Master File No. 1:17-cv-1338-AJT-JFA. On March 9, 2018, Lead Plaintiff filed an Amended Complaint. On April 13, 2018, the defendants filed motions to dismiss the Amended Complaint, and, on July 11, 2018, following briefing and argument, the court granted the motions and dismissed the Amended Complaint in its entirety. On July 30, 2018, Lead Plaintiff filed a notice of appeal from the court's July 11, 2018 dismissal order to the United States Court of Appeals for the Fourth Circuit, and, on December 6, 2018, the parties completed briefing on the appeal. On May 8, 2019, the parties argued the appeal, which awaits disposition by the Fourth Circuit.

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

On March 9, 2018, Regents filed a putative class action complaint on behalf of a putative class of Legacy Towers Watson stockholders against the Company, Legacy Willis, ValueAct, and Messrs. Haley, Casserley, and Ubben, in the Delaware Court of Chancery, captioned The Regents of the University of California v. John J. Haley, et al., C.A. No. 2018-0166. Based on similar allegations as the Eastern District of Virginia action described above, the complaint asserts claims against Mr. Haley for breach of fiduciary duty and against all other defendants for aiding and abetting breach of fiduciary duty. Also on March 9, 2018, Regents filed a motion for consolidation of all pending and subsequently filed Delaware Court of Chancery actions, and for appointment as Lead Plaintiff and for the appointment of Bernstein as Lead Counsel for the putative class. On March 29, 2018, Fort Myers and Alaska responded to Regents' motion and cross-moved for appointment as Co-Lead Plaintiffs and for the appointment of their counsel, Grant & Eisenhofer P.A. and Kessler Topaz Meltzer & Check, LLP as Co-Lead Counsel. On April 2, 2018, the court consolidated the Delaware Court of Chancery actions and all related actions subsequently filed in or transferred to the Delaware Court of Chancery. On June 5, 2018, the court denied Regents' motion for appointment of Lead Plaintiff and Lead Counsel and granted Fort Myers' and Alaska's cross-motion. On June 20, 2018, Fort Myers and Alaska designated the complaint previously filed by Alaska (the 'Alaska Complaint') as the operative complaint in the consolidated action. On September 14, 2018, the defendants filed motions to dismiss the Alaska Complaint. On October 31, 2018, Fort Myers and Alaska filed an amended complaint, which, based on similar allegations, asserts claims against the former directors of legacy Towers Watson for breach of fiduciary duty and against ValueAct and Mr. Ubben for aiding and abetting breach of fiduciary duty. On January 11, 2019, the defendants filed motions to dismiss the amended complaint, and on March 29, 2019, the parties completed briefing on the motions. The court heard argument on the motions on April 11, 2019 and, on July 25, 2019, dismissed the amended complaint in its entirety.

On October 18, 2018, three additional purported former stockholders of Legacy Towers Watson, Naya Master Fund LP, Naya 174 Fund Limited and Naya Lincoln Park Master Fund Limited (collectively, 'Naya'), filed a complaint against the Company, Legacy Towers Watson, Legacy Willis and John Haley, in the Supreme Court of the State of New York, County of New York, captioned Naya Master Fund LP, et al. v. John J. Haley, et al., Index No. 654968/2018. Based on similar allegations as the Eastern District of Virginia and Delaware actions described above, the complaint asserts claims for common law fraud and negligent misrepresentation. On December 18, 2018, the defendants filed a motion to dismiss the complaint, and on March 21, 2019, the parties completed briefing

on the motion. On April 23, 2019, the parties filed a Stipulation and Proposed Order Voluntarily Discontinuing Action providing for the dismissal of the action with prejudice, which the court entered on April 29, 2019.

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

Stanford Financial Group

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

The 15 actions are as follows:

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

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

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

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

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

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

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

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

  On April 20, 2015, the plaintiffs filed their motion for class certification, the defendants filed their opposition to plaintiffs' motion, and the plaintiffs filed their reply in further support of the motion. Pursuant to an agreed stipulation also filed with

the court on April 20, 2015, the defendants on June 4, 2015 filed sur-replies in further opposition to the motion. The Court has not yet scheduled a hearing on the motion.

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

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

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

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

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

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

- *Rishmague, et ano. v. Winter, et al.,* Case No. 2011CI2585, was filed on March 11, 2011 on behalf of two Stanford investors, individually and as representatives of certain trusts, against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $37 million and attorneys' fees and costs. On April 11, 2011, certain defendants, including Willis of Colorado, Inc., (i) removed *Rishmague* to the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On August 8, 2011, the JPML issued a final transfer order for the transfer of *Rishmague* to the Northern District of Texas, where it is currently pending. On August 13, 2012, the plaintiffs joined with the plaintiffs in the *Rupert* action in their motion to lift the court's stay of the *Rupert* action. On September 9, 2014, the court remanded *Rishmague* to Texas state court (Bexar County), but stayed the action until further order of the court and denied the plaintiffs' motion to lift the stay. On October 10, 2014, the plaintiffs appealed the

court's denial of their motion to lift the stay to the Fifth Circuit. On January 5, 2015, the Fifth Circuit consolidated the appeal with the appeal in the *Rupert* action, and the consolidated appeal was fully briefed as of March 24, 2015. Oral argument on the consolidated appeal was held on September 2, 2015. On September 16, 2015, the Fifth Circuit affirmed. The defendants have not yet responded to the complaint in *Rishmague*.

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

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

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

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

- *Janvey, et al. v. Willis of Colorado, Inc., et al.*, Case No. 3:13-CV-03980-D, was filed on October 1, 2013 also in the Northern District of Texas against Willis Group Holdings plc, Willis Limited, Willis North America Inc., Willis of Colorado, Inc. and the same Willis associate. The complaint was filed (i) by Ralph S. Janvey, in his capacity as Court-Appointed Receiver for the Stanford Receivership Estate, and the Official Stanford Investors Committee (the 'OSIC') against all defendants and (ii) on behalf of a putative, worldwide class of Stanford investors against Willis North America Inc. Plaintiffs Janvey and the OSIC allege claims under Texas common law and the court's Amended Order Appointing Receiver, and the putative class plaintiffs allege claims under Texas statutory and common law. Plaintiffs seek actual damages in excess of $1 billion, punitive damages and costs. As alleged by the Stanford Receiver, the total amount of collective losses allegedly sustained by all investors in Stanford certificates of deposit is approximately $4.6 billion.

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

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

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

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

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

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

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

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

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

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

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

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

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

On September 7, 2016, Plaintiffs filed with the Court a motion to approve the settlement. On October 19, 2016, the Court preliminarily approved the settlement. Several of the plaintiffs in the other actions above objected to the settlement, and a hearing to consider final approval of the settlement was held on January 20, 2017, after which the Court reserved decision. On August 23, 2017, the Court approved the settlement, including the bar orders. Several of the objectors appealed the settlement approval and bar orders to the Fifth Circuit. Oral argument on the appeals was heard on December 3, 2018, and, on July 22, 2019, the Fifth Circuit affirmed the approval of the settlement, including the bar orders.

The Company will not make the $120 million settlement payment until the settlement is not subject to any further appeal.

Aviation Broking Competition 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. We are providing information to the Commission as requested.

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

In May 2018, the Korea Fair Trade Commission ('KFTC') disclosed to us that it is investigating alleged cartels in the insurance broking industry. The KFTC has since requested information related to, among other topics, the aviation and aerospace insurance brokerage market and exchanges of information between brokers about insurance policies.

In January 2019, the Brazil Conselho Administrativo de Defesa Economica ('CADE') launched an administrative proceeding to investigate alleged sharing of competitive and commercially sensitive information in the insurance and reinsurance brokerage industry for aviation and aerospace and related ancillary services. The CADE identified 11 entities under investigation, including Willis Group Limited, one of our U.K. subsidiaries.

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

U.K. Investment Consulting Investigation

In September 2017, the FCA announced that it would make a referral with respect to the investment consulting industry to the U.K. Competition & Markets Authority (the 'CMA').

The CMA released its final report on December 12, 2018, finding that there is an adverse effect on competition. To address these findings, the CMA has set out certain remedies, including mandatory tendering when trustees first purchase fiduciary management services, the reporting of investment performance to customers using a set of common standards, transparency in reporting of fees in fiduciary management and the expansion of the FCA's regulatory perimeter to include the main activities of investment consultancy and fiduciary management providers. The Company is generally supportive of these proposed remedies. The CMA issued its final order setting out these remedies on June 10, 2019. The Company is now in the process of implementing these remedies. The costs associated with these remedies are not expected to have a material impact on the Company's condensed consolidated financial statements.

Note 14 — Supplementary Information for Certain Balance Sheet Accounts

Additional details of specific balance sheet accounts are detailed below.

Prepaid and other current assets consist of the following:

	June 30, 2019	December 31, 2018
Prepayments and accrued income	$ 133	$ 136
Deferred contract costs	72	102
Derivatives and investments	22	25
Deferred compensation plan assets	19	18
Retention incentives	7	5
Corporate income and other taxes	117	61
Other current assets	81	57
Total prepaid and other current assets	$ 451	$ 404

Other non-current assets consist of the following:

	June 30, 2019	December 31, 2018
Prepayments and accrued income	$ 14	$ 14
Deferred contract costs	59	46
Deferred compensation plan assets	137	125
Deferred tax assets	71	59
Accounts receivable, net	17	20
Other investments	21	7
Insurance recovery receivables	102	86
Other non-current assets	120	110
Total other non-current assets	$ 541	$ 467

Deferred revenue and accrued expenses consist of the following:

	June 30, 2019	December 31, 2018
Accounts payable, accrued liabilities and deferred income	$ 793	$ 691
Accrued discretionary and incentive compensation	417	758
Accrued vacation	174	111
Other employee-related liabilities	60	87
Total deferred revenue and accrued expenses	$ 1,444	$ 1,647

Provision for liabilities consists of the following:

	June 30, 2019	December 31, 2018
Claims, lawsuits and other proceedings	$ 469	$ 455
Other provisions	80	85
Total provision for liabilities	$ 549	$ 540

Other non-current liabilities consists of the following:

	June 30, 2019	December 31, 2018
Incentives from lessors	$ —	$ 120
Deferred compensation plan liability	137	125
Contingent and deferred consideration on acquisitions	24	22
Liabilities for uncertain tax positions	49	46
Finance leases	24	26
Other non-current liabilities	65	90
Total other non-current liabilities	$ 299	$ 429

Note 15 — Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of non-controlling interests, and net of tax are provided in the following tables for the three and six months ended June 30, 2019 and 2018. These tables exclude amounts attributable to non-controlling interests, which are not material for further disclosure.

	Foreign currency translation (i)		Cash flow hedges (i)		Defined pension and post-retirement benefit costs (ii)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Quarter-to-date activity:								
Balance at March 31, 2019 and 2018, respectively	$ (607)	$ (307)	$ 3	$ 9	$ (1,370)	$ (1,132)	$ (1,974)	$ (1,430)
Other comprehensive (loss)/income before reclassifications	(19)	(199)	(7)	(20)	3	35	(23)	(184)
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $3 and $11, respectively)	—	—	—	6	4	3	4	9
Net current-period other comprehensive (loss)/income	(19)	(199)	(7)	(14)	7	38	(19)	(175)
Balance at June 30, 2019 and 2018, respectively	$ (626)	$ (506)	$ (4)	$ (5)	$ (1,363)	$ (1,094)	$ (1,993)	$ (1,605)
Year-to-date activity:								
Balance at December 31, 2018 and 2017, respectively	$ (616)	$ (365)	$ (8)	$ (10)	$ (1,337)	$ (1,138)	$ (1,961)	$ (1,513)
Other comprehensive (loss)/income before reclassifications	(10)	(141)	(1)	(11)	4	34	(7)	(118)
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $7 and $12, respectively)	—	—	5	16	6	10	11	26
Reclassification of tax effects per ASU 2018-02 (iii)	—	—	—	—	(36)	—	(36)	—
Net current-period other comprehensive (loss)/income	(10)	(141)	4	5	(26)	44	(32)	(92)
Balance at June 30, 2019 and 2018, respectively	$ (626)	$ (506)	$ (4)	$ (5)	$ (1,363)	$ (1,094)	$ (1,993)	$ (1,605)

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

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

(iii) On January 1, 2019, in accordance with ASU 2018-02, we reclassified to Retained earnings $36 million of defined pension and postretirement costs, representing the 'stranded' tax effect of the change in the U.S. federal corporate tax rate resulting from U.S. Tax Reform. See Note 2 — Basis of Presentation and Recent Accounting Pronouncements for further information.

Note 16 — Earnings Per Share

Basic and diluted earnings per share are calculated by dividing net income attributable to Willis Towers Watson by the average number of ordinary shares outstanding during each period. The computation of diluted earnings per share reflects the potential dilution that could occur if dilutive securities and other contracts to issue shares were exercised or converted into shares or resulted in the issuance of shares that then shared in the net income of the Company.

At June 30, 2019 and 2018, there were 0.4 million and 0.6 million time-based share options; 0.3 million and 0.6 million performance-based options; 0.5 million and 0.7 million restricted performance-based stock units; and 0.5 million and 0.3 million performance-based phantom units outstanding, respectively. The Company's restricted time-based stock units were immaterial at June 30, 2019; there were 0.1 million restricted time-based stock units outstanding at June 30, 2018.

Basic and diluted earnings per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income attributable to Willis Towers Watson	$ 138	$ 58	$ 425	$ 273
Basic average number of shares outstanding	130	132	130	132
Dilutive effect of potentially issuable shares	—	1	—	1
Diluted average number of shares outstanding	130	133	130	133
Basic earnings per share	$ 1.06	$ 0.44	$ 3.27	$ 2.06
Dilutive effect of potentially issuable shares	—	—	(0.01)	(0.01)
Diluted earnings per share	$ 1.06	$ 0.44	$ 3.26	$ 2.05

There were no anti-dilutive options or restricted stock units for the three and six months ended June 30, 2019. For the three and six months ended June 30, 2018, 0.3 million and 0.1 million restricted stock units, respectively, were not included in the computation of the dilutive effect of potentially issuable shares because their effect was anti-dilutive.

Note 17 — Subsequent Events

On July 30, 2019, the Company entered into an amendment to the acquisition agreement and completed the acquisition of TRANZACT (see Note 3 — Acquisitions for terms of the original agreement). Total consideration paid at closing was $1.3 billion in cash, and included renegotiated terms of the contingent consideration that provided for an upfront non-contingent cash payment of approximately $118 million and a reduced potential earn-out payment of up to approximately $17 million. These amendments were negotiated due to the likelihood of achieving the expected payout targets, and reduced the overall potential cash payout. The acquisition was funded in part with a $1.1 billion one-year term loan (see Note 9 — Debt for a description of the term loan), with the remainder being funded from the Company's existing revolving credit facility and free cash flow.

Note 18 — Financial Information for Issuers and Other Guarantor Subsidiaries

As of June 30, 2019 Willis Towers Watson has issued the following debt securities ('WTW Debt Securities'):

a) Willis Towers Watson plc (the parent company) has $500 million senior notes outstanding, which were issued on March 17, 2011;

b) Willis North America Inc. ('Willis North America') has approximately $1.8 billion senior notes outstanding, of which $187 million were issued on September 29, 2009, $650 million were issued on May 16, 2017, and $1.0 billion were issued on September 10, 2018; and

c) Trinity Acquisition plc has approximately $2.1 billion senior notes outstanding, of which $525 million were issued on August 15, 2013, $1.0 billion were issued on March 22, 2016 and €540 million ($609 million) were issued on May 26, 2016, and $25 million currently outstanding on a consolidated basis under the $1.25 billion revolving credit facility issued on March 7, 2017.

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

As a result of an internal tax reorganization, certain subsidiaries that were previously indirectly owned by Willis North America and Trinity Acquisition plc are no longer subsidiaries of these issuer and guarantor companies, however the subsidiaries remain indirect subsidiaries of both Willis Towers Watson plc and collectively the other guarantor companies, since the subsidiaries in question are now direct and indirect subsidiaries of TA I Limited. This reorganization did not change the Company's guarantor structure and will result only in less equity income being recorded by both issuers going forward.

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

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

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

All intercompany receivables/payables have been presented in the condensed consolidating financial statements as non-current on a net presentation basis, rather than a gross basis, as this better reflects the nature of the intercompany positions and presents the funding

or funded position that is due or owed. The equity method has been used for investments in subsidiaries in the condensed consolidating balance sheets of Willis Towers Watson plc, Willis North America, Trinity Acquisition plc and the other guarantors.

Presented below is condensed financial information for:

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

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

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

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

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

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

(vii) The consolidated Company.

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2019						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
Revenue	$ —	$ 3	$ —	$ —	$ 2,045	$ —	$ 2,048
Costs of providing services							
Salaries and benefits	1	18	—	—	1,259	—	1,278
Other operating expenses	1	9	—	22	380	—	412
Depreciation	—	—	—	—	59	—	59
Amortization	—	—	—	—	124	(1)	123
Transaction and integration expenses	—	2	—	—	(2)	—	—
Total costs of providing services	2	29	—	22	1,820	(1)	1,872
(Loss)/income from operations	(2)	(26)	—	(22)	225	1	176
Intercompany (expense)/income	—	(11)	26	59	(74)	—	—
Interest expense	(8)	(23)	(24)	—	(1)	—	(56)
Other income, net	—	—	—	—	67	—	67
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES	(10)	(60)	2	37	217	1	187
Benefit from/(provision for) income taxes	—	12	—	(10)	(40)	—	(38)
Equity account for subsidiaries	148	44	70	110	—	(372)	—
NET INCOME/(LOSS)	138	(4)	72	137	177	(371)	149
Income attributable to non-controlling interests	—	—	—	—	(11)	—	(11)
NET INCOME/(LOSS) ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 138	$ (4)	$ 72	$ 137	$ 166	$ (371)	$ 138
Comprehensive income before non-controlling interests	$ 118	$ 23	$ 93	$ 118	$ 177	$ (397)	$ 132
Comprehensive income attributable to non-controlling interests	—	—	—	—	(13)	—	(13)
Comprehensive income attributable to Willis Towers Watson	$ 118	$ 23	$ 93	$ 118	$ 164	$ (397)	$ 119

Unaudited Condensed Consolidating Statement of Comprehensive Income

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2019						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
Revenue	$ —	$ 25	$ —	$ —	$ 4,335	$ —	$ 4,360
Costs of providing services							
Salaries and benefits	2	33	—	—	2,591	—	2,626
Other operating expenses	2	16	—	59	753	—	830
Depreciation	—	—	—	1	112	—	113
Amortization	—	—	—	1	250	(1)	250
Transaction and integration expenses	—	2	—	—	4	—	6
Total costs of providing services	4	51	—	61	3,710	(1)	3,825
(Loss)/income from operations	(4)	(26)	—	(61)	625	1	535
Intercompany (expense)/income	—	(23)	49	125	(151)	—	—
Interest expense	(15)	(44)	(46)	—	(5)	—	(110)
Other income, net	—	—	—	—	122	—	122
(LOSS)/INCOME FROM OPERATIONS BEFORE INCOME TAXES	(19)	(93)	3	64	591	1	547
Benefit from/(provision for) income taxes	—	19	(1)	(14)	(109)	—	(105)
Equity account for subsidiaries	444	111	291	380	—	(1,226)	—
NET INCOME	425	37	293	430	482	(1,225)	442
Income attributable to non-controlling interests	—	—	—	—	(17)	—	(17)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 425	$ 37	$ 293	$ 430	$ 465	$ (1,225)	$ 425
Comprehensive income before non-controlling interests	$ 429	$ 42	$ 297	$ 435	$ 475	$ (1,231)	$ 447
Comprehensive income attributable to non-controlling interests	—	—	—	—	(18)	—	(18)
Comprehensive income attributable to Willis Towers Watson	$ 429	$ 42	$ 297	$ 435	$ 457	$ (1,231)	$ 429

Unaudited Condensed Consolidating Statement of Comprehensive Income

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

Unaudited Condensed Consolidating Balance Sheet

	As of June 30, 2019						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
ASSETS							
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ 812	$ —	$ 812
Fiduciary assets	—	—	—	—	14,609	—	14,609
Accounts receivable, net	—	26	—	—	2,434	1	2,461
Prepaid and other current assets	—	316	—	19	357	(241)	451
Total current assets	—	342	—	19	18,212	(240)	18,333
Intercompany receivables, net	5,111	—	1,246	—	—	(6,357)	—
Fixed assets, net	—	—	—	17	950	—	967
Goodwill	—	—	—	—	10,454	—	10,454
Other intangible assets, net	—	—	—	56	3,055	(56)	3,055
Right-of-use assets	—	—	—	—	930	—	930
Pension benefits assets	—	—	—	—	886	—	886
Other non-current assets	—	141	2	48	465	(115)	541
Total non-current assets	5,111	141	1,248	121	16,740	(6,528)	16,833
Investments in subsidiaries	5,580	6,406	2,503	8,038	—	(22,527)	—
TOTAL ASSETS	$ 10,691	$ 6,889	$ 3,751	$ 8,178	$ 34,952	$ (29,295)	$ 35,166
LIABILITIES AND EQUITY							
Fiduciary liabilities	$ —	$ —	$ —	$ —	$ 14,609	$ —	$ 14,609
Deferred revenue and accrued expenses	—	1	—	—	1,443	—	1,444
Current debt	—	187	—	—	—	—	187
Current lease liabilities	—	—	—	—	154	—	154
Other current liabilities	103	34	27	11	826	(191)	810
Total current liabilities	103	222	27	11	17,032	(191)	17,204
Intercompany payables, net	—	737	—	4,754	866	(6,357)	—
Long-term debt	498	1,631	2,150	—	5	—	4,284
Liability for pension benefits	—	—	—	—	1,125	—	1,125
Deferred tax liabilities	—	—	—	—	645	(113)	532
Provision for liabilities	—	120	—	—	429	—	549
Long-term lease liabilities	—	—	—	—	941	—	941
Other non-current liabilities	—	17	—	4	278	—	299
Total non-current liabilities	498	2,505	2,150	4,758	4,289	(6,470)	7,730
TOTAL LIABILITIES	601	2,727	2,177	4,769	21,321	(6,661)	24,934
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	—	28	—	28
EQUITY							
Total Willis Towers Watson shareholders' equity	10,090	4,162	1,574	3,409	13,489	(22,634)	10,090
Non-controlling interests	—	—	—	—	114	—	114
Total equity	10,090	4,162	1,574	3,409	13,603	(22,634)	10,204
TOTAL LIABILITIES AND EQUITY	$ 10,691	$ 6,889	$ 3,751	$ 8,178	$ 34,952	$ (29,295)	$ 35,166

Unaudited Condensed Consolidating Balance Sheet

	As of December 31, 2018						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
ASSETS							
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ 1,033	$ —	$ 1,033
Fiduciary assets	—	—	—	—	12,604	—	12,604
Accounts receivable, net	—	24	—	—	2,355	—	2,379
Prepaid and other current assets	—	311	1	33	357	(298)	404
Total current assets	—	335	1	33	16,349	(298)	16,420
Intercompany receivables, net	4,755	—	1,355	—	—	(6,110)	—
Fixed assets, net	—	—	—	16	926	—	942
Goodwill	—	—	—	—	10,465	—	10,465
Other intangible assets, net	—	—	—	58	3,318	(58)	3,318
Pension benefits assets	—	—	—	—	773	—	773
Other non-current assets	—	92	2	49	452	(128)	467
Total non-current assets	4,755	92	1,357	123	15,934	(6,296)	15,965
Investments in subsidiaries	5,691	6,649	2,677	8,108	—	(23,125)	—
TOTAL ASSETS	$ 10,446	$ 7,076	$ 4,035	$ 8,264	$ 32,283	$ (29,719)	$ 32,385
LIABILITIES AND EQUITY							
Fiduciary liabilities	$ —	$ —	$ —	$ —	$ 12,604	$ —	$ 12,604
Deferred revenue and accrued expenses	1	2	—	3	1,641	—	1,647
Current debt	—	186	—	—	—	—	186
Other current liabilities	95	38	33	13	935	(250)	864
Total current liabilities	96	226	33	16	15,180	(250)	15,301
Intercompany payables, net	—	902	—	4,691	517	(6,110)	—
Long-term debt	498	1,635	2,256	—	—	—	4,389
Liability for pension benefits	—	—	—	—	1,170	—	1,170
Deferred tax liabilities	—	—	—	—	688	(129)	559
Provision for liabilities	—	120	—	—	420	—	540
Other non-current liabilities	—	13	—	5	411	—	429
Total non-current liabilities	498	2,670	2,256	4,696	3,206	(6,239)	7,087
TOTAL LIABILITIES	594	2,896	2,289	4,712	18,386	(6,489)	22,388
REDEEMABLE NON-CONTROLLING INTEREST	—	—	—	—	26	—	26
EQUITY							
Total Willis Towers Watson shareholders' equity	9,852	4,180	1,746	3,552	13,752	(23,230)	9,852
Non-controlling interests	—	—	—	—	119	—	119
Total equity	9,852	4,180	1,746	3,552	13,871	(23,230)	9,971
TOTAL LIABILITIES AND EQUITY	$ 10,446	$ 7,076	$ 4,035	$ 8,264	$ 32,283	$ (29,719)	$ 32,385

Unaudited Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2019						
	Willis Towers Watson plc	Willis North America	Trinity Acquisition plc	Other guarantors	Non-guarantors	Eliminations	Consolidated
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	$ 547	$ (66)	$ (34)	$ (175)	$ 31	$ —	$ 303
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES							
Additions to fixed assets and software for internal use	—	—	—	(2)	(118)	—	(120)
Capitalized software costs	—	—	—	—	(34)	—	(34)
Acquisitions of operations, net of cash acquired	—	—	—	—	(1)	—	(1)
Net proceeds from sale of operations	—	—	—	—	13	—	13
Other, net	—	—	—	—	(6)	—	(6)
(Repayments of)/proceeds from intercompany investing activities, net	(362)	68	(698)	159	68	765	—
Net cash (used in)/from investing activities	$ (362)	$ 68	$ (698)	$ 157	$ (78)	$ 765	$ (148)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES							
Net payments on revolving credit facility	—	—	(106)	—	—	—	(106)
Repayments of debt	—	—	—	—	(3)	—	(3)
Repurchase of shares	(51)	—	—	—	—	—	(51)
Proceeds from issuance of shares	27	—	—	—	—	—	27
Payments of deferred and contingent consideration related to acquisitions	—	—	—	—	(47)	—	(47)
Cash paid for employee taxes on withholding shares	—	—	—	—	(12)	—	(12)
Dividends paid	(161)	—	—	—	—	—	(161)
Acquisitions of and dividends paid to non-controlling interests	—	—	—	—	(21)	—	(21)
(Repayments of)/proceeds from intercompany financing activities, net	—	(2)	838	18	(89)	(765)	—
Net cash (used in)/from financing activities	$ (185)	$ (2)	$ 732	$ 18	$ (172)	$ (765)	$ (374)
DECREASE IN CASH AND CASH EQUIVALENTS	—	—	—	—	(219)	—	(219)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	(2)	—	(2)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	—	—	1,033	—	1,033
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ —	$ —	$ —	$ 812	$ —	$ 812

Unaudited Condensed Consolidating Statement of Cash Flows

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

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

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

Executive Overview

Market Conditions

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

Insurance market rates vary by geography, industry and client segment. As a result, and due to the global and diverse nature of our business, we view rates in the aggregate. Overall, we are currently seeing a modest but observable improvement in pricing in the market.

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

Management has considered the uncertainties about the near-term and longer-term effects of Brexit on the Company. The terms of Brexit, the date and manner of its occurrence, and its impact, remain uncertain, and the Company is currently in the process of establishing appropriate arrangements for the continued servicing of client business. For a further discussion of the risks of Brexit to the Company, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

On an annual basis for 2019, although we expect that approximately 22% of our revenue will be generated in the U.K., we expect that approximately 12% of revenue will be denominated in Pounds sterling, as much of the insurance business is transacted in U.S. dollars. We expect that approximately 20% of our expenses will be denominated in Pounds sterling. We have a Company hedging strategy for this aspect of our business, which is designed to mitigate significant fluctuations in currency.

The markets for our consulting, technology and solutions, and marketplace services are subject to changes as a result of economic, regulatory and legislative changes, technological developments, and increased competition from established and new competitors. We believe that the primary factors in selecting a human resources or risk management consulting company 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 marketplace services, we believe that clients base their decisions on a variety of factors, including the ability of the provider to deliver measurable cost savings for 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. In recent years, growth in the marketplace has slowed, and this trend has continued during 2019.

We have been engaged in efforts to improve our billing, collection, and other working capital during the remainder of the year, an effort that has been reinforced in light of our results to date. The success of those efforts will meaningfully impact whether we can meet our goal of significantly increasing free cash flow for the year.

See Part II, Item 1A. Risk Factors elsewhere within this Form 10-Q, and Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019 for a discussion of risks that may affect our ability to compete.

Financial Statement Overview

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2019		2018		2019		2018	
	($ in millions, except per share data)							
Revenue	$ 2,048	100%	$ 1,990	100%	$ 4,360	100%	$ 4,282	100%
Costs of providing services								
Salaries and benefits	1,278	62%	1,275	64%	2,626	60%	2,652	62%
Other operating expenses	412	20%	406	20%	830	19%	829	19%
Depreciation	59	3%	51	3%	113	3%	100	2%
Amortization	123	6%	140	7%	250	6%	281	7%
Transaction and integration expenses	—	—%	55	3%	6	—%	98	2%
Total costs of providing services	1,872		1,927		3,825		3,960	
Income from operations	176	9%	63	3%	535	12%	322	8%
Interest expense	(56)	(3)%	(52)	(3)%	(110)	(3)%	(103)	(2)%
Other income, net	67	3%	63	3%	122	3%	119	3%
Provision for income taxes	(38)	(2)%	(9)	—%	(105)	(2)%	(52)	(1)%
Income attributable to non-controlling interests	(11)	—%	(7)	—%	(17)	—%	(13)	—%
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 138	7%	$ 58	3%	$ 425	10%	$ 273	6%
Diluted earnings per share	$ 1.06		$ 0.44		$ 3.26		$ 2.05	

Consolidated Revenue

Revenue was approximately $2.0 billion for both the three months ended June 30, 2019 and 2018, with a current year increase of $58 million, or 3% on an as reported basis. Adjusting for the impact of foreign currency, our organic revenue growth was 6% for the three months ended June 30, 2019. Revenue for the six months ended June 30, 2019 was $4.4 billion, compared to $4.3 billion for the six months ended June 30, 2018, an increase of $78 million, or 2% on an as reported basis. Adjusting for the impact of foreign currency, our organic revenue growth was 5% for the six months ended June 30, 2019. The increases in revenue were driven by strong performances in all segments.

Our revenue can be materially impacted by changes in currency conversions, which can fluctuate significantly over the course of a calendar year. For the three months ended June 30, 2019, currency translation decreased our consolidated revenue by $51 million. For the six months ended June 30, 2019, currency translation decreased our consolidated revenue by $135 million. The primary currencies driving these changes were the Euro and Pound sterling.

The following table details our top five markets based on the percentage of consolidated revenue (in U.S. dollars) from the countries where work was performed for the six months ended June 30, 2019. These figures do not represent the currency of the related revenue, which is presented in the next table.

Geographic Region	% of Revenue
United States	44%
United Kingdom	24%
France	5%
Germany	3%
Canada	3%

The table below details the percentage of our revenue and expenses by transactional currency for the six months ended June 30, 2019.

Transactional Currency	Revenue	Expenses (i)
U.S. dollars	53%	48%
Pounds sterling	13%	21%
Euro	18%	13%
Other currencies	16%	18%

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

The following tables set forth the total revenue for the three and six months ended June 30, 2019 and 2018 and the components of the change in total revenue for the three and six months ended June 30, 2019, as compared to the respective prior year period:

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 2,048	$ 1,990	3%	(3)%	6%	—%	6%

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 4,360	$ 4,282	2%	(3)%	5%	—%	5%

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

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

Segment Revenue

The segment descriptions below should be read in conjunction with the full descriptions of our businesses contained in Part I, Item 1. Business, within our Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

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

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, and is focused on addressing our clients' people and risk needs to help them take on the challenges of operating in a global marketplace. This segment also delivers full outsourcing services to employers outside of the U.S.

The following table sets forth HCB segment revenue for the three months ended June 30, 2019 and 2018, and the components of the change in revenue for the three months ended June 30, 2019 from the three months ended June 30, 2018.

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 797	$ 780	2%	(3)%	5%	—%	5%

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

HCB segment revenue for the three months ended June 30, 2019 and 2018 was $797 million and $780 million, respectively. On an organic basis, Health and Benefits delivered significant revenue growth, driven by increased consulting and brokerage services, growth in specialty products, and expansion of our client portfolio for both local and global appointments. Health and Benefits' revenue growth was aided by lower revenue in the comparable prior-year period. The prior-year results reflect the impact of adopting the new revenue standard (ASC 606), which resulted in certain revenue not being recognized. Our Talent and Rewards business revenue grew primarily as a result of increased product revenue and advisory work in Great Britain and North America. Technology and Administration Solutions revenue also increased in connection with greater project demand primarily in Western Europe. Retirement revenue declined slightly compared to the prior-year second quarter primarily as a result of non-recurring project work in the comparable period.

The following table sets forth HCB segment revenue for the six months ended June 30, 2019 and 2018, and the components of the change in revenue for the six months ended June 30, 2019 from the six months ended June 30, 2018.

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 1,626	$ 1,612	1%	(3)%	4%	—%	4%

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

HCB segment revenue for both the six months ended June 30, 2019 and 2018 was approximately $1.6 billion. On an organic basis, Health and Benefits delivered significant revenue growth, driven by increased consulting and brokerage services, growth in specialty products, and expansion of our client portfolio for both local and global appointments. Health and Benefits' revenue growth was aided by lower revenue in the comparable prior-year period. The prior-year results reflect the impact of adopting the new revenue standard (ASC 606), which resulted in certain revenue not being recognized. Our Talent and Rewards business generated solid revenue growth, resulting from increased product revenue and advisory work in Great Britain, North America and Western Europe. Technology and Administration Solutions revenue also increased in connection with greater project demand primarily in Western Europe. Retirement revenue declined slightly compared to the prior year primarily as a result of non-recurring project work in the comparable period in North America along with the negative impact of being an 'off-year' in the triennial valuation cycles in both Canada and Great Britain.

Corporate Risk and Broking ('CRB')

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

The following table sets forth CRB revenue for the three months ended June 30, 2019 and 2018, and the components of the change in revenue for the three months ended June 30, 2019 from the three months ended June 30, 2018.

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 690	$ 674	2%	(3)%	5%	—%	5%

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

CRB segment revenue for the three months ended June 30, 2019 and 2018 was $690 million and $674 million, respectively. The segment had solid growth across all geographies. On an organic basis, North America continued to lead the segment with new business generation. International, Western Europe and Great Britain also contributed meaningful growth for the segment, related to strong management of the renewal book portfolio alongside new business wins.

The following table sets forth CRB revenue for the six months ended June 30, 2019 and 2018, and the components of the change in revenue for the six months ended June 30, 2019 from the six months ended June 30, 2018.

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 1,418	$ 1,414	—%	(4)%	4%	—%	5%

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

CRB segment revenue for both the six months ended June 30, 2019 and 2018 was approximately $1.4 billion. The segment had solid growth across all geographies. On an organic basis, North America continued to lead the segment with new business generation. International, Western Europe and Great Britain drove further growth for the segment, primarily with strong management of the renewal book portfolio alongside new business wins.

Investment, Risk and Reinsurance (‘IRR’)

The IRR segment uses a sophisticated approach to risk, which helps clients free up capital and manage investment complexity. This 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. This segment provides investment consulting and discretionary management services and insurance specific services and solutions through reserves opinions, software, ratemaking, risk underwriting and reinsurance broking.

The following table sets forth IRR revenue for the three months ended June 30, 2019 and 2018, and the components of the change in revenue for the three months ended June 30, 2019 from the three months ended June 30, 2018.

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 409	$ 385	6%	(3)%	9%	1%	8%

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

IRR segment revenue for the three months ended June 30, 2019 and 2018 was $409 million and $385 million, respectively. On an organic basis, all lines of business contributed to the segment’s strong performance. Reinsurance and Underwriting and Capital Management growth was driven by net new business growth and favorable renewal factors while Insurance Consulting and Technology revenue grew from strong technology sales. Max Matthiessen revenue increased as a result of overall growth in net commissions. Both the Wholesale and Investment businesses returned to revenue growth in the second quarter as a result of increased net new business and improved asset-based fees.

The following table sets forth IRR revenue for the six months ended June 30, 2019 and 2018, and the components of the change in revenue for the six months ended June 30, 2019 from the six months ended June 30, 2018.

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 998	$ 959	4%	(3)%	8%	1%	6%

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

IRR segment revenue for the six months ended June 30, 2019 and 2018 was $998 million and $959 million, respectively. On an organic basis, all lines of business posted revenue growth. Reinsurance, Underwriting and Capital Management, Wholesale and Investment growth was driven by net new business growth and favorable renewal factors while Insurance Consulting and Technology revenue grew from strong technology sales. Max Matthiessen revenue increased as a result of overall growth in net commissions.

Benefits Delivery and Administration ('BDA')

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

The following table sets forth BDA revenue for the three months ended June 30, 2019 and 2018, and the components of the change in revenue for the three months ended June 30, 2019 from the three months ended June 30, 2018.

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 126	$ 119	6%	—%	6%	—%	6%

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

BDA segment revenue for the three months ended June 30, 2019 and 2018 was $126 million and $119 million, respectively. BDA's growth was primarily led by the continued expansion of its client base and increased demand for project work in the mid-market and large-market spaces.

The following table sets forth BDA revenue for the six months ended June 30, 2019 and 2018, and the components of the change in revenue for the six months ended June 30, 2019 from the six months ended June 30, 2018.

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 261	$ 241	8%	—%	8%	—%	8%

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

BDA segment revenue for the six months ended June 30, 2019 and 2018 was $261 million and $241 million, respectively. BDA's growth was primarily led by the continued expansion of its client base and increased demand for project work in the mid-market and large-market spaces.

Costs of Providing Services

Total costs of providing services were approximately $1.9 billion for both the three months ended June 30, 2019 and 2018, with a current year decrease of $55 million, or 3%. Total costs of providing services were $3.8 billion for the six months ended June 30, 2019, compared to $4.0 billion for the six months ended June 30, 2018, a decrease of $135 million, or 3%. See the following discussion for further details.

Salaries and benefits

Salaries and benefits were approximately $1.3 billion, for both the three months ended June 30, 2019 and 2018, with a current year increase of $3 million. This increase was primarily a result of higher base salary and severance costs, partially offset by lower incentive and benefit accruals. Salaries and benefits for the six months ended June 30, 2019 were $2.6 billion, compared to $2.7 billion for the six months ended June 30, 2018, a decrease of $26 million, or 1%. This decrease was primarily a result of lower incentive and benefit accruals, partially offset by slightly higher severance and salary costs.

Salaries and benefits as a percent of revenue decreased to 62% for the three months ended June 30, 2019 from 64% for the three months ended June 30, 2018, and decreased to 60% for the six months ended June 30, 2019 from 62% for the six months ended June 30, 2018.

Other operating expenses

Other operating expenses for the three months ended June 30, 2019 were $412 million, compared to $406 million for the three months ended June 30, 2018, an increase of $6 million, or 1%. Other operating expenses for the six months ended June 30, 2019 were $830 million, compared to $829 million for the six months ended June 30, 2018, an increase of $1 million. The increases for both periods were due to higher professional fees, partially offset by lower occupancy and professional liability costs.

Depreciation

Depreciation for the three months ended June 30, 2019 was $59 million, compared to $51 million for the three months ended June 30, 2018, an increase of $8 million, or 16%. Depreciation for the six months ended June 30, 2019 was $113 million, compared to $100 million for the six months ended June 30, 2018, an increase of $13 million, or 13%. These increases were primarily due to a higher depreciable base of assets resulting from additional assets placed in service during 2018.

Amortization

Amortization for the three months ended June 30, 2019 was $123 million, compared to $140 million for the three months ended June 30, 2018, a decrease of $17 million, or 12%. Amortization for the six months ended June 30, 2019 was $250 million, compared to $281 million for the six months ended June 30, 2018, a decrease of $31 million, or 11%. Our intangible amortization is more heavily weighted to the initial years of the useful lives of the related intangibles, and therefore amortization will continue to decrease over time. However, we expect amortization to increase in the second half of the year following the acquisition of TRANZACT on July 30, 2019.

Transaction and integration expenses

There was no significant amount of transaction and integration expenses incurred for the three months ended June 30, 2019. Transaction and integration expenses for the three months ended June 30, 2018 consisted of $55 million of integration costs.

Transaction and integration expenses for the six months ended June 30, 2019 was comprised of $6 million of transaction costs related to the acquisition of TRANZACT, compared to $98 million of integration costs for the six months ended June 30, 2018. There have been no integration costs incurred during 2019 due to the completion of all integration activities in 2018.

Income from Operations

Income from operations for the three months ended June 30, 2019 was $176 million, compared to $63 million for the three months ended June 30, 2018, an increase of $113 million. This increase resulted from higher revenue of $58 million and lower operating expenses of $55 million, primarily driven by the absence of integration expenses of $55 million incurred in the prior-year quarter.

Income from operations for the six months ended June 30, 2019 was $535 million, compared to $322 million for the six months ended June 30, 2018, an increase of $213 million. This increase resulted mostly from lower operating expenses of $135 million, primarily driven by the absence of integration expenses of $98 million incurred in the prior year, and higher revenue of $78 million.

Interest Expense

Interest expense for the three months ended June 30, 2019 was $56 million, compared to $52 million for the three months ended June 30, 2018, an increase of $4 million, or 8%. Interest expense for the six months ended June 30, 2019 was $110 million, compared to $103 million for the six months ended June 30, 2018, an increase of $7 million, or 7%. These increases resulted from higher interest rates associated with our additional senior notes offering during the second half of 2018.

Other Income, Net

Other income, net for the three months ended June 30, 2019 was $67 million, compared to $63 million for the three months ended June 30, 2018, an increase of $4 million, primarily resulting from favorable investment income activity for the current quarter, partially offset by unfavorable foreign exchange activity for the period.

Other income, net for the six months ended June 30, 2019 was $122 million, compared to $119 million for the six months ended June 30, 2018, an increase of $3 million, primarily resulting from the absence of a loss on disposal of operations from the prior year and favorable foreign exchange activity for the current year, partially offset by decreased pension income.

Provision for Income Taxes

Provision for income taxes for the three months ended June 30, 2019 was $38 million, compared to $9 million for the three months ended June 30, 2018, an increase to income tax expense of $29 million. The effective tax rate was 19.7% for the three months ended June 30, 2019, and 12.7% for the three months ended June 30, 2018. Provision for income taxes for the six months ended June 30, 2019 was $105 million, compared to $52 million for the six months ended June 30, 2018, an increase of $53 million. The effective tax rate was 19.1% for the six months ended June 30, 2019, and 15.5% for the six months ended June 30, 2018. The 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 using rounded values. The increases in the effective tax rates for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018 were primarily due to additional taxes on global intangible low-taxed income (‘GILTI’).

Net Income Attributable to Willis Towers Watson

Net income attributable to Willis Towers Watson for the three months ended June 30, 2019 was $138 million, compared to $58 million for the three months ended June 30, 2018, an increase of $80 million, or 138%.

Net income attributable to Willis Towers Watson for the six months ended June 30, 2019 was $425 million, compared to $273 million for the six months ended June 30, 2018, an increase of $152 million, or 56%. The increases for both periods were primarily due to lower operating expenses and organic revenue growth across all segments, partially offset by higher tax expense.

Liquidity and Capital Resources

Executive Summary

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

Based on our current balance sheet and cash flows, current market conditions and information available to us at this time, we believe that Willis Towers Watson has access to sufficient liquidity, which includes our undrawn revolving credit facilities, to meet our cash needs for the next twelve months, including investing in the business for growth, scheduled debt repayments and dividend payments. Additionally, we used term loan financing to complete our acquisition of TRANZACT.

The Company accrues taxes related to its undistributed earnings of subsidiaries when it expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of our subsidiaries.

At December 31, 2018, as a result of an international restructuring, we were considering repatriating an additional $2.1 billion, which was previously deemed indefinitely reinvested. As a result, we recorded an estimate for foreign withholding and state income tax expense of approximately $11 million at December 31, 2018. During the three months ended June 30, 2019, we repatriated a portion of this as previously taxed income and return of capital. In June 2019, Treasury regulations were issued that would impact the U.S. taxability of the balance of the earnings associated with the international restructuring. As such, the Company has changed its assertion with respect to any additional earnings from this restructuring for the foreseeable future. Of the original $2.1 billion under consideration, $1.0 billion remains permanently reinvested.

In addition to the international restructuring, we continue to have certain subsidiaries whose earnings have not been deemed permanently reinvested, for which we have been accruing estimates of the tax effects of such repatriation. Excluding these certain subsidiaries, we continue to assert that the historical cumulative earnings for the remainder of our subsidiaries have been reinvested indefinitely, and therefore do not provide deferred taxes on these amounts. If future events, including material changes in estimates of cash, working capital, long-term investment requirements or additional guidance relating to U.S. Tax Reform, necessitate that these earnings be distributed, an additional provision for income and foreign withholding taxes, net of credits, may be necessary. Other potential sources of cash may be through the settlement of intercompany loans or return of capital distributions in a tax-efficient manner.

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

Assets and liabilities associated with non-U.S. entities have been translated into U.S. dollars as of June 30, 2019 at U.S. dollar rates that fluctuate compared to historical periods. As a result, cash flows derived from changes in the condensed consolidated balance sheets include the impact of the change in foreign exchange translation rates.

Cash and Cash Equivalents

Our cash and cash equivalents at June 30, 2019 totaled $812 million, compared to $1.0 billion at December 31, 2018. The decrease in cash from December 31, 2018 to June 30, 2019 was primarily due to the payment of dividends and outstanding borrowings against our revolving credit facility during the current quarter, as well as lower cash flows from our operating activities resulting from a shift in the timing of income tax payments, higher 2019 first quarter bonus payments, as well as relatively flat cash collections for the first half of 2019.

Additionally, at June 30, 2019, $1.2 billion was available to draw against our $1.25 billion revolving credit facility as compared to $1.1 billion, which was available to draw against the facility at December 31, 2018.

Included within cash and cash equivalents at June 30, 2019 and December 31, 2018 are amounts held for regulatory capital adequacy requirements, including $86 million and $90 million, respectively, held within our regulated U.K. entities.

Summarized Condensed Consolidated Cash Flows

The following table presents the summarized condensed consolidated cash flow information for the six months ended June 30, 2019 and 2018:

	Six Months Ended June 30,	
	2019	2018
	(in millions)	
Net cash from/(used in):		
Operating activities	$ 303	$ 395
Investing activities	(148)	(153)
Financing activities	(374)	(335)
DECREASE IN CASH AND CASH EQUIVALENTS	(219)	(93)
Effect of exchange rate changes on cash and cash equivalents	(2)	(26)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,033	1,030
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 812	$ 911

Cash Flows From Operating Activities

Cash flows from operating activities were $303 million for the six months ended June 30, 2019, compared to cash flows from operating activities of $395 million for the six months ended June 30, 2018. The $303 million of net cash from operating activities for the six months ended June 30, 2019 included net income of $442 million and $374 million of non-cash adjustments, partially offset by changes in operating assets and liabilities of $513 million. This decrease in cash flows from operations as compared to the prior year primarily resulted from a shift in the timing of income tax payments, higher bonus payments in the first quarter of 2019 and flat cash collections on higher revenue, slightly offset by a higher days-payable outstanding related to our cash management efforts for the first half of the year.

The $395 million of net cash from operating activities for the six months ended June 30, 2018 included net income of $286 million, adjusted for $300 million of non-cash adjustments, offset by changes in operating assets and liabilities of $191 million.

Cash Flows Used In Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2019 and 2018 were $148 million and $153 million, respectively, primarily driven by capital expenditures and capitalized software additions.

Cash Flows Used In Financing Activities

Cash flows used in financing activities for the six months ended June 30, 2019 were $374 million. The most significant financing activities included dividend payments of $161 million, net debt-related payments of $109 million and share repurchases of $51 million.

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

Indebtedness

Total debt, total equity, and the capitalization ratios at June 30, 2019 and December 31, 2018 were as follows:

	June 30, 2019	December 31, 2018
	($ in millions)	
Long-term debt	$ 4,284	$ 4,389
Current debt	187	186
Total debt	$ 4,471	$ 4,575
Total Willis Towers Watson shareholders' equity	$ 10,090	$ 9,852
Capitalization ratio	30.7%	31.7%

At June 30, 2019, our mandatory debt repayment over the next twelve months is a scheduled repayment of $187 million on our outstanding 7.000% senior notes due in 2019.

As part of the acquisition of TRANZACT, the Company secured $1.1 billion of financing in the form of a one-year unsecured term loan. Borrowing occurred in conjunction with the closing of the acquisition on July 30, 2019.

At June 30, 2019 and December 31, 2018, we were in compliance with all financial covenants.

Fiduciary Funds

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

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

At June 30, 2019 and December 31, 2018, we had fiduciary funds of $3.7 billion and $3.3 billion, respectively.

Share Repurchase Program

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

On February 23, 2018, the board of directors approved a total authorization of $1.0 billion for the Company's existing share repurchase program.

At June 30, 2019, approximately $348 million remained on the current repurchase authority. The maximum number of shares that could be repurchased based on the closing price of our ordinary shares on June 28, 2019 of $191.54 was 1,817,116.

As a result of our acquisition of TRANZACT, in the near term we expect to repurchase shares primarily to offset dilution from our share-based compensation. During the three and six months ended June 30, 2019, the Company had the following share repurchase activity**:**

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Shares repurchased	280,246	280,246
Average price per share	$181.97	$181.97
Aggregate repurchase cost (excluding broker costs)	$51 million	$51 million

Capital Commitments

Capital expenditures for fixed assets and software for internal use were $120 million during the six months ended June 30, 2019. The Company estimates that there will be additional such expenditures of approximately $130 million during the remainder of 2019. 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, 2018.

Dividends

Total cash dividends of $161 million were paid during the six months ended June 30, 2019. In May 2019, the board of directors approved a quarterly cash dividend of $0.65 per share ($2.60 per share annualized rate), which was paid on July 15, 2019 to shareholders of record as of June 30, 2019.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Transactions

As of January 1, 2019, in accordance with ASC 842, we recognized operating lease commitments on the condensed consolidated balance sheet, which were previously off-balance sheet arrangements (see Note 12 — Leases for further information). Other than this change, see Part II, Item 7. 'Off-Balance Sheet Arrangements and Contractual Obligations' in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019, for a discussion pertaining to off-balance sheet transactions.

Contractual Obligations

Material changes to our contractual obligations since we filed our Annual Report on Form 10-K with the SEC on February 27, 2019 are discussed in Note 9 — Debt.

Non-GAAP Financial Measures

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

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

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

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

- Transaction and integration expenses - Management believes it is appropriate to adjust for transaction and integration expenses when they relate to a specific significant program with a defined set of activities and costs that are not expected to continue beyond a defined period of time, or significant acquisition-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when the incurrence of these costs will have concluded.
- Gains and losses on disposals of operations - Adjustment to remove the gain or loss resulting from disposed operations.
- Pension settlement and curtailment gains and losses - Adjustment to remove significant pension settlement and curtailment gains and losses to better present how the Company is performing.
- Provisions for significant litigation - We will include provisions for litigation matters which we believe are not representative of our core business operations.

- Tax effects of internal reorganization - Relates to the U.S. income tax expense resulting from the completion of internal reorganizations of the ownership of certain businesses that reduced the investments held by our U.S.-controlled subsidiaries.

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

Constant Currency Change and Organic Change

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

- *Constant currency change* - Represents the year-over-year change in revenue excluding the impact of foreign currency fluctuations. To calculate this impact, the prior year local currency results are first translated using the current year monthly average exchange rates. The change is calculated by comparing the prior year revenue, translated at the current year monthly average exchange rates, to the current year as reported revenue, for the same period. We believe constant currency measures provide useful information to investors because they provide transparency to performance by excluding the effects that foreign currency exchange rate fluctuations have on period-over-period comparability given volatility in foreign currency exchange markets.
- *Organic change* - Excludes the impact of fluctuations in foreign currency exchange rates as described above and the period-over-period impact of acquisitions and divestitures on current-year revenue. We believe that excluding transaction-related items from our U.S. GAAP financial measures provides useful supplemental information to our investors, and it is important in illustrating what our core operating results would have been had we not included these transaction-related items, since the nature, size and number of these transaction-related items can vary from period to period.

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

Reconciliations of the reported changes to the constant currency and organic changes for the three and six months ended June 30, 2019 from the three and six months ended June 30, 2018 are as follows:

	Three Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 2,048	$ 1,990	3%	(3)%	6%	—%	6%

	Six Months Ended June 30,		As Reported Change	Components of Revenue Change (i)			
	2019	2018		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 4,360	$ 4,282	2%	(3)%	5%	—%	5%

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

Adjusting for the impacts of foreign currency and acquisitions and disposals in the calculation of our organic activity, our revenue grew by 6% and 5% for the three and six months ended June 30, 2019, respectively. This organic increase in revenue was driven by strong performances in all segments.

Adjusted Operating Income/Margin

We consider adjusted operating income/margin to be important financial measures, which are 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, transaction and integration expenses and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted operating income margin is calculated by dividing adjusted operating income by revenue.

Reconciliations of income from operations to adjusted operating income for the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Income from operations	$ 176	$ 63	$ 535	$ 322
Adjusted for certain items:				
Amortization	123	140	250	281
Transaction and integration expenses	—	55	6	98
Adjusted operating income	$ 299	$ 258	$ 791	$ 701
Income from operations margin	8.6%	3.2%	12.3%	7.5%
Adjusted operating income margin	14.6%	13.0%	18.1%	16.4%

Adjusted operating income increased for the three months ended June 30, 2019 to $299 million, from $258 million for the three months ended June 30, 2018. Adjusted operating income increased for the six months ended June 30, 2019 to $791 million, from $701 million for the six months ended June 30, 2018. These increases were primarily due to organic revenue growth across all segments.

Adjusted EBITDA/Margin

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

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

Reconciliations of net income to adjusted EBITDA for the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
NET INCOME	$ 149	$ 65	$ 442	$ 286
Provision for income taxes	38	9	105	52
Interest expense	56	52	110	103
Depreciation	59	51	113	100
Amortization	123	140	250	281
Transaction and integration expenses	—	55	6	98
Pension settlement and curtailment gains and losses	—	20	—	20
Loss on disposal of operations	—	—	—	9
Adjusted EBITDA	$ 425	$ 392	$ 1,026	$ 949
Net income margin	7.3%	3.3%	10.1%	6.7%
Adjusted EBITDA margin	20.8%	19.7%	23.5%	22.2%

Adjusted EBITDA for the three months ended June 30, 2019 was $425 million, compared to $392 million for the three months ended June 30, 2018. Adjusted EBITDA for the six months ended June 30, 2019 was $1.0 billion, compared to $949 million for the six months ended June 30, 2018. These increases were primarily due to organic revenue growth across all segments.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

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

Reconciliations of net income attributable to Willis Towers Watson to adjusted diluted earnings per share for the three months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,	
	2019	2018
	($ in millions)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 138	$ 58
Adjusted for certain items:		
Amortization	123	140
Transaction and integration expenses	—	55
Pension settlement and curtailment gains and losses	—	20
Tax effect on certain items listed above (i)	(29)	(48)
Adjusted net income	$ 232	$ 225
Weighted-average shares of common stock — diluted	130	133
Diluted earnings per share	$ 1.06	$ 0.44
Adjusted for certain items (ii) :		
Amortization	0.94	1.06
Transaction and integration expenses	—	0.41
Pension settlement and curtailment gains and losses	—	0.15
Tax effect on certain items listed above (i)	(0.22)	(0.36)
Adjusted diluted earnings per share	$ 1.78	$ 1.70

(i) The tax effect was calculated using an effective tax rate for each item.
(ii) Per share values and totals may differ due to rounding.

Reconciliations of net income attributable to Willis Towers Watson to adjusted diluted earnings per share for the six months ended June 30, 2019 and 2018 are as follows:

	Six Months Ended June 30,	
	2019	2018
	($ in millions)	
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON	$ 425	$ 273
Adjusted for certain items:		
Amortization	250	281
Transaction and integration expenses	6	98
Pension settlement and curtailment gains and losses	—	20
Loss on disposal of operations	—	9
Tax effect on certain items listed above (i)	(61)	(95)
Adjusted net income	$ 620	$ 586
Weighted-average shares of common stock — diluted	130	133
Diluted earnings per share	$ 3.26	$ 2.05
Adjusted for certain items (ii) :		
Amortization	1.92	2.11
Transaction and integration expenses	0.05	0.74
Pension settlement and curtailment gains and losses	—	0.15
Loss on disposal of operations	—	0.07
Tax effect on certain items listed above (i)	(0.47)	(0.71)
Adjusted diluted earnings per share	$ 4.76	$ 4.41

(i) The tax effect was calculated using an effective tax rate for each item.
(ii) Per share values and totals may differ due to rounding.

Our adjusted diluted earnings per share increased for the both the three and six months ended June 30, 2019 as compared to the prior year primarily due to organic revenue growth across all segments.

Adjusted Income Before Taxes and Adjusted Income Taxes/Tax Rate

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

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

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

Reconciliations of income from operations before income taxes to adjusted income before taxes and provision for income taxes to adjusted income taxes for the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	($ in millions)			
INCOME FROM OPERATIONS BEFORE INCOME TAXES	$ 187	$ 74	$ 547	$ 338
Adjusted for certain items:				
Amortization	123	140	250	281
Transaction and integration expenses	—	55	6	98
Pension settlement and curtailment gains and losses	—	20	—	20
Loss on disposal of operations	—	—	—	9
Adjusted income before taxes	$ 310	$ 289	$ 803	$ 746
Provision for income taxes	$ 38	$ 9	$ 105	$ 52
Tax effect on certain items listed above (i)	29	48	61	95
Adjusted income taxes	$ 67	$ 57	$ 166	$ 147
U.S. GAAP tax rate	19.7%	12.7%	19.1%	15.5%
Adjusted income tax rate	21.4%	19.7%	20.6%	19.7%

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

Our U.S. GAAP tax rates were 19.7% and 12.7% for the three months ended June 30, 2019 and 2018, respectively, and 19.1% and 15.5% for the six months ended June 30, 2019 and 2018, respectively. The increases in the U.S. GAAP tax rate for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018 were primarily due to additional taxes on global intangible low-taxed income ('GILTI').

Our adjusted income tax rates were 21.4% and 19.7% for the three months ended June 30, 2019 and 2018, respectively, and 20.6% and 19.7% for the six months ended June 30, 2019 and 2018, respectively.

Free Cash Flow

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

Reconciliations of cash flows from operating activities to free cash flow for the six months ended June 30, 2019 and 2018 are as follows:

	Six Months Ended June 30,	
	2019	2018
	(in millions)	
Cash flows from operating activities	$ 303	$ 395
Less: Additions to fixed assets and software for internal use	(120)	(141)
Free cash flow	$ 183	$ 254

The decrease in free cash flows in 2019 primarily resulted from a shift in the timing of income tax payments, higher bonus payments in the first quarter of 2019 and flat cash collections on higher revenue, slightly offset by a higher days-payable outstanding related to our cash management efforts for the first half of the year.

Critical Accounting Policies and Estimates

There were no material changes from the Critical Accounting Policies and Estimates disclosed in our 2018 Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have considered changes in our exposure to market risks during the six months ended June 30, 2019, and we 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, 2018, filed with the SEC on February 27, 2019. However, we have provided the following information to supplement or update our disclosures on our Form 10-K.

LIBOR-Related Debt Instruments

In July 2017, the Financial Conduct Authority, the authority that regulates LIBOR, announced its intention to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Alternative Reference Rates Committee ('ARRC'), a group of private-market participants convened by the Federal Reserve Board and the Federal Reserve Bank of New York to help ensure a successful transition from U.S. dollar LIBOR ('USD-LIBOR') to a more robust reference rate, has proposed that the Secured Overnight Financing Rate ('SOFR') represents the best alternative to USD-LIBOR for use in derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC has proposed a transition plan with specific steps and timelines designed to encourage the adoption of SOFR and guide the transition to SOFR from USD-LIBOR. Organizations are currently working on industry-wide and company-specific transition plans related to derivatives and cash markets exposed to USD-LIBOR. Similar efforts are underway to identify suitable replacement reference rates for LIBOR in other major currencies.

As of June 30, 2019, the Company's primary exposure is its $1.25 billion revolving credit facility maturing in 2022, which is priced using rates tied to LIBOR. We anticipate renegotiating this facility prior to the potential LIBOR quotation termination date. In addition, the Company and its subsidiaries have entered into various intercompany notes indexed to LIBOR. The Company expects to amend or replace the LIBOR-based intercompany notes as necessary to reflect new market benchmarks for the relevant loan currencies.

We are currently evaluating the LIBOR-related risks that may be inherent elsewhere in our business and are monitoring for further proposals and guidance from the ARRC and other alternative-rate initiatives, with the expectation that we will be prepared for the termination of the LIBOR benchmarks.

Interest Income on Fiduciary Funds

As described in our Form 10-K, we are exposed to interest rate risk. Specifically, as a result of our operating activities, we receive cash for premiums and claims which we deposit in short-term investments denominated in U.S. dollars and other currencies. We earn interest on these funds, which is included in our condensed consolidated financial statements as interest income. These funds are regulated in terms of access and the instruments in which they may be invested, most of which are short-term in maturity. At June 30, 2019, we held $1.8 billion of fiduciary funds invested in interest-bearing accounts. If short-term interest rates increased or decreased by 25 basis points, interest earned on these invested fiduciary funds, and therefore our interest income recognized, would increase or decrease by approximately $4 million on an annualized basis.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of June 30, 2019, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer ('CEO') and the Chief Financial Officer ('CFO'), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined by Exchange Act Rule 13a-15(e). Based upon that evaluation, the CEO and the CFO concluded that the Company's disclosure controls and procedures are effective in ensuring that the information required to be included in the Company's periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management, including the CEO and CFO, does not expect that our disclosure controls and procedures will necessarily prevent all errors and all fraud. However, management does expect that the control system provides reasonable assurance that its objectives will be met. A control system, no matter how well designed and operated, cannot provide absolute assurance that the control system's objectives will be met. In addition, the design of such internal controls must take into account the costs of designing and maintaining such a control system. Certain inherent limitations exist in control systems to make absolute assurances difficult, including the realities that judgments in decision-making can be faulty, that breakdowns can occur because of a simple error or mistake, and that individuals can circumvent controls. The design of any control system is based in part upon existing business conditions and risk assessments.

There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in business conditions or deterioration in the degree of compliance with policies or procedures. As a result, they may require change or revision. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected. Nevertheless, the disclosure controls and procedures are designed to provide reasonable assurance of achieving their stated objectives, and the CEO and CFO have concluded that the disclosure controls and procedures are effective at a reasonable assurance level.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are a party to various lawsuits, arbitrations or mediations that arise in the ordinary course of business. The disclosure called for by Part II, Item 1. regarding our legal proceedings is incorporated by reference herein from Part I, Item 1 Note 13 — Commitments and Contingencies - Legal Proceedings of the notes to the condensed consolidated financial statements in this Form 10-Q for the quarter ended June 30, 2019.

ITEM 1A. RISK FACTORS

Except as described below, there are no material changes from risk factors as previously disclosed in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019. We urge you to read the risk factors contained in our Annual Report.

Our acquisition of TRANZACT may create incremental business, regulatory and reputational risks.

On July 30, 2019, the Company completed the acquisition of TRANZACT, a U.S.-based direct-to-consumer health care organization that links individuals to US insurance carriers. The TRANZACT acquisition entails important risks, including the following, among others: the risk that we are unable to successfully integrate TRANZACT operations and employees and realize its benefits, including the acceleration of our direct-to-consumer strategy at the times and to the extent anticipated; the potential impact of the consummation of the proposed transaction on relationships, including with employees, suppliers, clients and competitors; the risk of material changes in U.S. health care regulation; changes in general economic, business and political conditions, including changes in the financial markets; significant competition in the marketplace; and compliance with extensive government regulation. For a further discussion of risks relating to our Benefits and Delivery Administration segment, and with respect to acquisitions generally, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, filed with the SEC on February 27, 2019.

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

During the six months ended June 30, 2019, no shares were issued by the Company without registration under the Securities Act of 1933, as amended.

(c) Issuer Purchases of Equity Securities

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

On February 23, 2018, the board of directors approved a total authorization of $1.0 billion for the Company's existing share repurchase program.

The following table presents specified information about the Company's repurchases of its ordinary shares in the second quarter of 2019 and the Company's remaining repurchase authority.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
April 1, 2019 through April 30, 2019	—	$ —	—	2,097,362
May 1, 2019 through May 31, 2019	119,081	$ 176.34	119,081	1,978,281
June 1, 2019 through June 30, 2019	161,165	$ 186.13	161,165	1,817,116
	280,246	$ 181.97	280,246	

The maximum number of shares that may yet be purchased under the existing stock repurchase authority is 1,817,116. At June 30, 2019, approximately $348 million remained on the current open-ended repurchase authority granted by the board. An estimate of the maximum number of shares under the existing authorities was determined using the closing price of our ordinary shares on June 28, 2019 of $191.54. As a result of our acquisition of TRANZACT, in the near term, we expect to repurchase shares primarily to offset dilution from our share-based compensation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Willis Towers Watson Public Limited Company Compensation Policy and Share Ownership Guidelines for Non-Employee Directors (as of July 2019)*
10.2	Second Amendment to Employment Agreement, dated as of May 20, 2019, between Willis Towers Watson Public Limited Company and John J. Haley†*
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 – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed or furnished herewith.

† Management contract or compensatory plan or arrangement.

SIGNATURES

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

Willis Towers Watson Public Limited Company
(Registrant)

/s/ John J. Haley		August 1, 2019
Name:	John J. Haley	Date
Title:	Chief Executive Officer	
/s/ Michael J. Burwell		August 1, 2019
Name:	Michael J. Burwell	Date
Title:	Chief Financial Officer	
/s/ Susan D. Davies		August 1, 2019
Name:	Susan D. Davies	Date
Title:	Principal Accounting Officer and Controller	

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

(As of July 2019)

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

1. Definitions.

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

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

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

2. Term Cash Fees (effective May 20, 2019)

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

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

i.	Chairman of the Board: *provided, however, that the Chairman may elect to receive such fee 100% in equity on the same terms and conditions as the equity granted under Section 3 below.*	$75,000
ii.	Chairman of the Audit Committee:	$10,000
iii.	Chairman of the Risk Committee:	$7,500
iv.	Chairman of the Compensation Committee:	$7,500
v.	Chairman of the Corporate Governance & Nominating Committee:	$7,000
vi.	Member of the Audit Committee:	$15,000
vii.	Member of the Risk Committee:	$12,500
viii.	Member of the Compensation Committee:	$12,500

ix. Member of the Corporate Governance & Nominating Committee: $10,000

a. If, for an upcoming term, the Chairman elects to receive his/her Chairman fee, set forth under Section 2(b)(i), 100% in equity, such election shall be made in writing and sent to the Company Secretary, substantially in the form attached hereto as Exhibit A. The election must be made during an "open window" (as defined by the Company's Insider Trading Policy), when the Chairman does not possess any material, non-public information, and by December 31st of the calendar year immediately preceding the calendar year in which the upcoming term is scheduled to commence. If no election is made by the Chairman, he/she will receive the $75,000 fee in cash.

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

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

3. Annual Equity Grant.

a. **Non-Employee Directors**. Each Non-Employee Director who is elected at the Company's AGM shall, in addition to the cash fees referred to in Section 2, be granted a time-based equity award covering a number of ordinary shares having an approximate aggregate value of $160,000, *provided*, *however*, that if any Non-Employee Director is appointed, in accordance with applicable law and the Company's Memorandum and Articles of Association and other corporate governance documents, to fill a vacancy after an AGM, then in the discretion of the Compensation Committee, such director shall be entitled to receive a prorated equity award on such terms and conditions, including a grant date, approved by the Compensation Committee. The equity award shall be calculated based on the closing price of the Company's ordinary shares on the date of the grant as reported on NASDAQ and rounded down to the nearest whole ordinary share. The terms of the equity grant shall be as set forth in this Section 3.

b. **Chairman of the Board**. In addition to the equity award set forth in Section 3(a), in consideration for the services performed in his/her capacity as the Chairman of the Board, the Chairman shall be granted, at the same time and on the same terms and conditions as the equity granted under Section 3(a) above, an equity award covering a number of ordinary shares having an approximate aggregate value of $75,000, *provided*, *however*, that if any Chairman is appointed in the middle of the term, then, in the discretion of the Compensation Committee, such director may be entitled to receive a prorated equity award on such terms and conditions, including a grant date, approved by the Compensation Committee.

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

d. **Grant Date**. The equity granted pursuant to Sections 3(a) and 3(b) shall be granted on the date of the AGM.

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

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

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

h. **Tax-Related Items**. Each Non-Employee Director must make full payment to the Company of all Tax-Related Items (as defined in the 2012 Plan), which under federal, state, local or foreign law, the Company or any subsidiary is required to withhold upon vesting, settlement or other taxable event applicable to the equity awards granted to the Non-Employee Director. In this regard, the Non-Employee Director authorizes the Company or its respective agents, to satisfy the obligations for all Tax-Related Items by withholding in shares to be issued at settlement of the equity awards. In the alternative, the Non-Employee Director may satisfy the obligations for the Tax-Related Items by payment of cash or check by notifying the Company of such election at least thirty (30) days (or such other notice period as is determined by the Company and communicated to the Non-Employee Director) in advance of the vesting date.

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

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

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

4. Share Ownership Guidelines

a. Non-Employee Directors are required to accumulate shares at least equal to five times the annual cash retainer (*i.e.*, $625,000), valued based on the average daily share price over the last 30 business days of the Company's fiscal year. Each Non-Employee Director has eight years from the date of appointment to the legacy Willis Group Holdings Public Limited Company Board, the legacy Towers Watson & Co. Board or the Willis Towers Watson Public Limited Company Board, as applicable, to achieve compliance with such share ownership requirements. Until the ownership level is reached, Non-Employee Directors should not sell shares in excess of

the amount needed to pay applicable taxes associated with the equity granted. Once a Non-Employee Director accumulates sufficient shares to meet the $625,000 requirement, he/she is not required to retain shares above the threshold. If as a result of a share price decline subsequent to a Non-Employee Director meeting the ownership requirements the Non-Employee Director does not satisfy the requirements as of the Company's fiscal year-end, he/she is not required to "buy up" to a new number of shares needed to meet the ownership requirements. However, he/she is required to retain the number of shares that originally were acquired to reach the share ownership threshold until such time as he/she is once again above the threshold.

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

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

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

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

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

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

Exhibit 10.2

SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT

This SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (the "Amendment") is entered into as of May 20, 2019 (the '"Effective Date") by and between John J. Haley ("Executive") and Willis Towers Watson Public Limited Company (the "Company").

WHEREAS, Executive and the Company are party to an Employment Agreement, dated as of March 1, 2016, as amended on July 18, 2018 (the "Employment Agreement"), pursuant to which Executive serves as the Chief Executive Officer of the Company:

WHEREAS, the current term of the Employment Agreement continues until January 1, 2021;

WHEREAS, the Company and Executive desire to enter into this Amendment, effective on the Effective Date, to modify (i) the expiration of the term of the Employment Agreement from January 1, 2021 to December 31, 2020, and (ii) the date on which certain of Executive's deferred compensation contributions vest and are contributed from January 1, 2021 to December 31, 2020; and

WHEREAS, the Employment Agreement may be amended by means of a written agreement executed by the Company and Executive.

NOW, THEREFORE, effective upon the Effective Date, and in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

1. Section 1 of the Employment Agreement shall be deleted in its entirety and replaced with the following:

   "Term. Executive's Employment under this Agreement shall be effective as of January 1, 2019 (the "Effective Date") and shall terminate on December 31, 2020 (the "Expiration Date," and such period, the "Term"). '

2. Section 2(h) of the Employment Agreement shall be deleted in its entirety and replaced with the following:

   "(h) Deferred Compensation Contributions. The Company shall make the following contributions to Executive's discretionary contribution account under the Company's Non-Qualified Deferred Savings Plan for U.S. Employees (the "Deferred Compensation Plan"), subject to Executive's continued employment with the Company on each applicable contribution date: (a) $1 million on January 1, 2019, which shall vest based on Executive's employment on the first anniversary of the contribution date, (b) $1 million on January 1, 2020, which shall vest based on Executive's employment on and until the Expiration Date, and (c) $520,000 on the Expiration Date, which shall be contributed on a fully vested basis subject to Executive's retirement from the Company as of such date (the "Deferred Compensation Contributions"). Interest at an annual rate of 4.5% shall be credited to each of the Deferred Compensation Contributions from the date of contribution until the date of payment. The Deferred Compensation Contributions, including accrued interest, shall be paid to Executive on August 31, 2021. Notwithstanding the foregoing, upon any termination of Executive's employment pursuant to Section 3(b) hereof, any Deferred Compensation Contributions that have been made prior to the date of such termination shall be vested in full, and all vested amounts shall be paid in accordance with the Deferred Compensation Plan, subject to the release of claims requirement in Section 3(g) hereof. Upon termination of Executive's employment for any reason, Executive shall not be entitled to receive any Deferred Compensation Contributions that have not been made prior to such date.

3. Amendment Effective Date. This Amendment shall be effective as of the Effective Date.

4. References. As of the Effective Date, all references in the Employment Agreement to "Agreement" and any other references of similar effect shall refer to the Employment Agreement as amended by this Amendment. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Employment Agreement.

5. Remaining Provisions. Except as expressly modified by this Amendment, the Employment Agreement shall remain in full force and effect. This Amendment embodies the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, whether oral or written, relating thereto.

6. Governing Law. This Amendment is to be interpreted, construed and governed according to the laws of the State of New York without regard to conflicts of laws.

7. Counterparts. The Parties hereto may execute this Amendment in counterparts, each of which shall be deemed to be an original and all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth above.

Willis Towers Watson Public Limited Company

By: /s/ Matthew S. Furman
Name: Matthew S. Furman
Title: General Counsel

ACCEPTED AND AGREED:

/s/ John J. Haley
John J. Haley

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14 AND 15d-14
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John J. Haley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Towers Watson Public Limited Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2019

/s/ John J. Haley
John J. Haley
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14 AND 15d-14
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Burwell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Towers Watson Public Limited Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2019

/s/ Michael J. Burwell
Michael J. Burwell
Chief Financial Officer

Exhibit 32.1

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

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

- The Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2019, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 1, 2019

/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.