

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 September 30, 2021
OR

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

For the transition period from _____ to _____
Commission File Number: 001-16503

Willis Towers Watson 

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland
(Jurisdiction of
incorporation or organization)

c/o Willis Group Limited
51 Lime Street, London EC3M 7DQ, England
(Address of principal executive offices)

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

(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 October 26, 2021, there were outstanding 124,606,097 ordinary shares, nominal value \$0.000304635 per share, of the registrant.

WILLIS TOWERS WATSON

INDEX TO FORM 10-Q

For the Three and Nine Months Ended September 30, 2021

| | <u>Page</u> |
|---|-------------|
| Certain Definitions | 3 |
| Disclaimer Regarding Forward-looking Statements | 4 |
| PART I. FINANCIAL INFORMATION | 7 |
| Item 1. Financial Statements (Unaudited) | 7 |
| Condensed Consolidated Statements of Comprehensive Income - Three and Nine Months Ended September 30, 2021 and 2020 | 7 |
| Condensed Consolidated Balance Sheets – September 30, 2021 and December 31, 2020 | 8 |
| Condensed Consolidated Statements of Cash Flows - Nine Months Ended September 30, 2021 and 2020 | 9 |
| Condensed Consolidated Statements of Changes in Equity - Nine Months Ended September 30, 2021 and 2020 | 10 |
| Notes to the Condensed Consolidated Financial Statements | 12 |
| Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations | 30 |
| Item 3. Quantitative and Qualitative Disclosures About Market Risk | 51 |
| Item 4. Controls and Procedures | 51 |
| PART II. OTHER INFORMATION | 53 |
| Item 1. Legal Proceedings | 53 |
| Item 1A. Risk Factors | 53 |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | 53 |
| Item 3. Defaults Upon Senior Securities | 54 |
| Item 4. Mine Safety Disclosures | 54 |
| Item 5. Other Information | 54 |
| Item 6. Exhibits | 55 |
| Signatures | 56 |

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 |
| ‘Willis’ | Willis Group Holdings Public Limited Company and its subsidiaries, predecessor to Willis Towers Watson, prior to the Merger |
| ‘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 exit from the European Union, which occurred on January 31, 2020. |
| ‘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’ | United States 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, the impact of the COVID-19 pandemic on our business, impact of the termination of the business combination with Aon plc and the divestitures contemplated in connection therewith, future capital expenditures, ongoing working capital efforts, future share repurchases, financial results (including our revenue), the impact of changes to tax laws on our financial results, existing and evolving business strategies and acquisitions and dispositions, demand for our services and competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, our ability to successfully manage ongoing organizational and technology changes, including investments in improving systems and processes, and plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions 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 consulting services, defined benefit pension plans or the purchasing of insurance;
- the risks related to changes in general economic, business and political conditions, including changes in the financial markets and inflation;
- the risks relating to the adverse impact of the ongoing COVID-19 pandemic on the demand for our products and services, our cash flows and our business operations, including increased demand on our information technology resources and systems and related risks of cybersecurity breaches or incidents;
- the risks relating to or arising from the termination of the business combination with Aon plc announced in March 2020 and the divestitures contemplated in connection therewith, including, among others, risks relating to the impact of such terminations on relationships, including with suppliers, customers, employees and regulators, risks relating to litigation in connection with the business combination and the impact of the costs of the business combination that will be borne by us, despite the business combination being terminated and the income receipt of the termination fee and its estimated income tax impact;
- our ability to consummate the transaction with Arthur J. Gallagher & Co. in the expected timeframe, or at all, and related risks;
- significant competition that we face and the potential for loss of market share and/or profitability;
- the impact of seasonality, differences in timing of renewals and non-recurring revenue increases from disposals and book-of-business sales;
- the failure to protect client data or breaches of information systems or insufficient safeguards against cybersecurity breaches or incidents;
- the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation;
- the risk of substantial negative outcomes on existing litigation or investigation matters;
- changes in the regulatory environment in which we operate, including, among other risks, the impacts of pending competition law and regulatory investigations;
- various claims, government inquiries or investigations or the potential for regulatory action;
- our ability to make divestitures or acquisitions and our ability to integrate or manage such acquired businesses;
- our ability to successfully hedge against fluctuations in foreign currency rates;
- our ability to integrate direct-to-consumer sales and marketing solutions with our existing offerings and solutions;
- our ability to comply with complex and evolving regulations related to data privacy and cyber security;

- our ability to successfully manage ongoing organizational changes, including investments in improving systems and processes;
- disasters or business continuity problems;
- the 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 anticipated replacement of the London Interbank Offered Rate ('LIBOR');
- our ability to properly identify and manage conflicts of interest;
- reputational damage, including from association with third parties;
- reliance on third-party services;
- the loss of key employees or a large number of employees;
- doing business internationally, including the impact of exchange rates;
- compliance with extensive government regulation;
- the risk of sanctions imposed by governments, or changes to associated sanction regulations;
- our ability to effectively apply technology, data and analytics changes for internal operations, maintaining industry standards and meeting client preferences;
- changes and developments in the insurance industry or the U.S. healthcare system, including those related to Medicare and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress;
- the inability to protect 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 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 or potential changes to U.S. or foreign tax laws, including on our effective tax rate, and the enactment of additional, or the revision of existing, state, federal, and/or foreign regulatory and tax laws, development of case law, regulations and any policy changes from the new Presidential administration and legislative actions from the current U.S. Congress;
- U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares;
- changes in accounting principles, estimates or assumptions;
- fluctuation in revenue against our relatively fixed or higher than expected expenses;
- the laws of Ireland being different from the laws of the U.S. 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 Part I, Item 1A 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. Given 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. With regard to these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | \$ 1,973 | \$ 1,897 | \$ 6,292 | \$ 5,946 |
| Costs of providing services | | | | |
| Salaries and benefits | 1,255 | 1,238 | 3,991 | 3,807 |
| Other operating expenses | 385 | 370 | 1,169 | 1,210 |
| Depreciation | 69 | 73 | 212 | 237 |
| Amortization | 85 | 108 | 285 | 347 |
| Transaction and integration, net | (952) | 42 | (877) | 65 |
| Total costs of providing services | 842 | 1,831 | 4,780 | 5,666 |
| Income from operations | 1,131 | 66 | 1,512 | 280 |
| Interest expense | (50) | (61) | (161) | (184) |
| Other income, net | 105 | 156 | 617 | 321 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 1,186 | 161 | 1,968 | 417 |
| Provision for income taxes | (267) | (42) | (386) | (133) |
| INCOME FROM CONTINUING OPERATIONS | 919 | 119 | 1,582 | 284 |
| (Loss)/income from discontinued operations before income taxes | (15) | 7 | 317 | 319 |
| Benefit from/(provision for) income taxes on discontinued operations | 3 | (4) | (70) | (66) |
| (LOSS)/INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX | (12) | 3 | 247 | 253 |
| NET INCOME | 907 | 122 | 1,829 | 537 |
| Income attributable to non-controlling interests | (4) | (1) | (9) | (17) |
| NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON | \$ 903 | \$ 121 | \$ 1,820 | \$ 520 |
| EARNINGS PER SHARE | | | | |
| Basic earnings per share: | | | | |
| Income from continuing operations per share | \$ 7.10 | \$ 0.91 | \$ 12.14 | \$ 2.06 |
| (Loss)/income from discontinued operations per share | (0.09) | 0.02 | 1.90 | 1.95 |
| Basic earnings per share | \$ 7.01 | \$ 0.93 | \$ 14.04 | \$ 4.01 |
| Diluted earnings per share: | | | | |
| Income from continuing operations per share | \$ 7.08 | \$ 0.91 | \$ 12.10 | \$ 2.05 |
| (Loss)/income from discontinued operations per share | (0.09) | 0.02 | 1.90 | 1.94 |
| Diluted earnings per share | \$ 6.99 | \$ 0.93 | \$ 14.00 | \$ 3.99 |
| Comprehensive income before non-controlling interests | \$ 826 | \$ 260 | \$ 1,831 | \$ 511 |
| Comprehensive income attributable to non-controlling interests | (4) | (2) | (11) | (17) |
| Comprehensive income attributable to Willis Towers Watson | \$ 822 | \$ 258 | \$ 1,820 | \$ 494 |

See accompanying notes to the condensed consolidated financial statements

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

| | September 30, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,162 | \$ 2,039 |
| Fiduciary assets | 10,923 | 12,003 |
| Accounts receivable, net | 2,065 | 2,408 |
| Prepaid and other current assets | 480 | 475 |
| Current assets held for sale | 4,961 | 3,376 |
| Total current assets | 20,591 | 20,301 |
| Fixed assets, net | 881 | 1,013 |
| Goodwill | 10,146 | 10,392 |
| Other intangible assets, net | 2,681 | 3,035 |
| Right-of-use assets | 795 | 901 |
| Pension benefits assets | 1,056 | 971 |
| Other non-current assets | 1,132 | 1,078 |
| Non-current assets held for sale | — | 840 |
| Total non-current assets | 16,691 | 18,230 |
| TOTAL ASSETS | \$ 37,282 | \$ 38,531 |
| LIABILITIES AND EQUITY | | |
| Fiduciary liabilities | \$ 10,923 | \$ 12,003 |
| Deferred revenue and accrued expenses | 1,829 | 2,043 |
| Current debt | 644 | 971 |
| Current lease liabilities | 150 | 152 |
| Other current liabilities | 950 | 793 |
| Current liabilities held for sale | 4,120 | 3,370 |
| Total current liabilities | 18,616 | 19,332 |
| Long-term debt | 3,993 | 4,664 |
| Liability for pension benefits | 1,188 | 1,403 |
| Deferred tax liabilities | 612 | 561 |
| Provision for liabilities | 401 | 406 |
| Long-term lease liabilities | 800 | 917 |
| Other non-current liabilities | 239 | 281 |
| Non-current liabilities held for sale | — | 35 |
| Total non-current liabilities | 7,233 | 8,267 |
| TOTAL LIABILITIES | 25,849 | 27,599 |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY (i) | | |
| Additional paid-in capital | 10,786 | 10,748 |
| Retained earnings | 2,969 | 2,434 |
| Accumulated other comprehensive loss, net of tax | (2,359) | (2,359) |
| Treasury shares, at cost, 17,519 shares in 2021 and 2020 | (3) | (3) |
| Total Willis Towers Watson shareholders' equity | 11,393 | 10,820 |
| Non-controlling interests | 40 | 112 |
| Total equity | 11,433 | 10,932 |
| TOTAL LIABILITIES AND EQUITY | \$ 37,282 | \$ 38,531 |

(i) Equity includes (a) Ordinary shares \$0.000304635 nominal value; Authorized 1,510,003,775; Issued 124,595,946 (2021) and 128,964,579 (2020); Outstanding 124,595,946 (2021) and 128,964,579 (2020) and (b) Preference shares, \$0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2021 and 2020.

See accompanying notes to the condensed consolidated financial statements

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

| | Nine Months Ended September 30, | |
|--|--|------------------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| NET INCOME | \$ 1,829 | \$ 537 |
| Adjustments to reconcile net income to total net cash from operating activities: | | |
| Depreciation | 212 | 238 |
| Amortization | 286 | 348 |
| Non-cash lease expense | 108 | 110 |
| Net periodic benefit of defined benefit pension plans | (125) | (142) |
| Provision for doubtful receivables from clients | 13 | 28 |
| Provision for deferred income taxes | 41 | 55 |
| Share-based compensation | 71 | 59 |
| Net gain on disposal of operations | (380) | (83) |
| Non-cash foreign exchange gain | (5) | (10) |
| Other, net | (21) | (21) |
| Changes in operating assets and liabilities, net of effects from purchase of subsidiaries: | | |
| Accounts receivable | 175 | 359 |
| Fiduciary assets | (715) | (2,453) |
| Fiduciary liabilities | 715 | 2,453 |
| Other assets | (135) | (78) |
| Other liabilities | (199) | (217) |
| Provisions | 7 | 23 |
| Net cash from operating activities | <u>1,877</u> | <u>1,206</u> |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | |
| Additions to fixed assets and software for internal use | (109) | (183) |
| Capitalized software costs | (40) | (49) |
| Acquisitions of operations, net of cash acquired | — | (66) |
| Net proceeds from sale of operations | 726 | 212 |
| Other, net | — | (22) |
| Net cash from/(used in) investing activities | <u>577</u> | <u>(108)</u> |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Senior notes issued | — | 282 |
| Debt issuance costs | — | (2) |
| Repayments of debt | (970) | (319) |
| Repurchase of shares | (1,000) | — |
| Proceeds from issuance of shares | 2 | 8 |
| Payments of deferred and contingent consideration related to acquisitions | (19) | — |
| Cash paid for employee taxes on withholding shares | (8) | (14) |
| Dividends paid | (275) | (259) |
| Acquisitions of and dividends paid to non-controlling interests | (35) | (27) |
| Other, net | — | (3) |
| Net cash used in financing activities | <u>(2,305)</u> | <u>(334)</u> |
| INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | | |
| CASH | 149 | 764 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (24) | (5) |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD (i) | 2,096 | 895 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD (i) | <u>\$ 2,221</u> | <u>\$ 1,654</u> |

(i) Cash, cash equivalents and restricted cash included \$6 million, \$7 million, \$7 million and \$8 million of restricted cash at September 30, 2021, December 31, 2020, September 30, 2020 and December 31, 2019, respectively, which is included within prepaid and other current assets on our condensed consolidated balance sheets. Additionally, cash, cash equivalents and restricted cash included \$53 million, \$50 million, \$56 million and \$56 million of cash attributable to discontinued operations at September 30, 2021, December 31, 2020, September 30, 2020 and December 31, 2019, respectively, which is included within assets held for sale on our condensed consolidated balance sheets.

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)

Nine Months Ended September 30, 2021

| | Shares outstanding | Additional paid- in capital | Retained earnings | Treasury shares | AOCL ⁽ⁱ⁾ | Total WTW shareholders' equity | Non-controlling interests | Total equity |
|---|-----------------------|--------------------------------|----------------------|-----------------|---------------------|--------------------------------------|------------------------------|--------------|
| Balance as of December 31, 2020 | 128,965 | \$ 10,748 | \$ 2,434 | \$ (3) | \$ (2,359) | \$ 10,820 | \$ 112 | \$ 10,932 |
| Net income | — | — | 733 | — | — | 733 | 3 | 736 |
| Dividends declared (\$0.71 per share) | — | — | (92) | — | — | (92) | — | (92) |
| Dividends attributable to non-controlling interests | — | — | — | — | — | — | (17) | (17) |
| Other comprehensive income | — | — | — | — | 48 | 48 | 2 | 50 |
| Issuance of shares under employee stock compensation plans | 9 | 1 | — | — | — | 1 | — | 1 |
| Share-based compensation and net settlements | — | 12 | — | — | — | 12 | — | 12 |
| Reduction of non-controlling interests ⁽ⁱⁱ⁾ | — | — | — | — | — | — | (52) | (52) |
| Foreign currency translation | — | 4 | — | — | — | 4 | — | 4 |
| Balance as of March 31, 2021 | 128,974 | \$ 10,765 | \$ 3,075 | \$ (3) | \$ (2,311) | \$ 11,526 | \$ 48 | \$ 11,574 |
| Net income | — | — | 184 | — | — | 184 | 2 | 186 |
| Dividends declared (\$0.71 per share) | — | — | (93) | — | — | (93) | — | (93) |
| Dividends attributable to non-controlling interests | — | — | — | — | — | — | (4) | (4) |
| Other comprehensive income | — | — | — | — | 33 | 33 | — | 33 |
| Issuance of shares under employee stock compensation plans | 14 | 1 | — | — | — | 1 | — | 1 |
| Share-based compensation and net settlements | — | 20 | — | — | — | 20 | — | 20 |
| Reduction of non-controlling interests ⁽ⁱⁱ⁾ | — | — | — | — | — | — | (1) | (1) |
| Foreign currency translation | — | (1) | — | — | — | (1) | — | (1) |
| Balance as of June 30, 2021 | 128,988 | \$ 10,785 | \$ 3,166 | \$ (3) | \$ (2,278) | \$ 11,670 | \$ 45 | \$ 11,715 |
| Shares repurchased | (4,456) | — | (1,000) | — | — | (1,000) | — | (1,000) |
| Net income | — | — | 903 | — | — | 903 | 4 | 907 |
| Dividends declared (\$0.80 per share) | — | — | (100) | — | — | (100) | — | (100) |
| Dividends attributable to non-controlling interests | — | — | — | — | — | — | (6) | (6) |
| Other comprehensive loss | — | — | — | — | (81) | (81) | — | (81) |
| Issuance of shares under employee stock compensation plans | 64 | — | — | — | — | — | — | — |
| Share-based compensation and net settlements | — | 6 | — | — | — | 6 | — | 6 |
| Reduction of non-controlling interests ⁽ⁱⁱ⁾ | — | (8) | — | — | — | (8) | (3) | (11) |
| Foreign currency translation | — | 3 | — | — | — | 3 | — | 3 |
| Balance as of September 30, 2021 | 124,596 | \$ 10,786 | \$ 2,969 | \$ (3) | \$ (2,359) | \$ 11,393 | \$ 40 | \$ 11,433 |

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

(ii) Attributable to the divestiture of businesses that are less than wholly-owned or the acquisition of shares previously owned by minority interest holders.

WILLIS TOWERS WATSON
Condensed Consolidated Statements of Changes in Equity – (continued)
(In millions of U.S. dollars and number of shares in thousands)
(Unaudited)

Nine Months Ended September 30, 2020

| | Shares outstanding | Additional paid- in capital | Retained earnings | Treasury shares | AOCL ⁽ⁱ⁾ | Total WTW shareholders' equity | Non-controlling interests | Total equity |
|---|-----------------------|--------------------------------|----------------------|-----------------|---------------------|--------------------------------------|------------------------------|------------------|
| Balance as of December 31, 2019 | 128,690 | \$ 10,687 | \$ 1,792 | \$ (3) | \$ (2,227) | \$ 10,249 | \$ 120 | \$ 10,369 |
| Net income | — | — | 305 | — | — | 305 | 8 | 313 |
| Dividends declared (\$0.68 per share) | — | — | (88) | — | — | (88) | — | (88) |
| Dividends attributable to non-controlling interests | — | — | — | — | — | — | (1) | (1) |
| Other comprehensive loss | — | — | — | — | (219) | (219) | (1) | (220) |
| Issuance of shares under employee stock compensation plans | 36 | 3 | — | — | — | 3 | — | 3 |
| Share-based compensation and net settlements | — | 9 | — | — | — | 9 | — | 9 |
| Foreign currency translation | — | 4 | — | — | — | 4 | — | 4 |
| Balance as of March 31, 2020 | 128,726 | \$ 10,703 | \$ 2,009 | \$ (3) | \$ (2,446) | \$ 10,263 | \$ 126 | \$ 10,389 |
| Net income | — | — | 94 | — | — | 94 | 8 | 102 |
| Dividends declared (\$0.68 per share) | — | — | (88) | — | — | (88) | — | (88) |
| Dividends attributable to non-controlling interests | — | — | — | — | — | — | (12) | (12) |
| Other comprehensive income | — | — | — | — | 56 | 56 | — | 56 |
| Issuance of shares under employee stock compensation plans | 37 | 2 | — | — | — | 2 | — | 2 |
| Share-based compensation and net settlements | — | 12 | — | — | — | 12 | — | 12 |
| Reduction of non-controlling interests ⁽ⁱⁱ⁾ | — | — | — | — | — | — | (1) | (1) |
| Other | — | (3) | — | — | — | (3) | — | (3) |
| Foreign currency translation | — | (1) | — | — | — | (1) | — | (1) |
| Balance as of June 30, 2020 | 128,763 | \$ 10,713 | \$ 2,015 | \$ (3) | \$ (2,390) | \$ 10,335 | \$ 121 | \$ 10,456 |
| Net income | — | — | 121 | — | — | 121 | 1 | 122 |
| Dividends declared (\$0.68 per share) | — | — | (89) | — | — | (89) | — | (89) |
| Dividends attributable to non-controlling interests | — | — | — | — | — | — | (9) | (9) |
| Other comprehensive income | — | — | — | — | 137 | 137 | 1 | 138 |
| Issuance of shares under employee stock compensation plans | 108 | 3 | — | — | — | 3 | — | 3 |
| Share-based compensation and net settlements | — | 6 | — | — | — | 6 | — | 6 |
| Reduction of non-controlling interests ⁽ⁱⁱ⁾ | — | 7 | — | — | — | 7 | (9) | (2) |
| Foreign currency translation | — | (5) | — | — | — | (5) | — | (5) |
| Balance as of September 30, 2020 | 128,871 | \$ 10,724 | \$ 2,047 | \$ (3) | \$ (2,253) | \$ 10,515 | \$ 105 | \$ 10,620 |

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

(ii) Attributable to the divestiture of businesses that are less than wholly-owned or the acquisition of shares previously owned by minority interest holders.

See accompanying notes to the condensed consolidated financial statements

WILLIS TOWERS WATSON
Notes to the Condensed Consolidated Financial Statements
(Tabular amounts in millions of U.S. dollars, except per share data)
(Unaudited)

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 46,000 employees and services clients in more than 140 countries.

We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals.

Our risk management 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 addressing 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 that optimize benefits and cultivate talent. 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 and expand the power of capital.

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 also provide direct-to-consumer sales of Medicare coverage.

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.

Termination of Proposed Combination with Aon plc

On March 9, 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the respective boards of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Under the terms of the agreement each WTW shareholder would receive 1.08 Aon ordinary shares for each WTW ordinary share. At the time of the announcement, it was estimated that upon completion of the combination, existing Aon shareholders would own approximately 63% and existing WTW shareholders would own approximately 37% of the combined company on a fully diluted basis.

The transaction was approved by the shareholders of both WTW and Aon during meetings of the respective shareholders held on August 26, 2020. On June 16, 2021, the U.S. Department of Justice filed suit in U.S. District Court in the District of Columbia against WTW and Aon, seeking to enjoin the proposed business combination between the two companies (among other relief). On July 26, 2021, WTW and Aon announced they had terminated the business combination agreement and that Aon had agreed to pay WTW \$1 billion in connection with such termination, which was received by WTW on July 27, 2021 (the 'Termination' or the 'Termination Agreement'). The \$1 billion income receipt has been included in transaction and integration, net in the condensed consolidated statements of operations. Under the Termination Agreement, WTW and Aon on behalf of themselves and certain other related and affiliated parties, each agreed to release the other from all claims and actions arising out of or related to the business combination agreement and the transactions contemplated thereby, subject to certain exceptions.

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. We have reclassified certain prior period amounts to conform to the current period presentation due to the recognition of discontinued operations and assets and liabilities as held-for-sale (see below for further discussion). In the opinion of management, these condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of the condensed consolidated financial statements and results for the interim periods. All intercompany accounts and transactions have been eliminated in consolidation. The condensed

consolidated financial statements should be read together with the Company's Annual Report on Form 10-K, filed with the SEC on February 23, 2021, and may be accessed via EDGAR on the SEC's web site at www.sec.gov.

The results of operations for the three and nine months ended September 30, 2021 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.

Risks and Uncertainties Related to the COVID-19 Pandemic and the Related Economic Environment

The COVID-19 pandemic has had an adverse impact on global commercial activity, particularly on the global supply chain and workforce availability, and has contributed to significant volatility in the global financial markets including, among other effects, occasional declines in the equity markets, changes in interest rates and reduced liquidity on a global basis. With regard to the effects on our own business operations and those of our clients, suppliers and other third parties with whom we interact, the Company has regularly considered the impact of COVID-19 and the wider economic results on our business, taking into account our business resilience and continuity plans, financial modeling and stress testing of liquidity and financial resources.

Generally, the COVID-19 pandemic did not have a material adverse impact on our overall financial results during 2020 or on our results through the third quarter of 2021; however, during 2020 and through the first quarter of 2021, the COVID-19 pandemic had a negative impact on our revenue growth, primarily in our businesses that are discretionary in nature. We saw an increased demand for these services, which improved revenue growth, in the second and third quarters of 2021. We believe this positive trend could continue for the remainder of the year with some variability based on further disruptions to the supply chain, workforce availability, vaccination rates and further social-distancing orders in jurisdictions where we do business.

We have considered this outlook as part of the significant estimates and assumptions that are inherent in our financial statements, including the collectability of billed and unbilled receivables, the estimation of revenue, and the fair value of our reporting units, tangible and intangible assets and contingent consideration. Although the primary revenue impact of the pandemic has been on certain discretionary lines of business, non-discretionary lines of business have also been, to some extent, adversely affected and may be adversely affected in the future. Further, reduced economic activity or disruption in insurance markets could reduce the demand for or the extent of insurance coverage. Also, the increased frequency and severity of coverage disputes between our clients and (re)insurers arising out of the pandemic could increase our professional liability risk. In 2021, global labor market shifts have become more pronounced, having a negative effect on workforce availability, which could hamper our ability to grow our capacity on pace with increasing demand for our services. We expect the market for talent to remain highly competitive for at least the next several months. We will continue to monitor the situation and assess any implications to our business and our stakeholders.

The extent to which COVID-19 impacts our business and financial position will depend on future developments, which are difficult to predict. These future developments may include the severity and scope of the COVID-19 outbreak, which may unexpectedly change or worsen, and the types and duration of measures imposed by governmental authorities to contain the virus or address its impact. We continue to expect that the COVID-19 pandemic and the related impacts on the wider economic environment will negatively impact our revenue and operating results in fiscal 2021. We believe that these trends and uncertainties are similar to those faced by other comparable registrants as a result of the pandemic.

Recent Accounting Pronouncements

Not Yet Adopted

There are no pending accounting pronouncements that are expected to have a significant impact on our condensed consolidated financial statements.

Adopted

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*, which clarifies and amends existing guidance, including removing certain exceptions to the general principles of accounting for income taxes. Some of the changes must be applied on a retrospective or modified retrospective basis while others must be applied on a prospective basis. The Company adopted this guidance as it became effective on January 1, 2021 without any impact to our condensed consolidated financial statements.

Note 3 — Divestitures

Willis Re Divestiture

As part of the potential combination with Aon, the Company entered into an agreement with Arthur J. Gallagher & Co. ('Gallagher'), a leading global provider of insurance, risk management and consulting services, to sell its treaty-reinsurance business ('Willis Re')

and certain of the Company's corporate risk and broking and health and benefit businesses. Upon termination of the Aon combination, the definitive agreement with Gallagher automatically terminated in accordance with its terms.

On August 13, 2021, the Company entered into a new definitive agreement to sell Willis Re to Gallagher for total upfront cash consideration of \$3.25 billion plus an earnout payable in 2025 of up to \$750 million in cash, subject to certain adjustments. The completion of the deal is subject to required regulatory approvals and clearances, as well as other customary closing conditions, and is expected to be completed no later than the end of the first quarter of 2022. The Company will account for the earnout as a gain contingency and therefore will not record any receivables upon close. Rather, the earnout will be recognized in the Company's condensed consolidated financial statements, if it is received, in 2025.

After the divestiture is complete, upon satisfaction or waiver of the closing conditions, a number of services are expected to continue under a Transition Services Agreement.

In connection with the pending transaction, the Company has reclassified the results of its Willis Re operations as discontinued operations on its condensed consolidated statements of comprehensive income and has reclassified Willis Re assets and liabilities as held for sale on its condensed consolidated balance sheets. Willis Re was previously included in the Investment, Risk and Reinsurance segment.

The following selected financial information relates to the operations of Willis Re for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|--------|------------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue from discontinued operations | \$ 111 | \$ 112 | \$ 668 | \$ 642 |
| Costs of providing services | | | | |
| Salaries and benefits | 97 | 93 | 291 | 281 |
| Other operating expenses | 29 | 12 | 60 | 43 |
| Depreciation and amortization | — | — | 1 | 2 |
| Total costs of providing services | 126 | 105 | 352 | 326 |
| Other income, net | — | — | 1 | 3 |
| (Loss)/income from discontinued operations before income taxes | \$ (15) | \$ 7 | \$ 317 | \$ 319 |

The expense amounts reflected above represent only the direct costs attributable to the Willis Re business and exclude allocations of corporate costs that will be retained following the sale. Neither the discontinued operations presented above, nor the unallocated corporate costs, reflect the impact of any cost reimbursement that will be received under a Transition Services Agreement following the closing of the transaction upon the satisfaction or waiver of closing conditions.

The following table summarizes the total assets and liabilities of Willis Re classified as held for sale within our condensed consolidated balance sheets at the balance sheet dates presented:

| | September 30, 2021 | December 31, 2020 |
|---------------------------------------|-----------------------|----------------------|
| Assets held for sale: | | |
| Cash and cash equivalents | \$ 53 | \$ 50 |
| Fiduciary assets | 3,853 | 3,157 |
| Accounts receivable, net | 199 | 147 |
| Fixed assets, net | 1 | 1 |
| Goodwill | 812 | 812 |
| Other intangible assets, net | 8 | 8 |
| Right-of-use assets | 1 | 1 |
| Other assets | 34 | 40 |
| Total assets held for sale | \$ 4,961 | \$ 4,216 |
| Liabilities held for sale: | | |
| Fiduciary liabilities | \$ 3,853 | \$ 3,157 |
| Deferred revenue and accrued expenses | 101 | 118 |
| Liability for pension benefits | 1 | 2 |
| Lease liabilities | 1 | 1 |
| Provision for liabilities | 1 | 1 |
| Other liabilities | 163 | 126 |
| Total liabilities held for sale | \$ 4,120 | \$ 3,405 |

Certain amounts included in the condensed consolidated balance sheets have been excluded from the held-for-sale balances disclosed since the assets are not transferring under the terms of the sale agreement, and instead will be settled by the Company. At September 30, 2021 and December 31, 2020, these excluded amounts are comprised of fiduciary assets of \$3.8 billion and \$3.0 billion, respectively, and their corresponding equal fiduciary liabilities, and accounts receivable, net balances of \$155 million and \$100 million, respectively.

Miller Divestiture

On March 1, 2021, the Company completed the transaction to sell its U.K.-based, majority-owned wholesale subsidiary Miller for final total consideration of GBP 623 million (\$818 million), which includes amounts paid to the minority shareholder. The \$356 million net tax-exempt gain on the sale was included in Other income, net in the condensed consolidated statement of comprehensive income for the nine months ended September 30, 2021. Prior to disposal, Miller was included within the Investment, Risk and Reinsurance segment.

Max Matthiessen Divestiture

In September 2020, the Company completed the transaction to sell its Swedish majority-owned subsidiary MM Holding AB ('Max Matthiessen') for total consideration of SEK 2.3 billion (\$262 million) plus certain other adjustments, resulting in a tax-exempt gain on the sale of \$86 million, which was included in Other income, net in the consolidated statement of comprehensive income during the year ended December 31, 2020. Of the total consideration, the Company financed a SEK 600 million (\$68 million) note repayable by the purchaser. The note has no fixed term but is repayable subject to certain terms and conditions and bears an interest rate that could range from 5% to 10%, increasing the longer the note remains outstanding. This note receivable is included in Other non-current assets in the condensed consolidated balance sheet. Prior to disposal, Max Matthiessen was included within the Investment, Risk and Reinsurance segment.

Note 4 — Revenue

All periods presented have been recast to exclude the revenue and receivables of Willis Re, which have been reclassified as discontinued operations and assets held for sale, respectively, on the Company's condensed consolidated financial statements (see Note 3 – Divestitures).

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 nine months ended September 30, 2021 and 2020. Along with reimbursable expenses and other, total revenue by service offering represents our revenue from customer contracts.

| | Three Months Ended September 30, | | | | | | | | | | | |
|---------------------------------------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|---------------|--------|----------|----------|
| | HCB | | CRB | | IRR | | BDA | | Corporate (i) | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Broking | \$ 68 | \$ 62 | \$ 621 | \$ 592 | \$ 11 | \$ 71 | \$ 119 | \$ 100 | \$ — | \$ — | \$ 819 | \$ 825 |
| Consulting | 561 | 529 | 39 | 31 | 111 | 97 | — | — | 2 | 1 | 713 | 658 |
| Outsourced administration | 122 | 126 | 17 | 16 | 4 | 4 | 123 | 126 | — | — | 266 | 272 |
| Other | 97 | 77 | 4 | 4 | 46 | 48 | — | — | 1 | 1 | 148 | 130 |
| Total revenue by service offering | 848 | 794 | 681 | 643 | 172 | 220 | 242 | 226 | 3 | 2 | 1,946 | 1,885 |
| Reimbursable expenses and other (ii) | 10 | 10 | — | — | 2 | 1 | 2 | 2 | (9) | (10) | 5 | 3 |
| Total revenue from customer contracts | \$ 858 | \$ 804 | \$ 681 | \$ 643 | \$ 174 | \$ 221 | \$ 244 | \$ 228 | \$ (6) | \$ (8) | \$ 1,951 | \$ 1,888 |
| Interest and other income (iii) | 4 | 2 | 16 | 6 | — | — | — | — | 2 | 1 | 22 | 9 |
| Total revenue | \$ 862 | \$ 806 | \$ 697 | \$ 649 | \$ 174 | \$ 221 | \$ 244 | \$ 228 | \$ (4) | \$ (7) | \$ 1,973 | \$ 1,897 |

| | Nine Months Ended September 30, | | | | | | | | | | | |
|---------------------------------------|---------------------------------|----------|----------|----------|--------|--------|--------|--------|---------------|-------|----------|----------|
| | HCB | | CRB | | IRR | | BDA | | Corporate (i) | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Broking | \$ 248 | \$ 216 | \$ 2,026 | \$ 1,877 | \$ 67 | \$ 238 | \$ 391 | \$ 288 | \$ — | \$ — | \$ 2,732 | \$ 2,619 |
| Consulting | 1,732 | 1,642 | 128 | 118 | 348 | 282 | — | — | 6 | 4 | 2,214 | 2,046 |
| Outsourced administration | 377 | 376 | 58 | 57 | 12 | 11 | 377 | 378 | — | — | 824 | 822 |
| Other | 196 | 165 | 12 | 6 | 188 | 185 | — | — | 3 | 3 | 399 | 359 |
| Total revenue by service offering | 2,553 | 2,399 | 2,224 | 2,058 | 615 | 716 | 768 | 666 | 9 | 7 | 6,169 | 5,846 |
| Reimbursable expenses and other (ii) | 33 | 36 | 1 | 1 | 4 | 6 | 6 | 7 | (9) | 2 | 35 | 52 |
| Total revenue from customer contracts | \$ 2,586 | \$ 2,435 | \$ 2,225 | \$ 2,059 | \$ 619 | \$ 722 | \$ 774 | \$ 673 | \$ — | \$ 9 | \$ 6,204 | \$ 5,898 |
| Interest and other income (iii) | 10 | 14 | 71 | 31 | — | — | 3 | — | 4 | 3 | 88 | 48 |
| Total revenue | \$ 2,596 | \$ 2,449 | \$ 2,296 | \$ 2,090 | \$ 619 | \$ 722 | \$ 777 | \$ 673 | \$ 4 | \$ 12 | \$ 6,292 | \$ 5,946 |

(i) Reimbursable expenses and other, as well as Corporate revenue, are excluded from segment revenue, but included in total revenue on the condensed consolidated statements of comprehensive income. Amounts included in Corporate revenue may include eliminations, adjustments to reserves and impacts from hedged revenue transactions.

(ii) Interest and other income is included in segment revenue and total revenue. However, it has been presented separately in the above tables because it does not arise directly from contracts with customers. The significant increase in CRB's interest and other income resulted from book-of-business settlements.

The following tables present revenue by the geography where our work is performed for the three and nine months ended September 30, 2021 and 2020. 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 September 30, | | | | | | | | | | | |
|----------------------------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|-----------|------|----------|----------|
| | HCB | | CRB | | IRR | | BDA | | Corporate | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| North America | \$ 485 | \$ 465 | \$ 310 | \$ 287 | \$ 45 | \$ 39 | \$ 239 | \$ 224 | \$ 2 | \$ 1 | \$ 1,081 | \$ 1,016 |
| Great Britain | 137 | 120 | 143 | 138 | 86 | 117 | — | — | — | — | 366 | 375 |
| Western Europe | 135 | 129 | 116 | 112 | 18 | 44 | — | — | 1 | 1 | 270 | 286 |
| International | 91 | 80 | 112 | 106 | 23 | 20 | 3 | 2 | — | — | 229 | 208 |
| Total revenue by geography | \$ 848 | \$ 794 | \$ 681 | \$ 643 | \$ 172 | \$ 220 | \$ 242 | \$ 226 | \$ 3 | \$ 2 | \$ 1,946 | \$ 1,885 |

| | Nine Months Ended September 30, | | | | | | | | | | | |
|----------------------------|---------------------------------|----------|----------|----------|--------|--------|--------|--------|-----------|------|----------|----------|
| | HCB | | CRB | | IRR | | BDA | | Corporate | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| North America | \$ 1,430 | \$ 1,403 | \$ 865 | \$ 816 | \$ 136 | \$ 117 | \$ 760 | \$ 660 | \$ 7 | \$ 5 | \$ 3,198 | \$ 3,001 |
| Great Britain | 427 | 363 | 471 | 435 | 343 | 401 | — | — | — | — | 1,241 | 1,199 |
| Western Europe | 444 | 404 | 521 | 483 | 69 | 139 | — | — | 2 | 2 | 1,036 | 1,028 |
| International | 252 | 229 | 367 | 324 | 67 | 59 | 8 | 6 | — | — | 694 | 618 |
| Total revenue by geography | \$ 2,553 | \$ 2,399 | \$ 2,224 | \$ 2,058 | \$ 615 | \$ 716 | \$ 768 | \$ 666 | \$ 9 | \$ 7 | \$ 6,169 | \$ 5,846 |

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 September 30, 2021 and December 31, 2020:

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Billed receivables, net of allowance for doubtful accounts of \$44 million and \$40 million | \$ 1,360 | \$ 1,589 |
| Unbilled receivables | 511 | 445 |
| Current contract assets | 194 | 374 |
| Accounts receivable, net | \$ 2,065 | \$ 2,408 |
| Non-current accounts receivable, net | \$ 23 | \$ 34 |
| Non-current contract assets | \$ 431 | \$ 327 |
| Deferred revenue | \$ 636 | \$ 547 |

During the three and nine months ended September 30, 2021, revenue of \$39 million and \$408 million, respectively, was recognized that was reflected as deferred revenue at December 31, 2020. During the three months ended September 30, 2021, revenue of \$262 million was recognized that was reflected as deferred revenue at June 30, 2021.

During the three and nine months ended September 30, 2021, the Company recognized revenue of \$16 million and \$62 million, respectively, related to performance obligations satisfied prior to 2021.

Performance Obligations

The Company has contracts for which performance obligations have not been satisfied as of September 30, 2021 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 or 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 2021 | 2022 | 2023 onward | Total |
|---|----------------------|--------|-------------|----------|
| Revenue expected to be recognized on contracts as of September 30, 2021 | \$ 174 | \$ 546 | \$ 788 | \$ 1,508 |

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 September 30, 2021 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.

All periods presented have been recast to exclude the operating results of Willis Re, which was included within IRR and has been reclassified to discontinued operations (see Note 3 – Divestitures).

The following table presents segment revenue and segment operating income for our reportable segments for the three months ended September 30, 2021 and 2020.

| | Three Months Ended September 30, | | | | | | | | | |
|---------------------------------|----------------------------------|--------|--------|--------|--------|--------|---------|---------|----------|----------|
| | HCB | | CRB | | IRR | | BDA | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Segment revenue | \$ 852 | \$ 796 | \$ 697 | \$ 649 | \$ 172 | \$ 220 | \$ 242 | \$ 226 | \$ 1,963 | \$ 1,891 |
| Segment operating income/(loss) | \$ 242 | \$ 209 | \$ 114 | \$ 81 | \$ 22 | \$ 20 | \$ (19) | \$ (11) | \$ 359 | \$ 299 |

The following table presents segment revenue and segment operating income for our reportable segments for the nine months ended September 30, 2021 and 2020.

| | Nine Months Ended September 30, | | | | | | | | | |
|---------------------------------|---------------------------------|----------|----------|----------|--------|--------|---------|---------|----------|----------|
| | HCB | | CRB | | IRR | | BDA | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Segment revenue | \$ 2,563 | \$ 2,413 | \$ 2,295 | \$ 2,089 | \$ 615 | \$ 716 | \$ 771 | \$ 666 | \$ 6,244 | \$ 5,884 |
| Segment operating income/(loss) | \$ 654 | \$ 582 | \$ 457 | \$ 343 | \$ 108 | \$ 108 | \$ (22) | \$ (31) | \$ 1,197 | \$ 1,002 |

The following table presents reconciliations of the information reported by segment to the Company's condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2021 and 2020.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|---------------|---------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue: | | | | |
| Total segment revenue | \$ 1,963 | \$ 1,891 | \$ 6,244 | \$ 5,884 |
| Reimbursable expenses and other | 10 | 6 | 48 | 62 |
| Revenue | \$ 1,973 | \$ 1,897 | \$ 6,292 | \$ 5,946 |
| Total segment operating income | \$ 359 | \$ 299 | \$ 1,197 | \$ 1,002 |
| Amortization | (85) | (108) | (285) | (347) |
| Transaction and integration, net (i) | 952 | (42) | 877 | (65) |
| Unallocated, net (ii) | (95) | (83) | (277) | (310) |
| Income from operations | 1,131 | 66 | 1,512 | 280 |
| Interest expense | (50) | (61) | (161) | (184) |
| Other income, net | 105 | 156 | 617 | 321 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | \$ 1,186 | \$ 161 | \$ 1,968 | \$ 417 |

(i) Includes mainly transaction costs related to the proposed Aon combination prior to its termination. For the three and nine months ended September 30, 2021, includes the \$1 billion income receipt related to the termination of the proposed Aon transaction.

(ii) 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. Additionally, these costs also include corporate costs that had previously been allocated to Willis Re, due to the reclassification of the Willis Re results as discontinued operations.

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 on continuing operations for the three and nine months ended September 30, 2021 was \$267 million and \$386 million, respectively, compared to \$42 million and \$133 million for the three and nine months ended September 30, 2020, respectively. The effective tax rates were 22.5% and 19.6% for the three and nine months ended September 30, 2021, respectively, and 26.6% and 31.9% for the three and nine months ended September 30, 2020, 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 current-quarter effective tax rate includes a \$250 million estimated tax expense related to the income receipt of the termination payment, however the prior-year effective tax rate for the three months ended September 30, 2020 was higher due to an additional deferred tax expense related to the enacted U.K. statutory tax rate change. The prior-year effective tax rate for the nine months ended September 30, 2020 was higher due to additional tax expense recognized in connection with the temporary provisions of the Coronavirus Aid, Relief, and Economic Security ('CARES') Act.

The amounts above exclude the benefit from income tax attributable to discontinued operations of \$3 million and the provision for income tax expense of \$70 million for the three and nine months ended September 30, 2021, respectively, as well as the provisions for income tax expense of \$4 million and \$66 million for the three and nine months ended September 30, 2020, respectively.

The Company recognizes deferred tax balances related to the 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 the investments. Historically, we have not provided taxes on cumulative earnings of our subsidiaries that have been reinvested indefinitely. As a result of our plans to restructure or distribute accumulated earnings of certain foreign operations, we have recorded an estimate of foreign withholding and

state income taxes. In addition, in connection with the Willis Re divestiture, we have recorded an estimated deferred tax expense for certain Willis Re subsidiaries whose outside basis differences are no longer considered indefinitely reinvested. However, we assert that the historical cumulative earnings of our other subsidiaries are reinvested indefinitely, and therefore do not provide deferred tax liabilities on these amounts.

The Company records valuation allowances against net deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized. We have liabilities for uncertain tax positions under ASC 740 of \$45 million, excluding interest and penalties. The Company believes the outcomes that are reasonably possible within the next 12 months may result in a reduction in the liability for uncertain tax positions of approximately \$5 million to \$9 million, excluding interest and penalties.

Note 7 — Goodwill and Other Intangible Assets

The components of goodwill are outlined below for the nine months ended September 30, 2021:

| | HCB | CRB | IRR | BDA | Total |
|------------------------------------|----------|----------|--------|----------|-----------|
| Balance at December 31, 2020: | | | | | |
| Goodwill, gross (i) | \$ 4,346 | \$ 2,378 | \$ 882 | \$ 3,278 | \$ 10,884 |
| Accumulated impairment losses | (130) | (362) | — | — | (492) |
| Goodwill, net - December 31, 2020 | 4,216 | 2,016 | 882 | 3,278 | 10,392 |
| Goodwill disposals | — | (7) | (188) | — | (195) |
| Foreign exchange | (28) | (25) | 2 | — | (51) |
| Balance at September 30, 2021: | | | | | |
| Goodwill, gross | 4,318 | 2,346 | 696 | 3,278 | 10,638 |
| Accumulated impairment losses | (130) | (362) | — | — | (492) |
| Goodwill, net - September 30, 2021 | \$ 4,188 | \$ 1,984 | \$ 696 | \$ 3,278 | \$ 10,146 |

(i) Excludes \$812 million of goodwill associated with our IRR segment, which has been reclassified as assets held for sale on our condensed consolidated balance sheets at both September 30, 2021 and December 31, 2020 in conjunction with the pending divestiture of our Willis Re business.

Other Intangible Assets

The following table reflects changes in the net carrying amounts of the components of finite-lived intangible assets for the nine months ended September 30, 2021:

| | Client relationships | Software | Trademark and trade name | Other | Total |
|--|----------------------|----------|--------------------------|--------|----------|
| Balance at December 31, 2020: | | | | | |
| Intangible assets, gross | \$ 4,058 | \$ 761 | \$ 1,054 | \$ 103 | \$ 5,976 |
| Accumulated amortization | (2,028) | (659) | (220) | (34) | (2,941) |
| Intangible assets, net - December 31, 2020 (i) | 2,030 | 102 | 834 | 69 | 3,035 |
| Intangible asset disposals | (47) | — | (8) | — | (55) |
| Amortization | (193) | (49) | (32) | (11) | (285) |
| Foreign exchange | (14) | — | (1) | 1 | (14) |
| Balance at September 30, 2021: | | | | | |
| Intangible assets, gross | 3,837 | 742 | 1,040 | 104 | 5,723 |
| Accumulated amortization | (2,061) | (689) | (247) | (45) | (3,042) |
| Intangible assets, net - September 30, 2021 | \$ 1,776 | \$ 53 | \$ 793 | \$ 59 | \$ 2,681 |

(i) Excludes \$8 million of intangible assets, net, which have been reclassified as assets held for sale on our condensed consolidated balance sheets at both September 30, 2021 and December 31, 2020 in conjunction with the pending divestiture of our Willis Re business.

The weighted-average remaining life of amortizable intangible assets at September 30, 2021 was 13.1 years.

The table below reflects the future estimated amortization expense for amortizable intangible assets for the remainder of 2021 and for subsequent years:

| | Amortization |
|-------------------|---------------------|
| Remainder of 2021 | \$ 84 |
| 2022 | 307 |
| 2023 | 254 |
| 2024 | 223 |
| 2025 | 203 |
| Thereafter | 1,610 |
| Total | \$ 2,681 |

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 this risk as summarized below. Additional information regarding our derivative financial instruments can be found in Note 10 — Fair Value Measurements and Note 16 — 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 and/or expenses 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 the entity with such operations 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 September 30, 2021 and December 31, 2020 had total notional amounts of \$129 million and \$340 million, respectively, and had net asset fair values of \$3 million and \$5 million, respectively. As part of and prior to our disposal of Miller (see Note 3 – Divestitures), and prior to their contract expiration, we closed derivatives designated as hedging instruments with notional values of \$27 million that were outstanding at December 31, 2020.

At September 30, 2021, the Company estimates, based on current exchange rates, there will be \$2 million of net derivative gains on forward exchange rates reclassified from accumulated other comprehensive loss into earnings within the next twelve months as the forecast transactions affect earnings. At September 30, 2021, our longest outstanding maturity was 1.6 years.

The effects of the material derivative instruments that are designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2021 and 2020 are below. Amounts pertaining to the ineffective portion of hedging instruments and those excluded from effectiveness testing were immaterial for the three and nine months ended September 30, 2021 and 2020.

| | (Loss)/gain recognized in OCL (effective element) | | | |
|----------------------------|--|-------------|--|-------------|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Forward exchange contracts | \$ (2) | \$ 6 | \$ 3 | \$ (21) |

| 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 September 30, | | Nine months ended September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | \$ (1) | \$ (2) | \$ (3) | \$ (4) |
| Salaries and benefits | 2 | (2) | 5 | (3) |
| Discontinued operations | — | — | 3 | (1) |
| | <u>\$ 1</u> | <u>\$ (4)</u> | <u>\$ 5</u> | <u>\$ (8)</u> |

We also enter into foreign currency transactions, primarily to hedge certain intercompany loans and other balance sheet exposures in currencies other than the functional currency of a given entity. These derivatives are not generally designated as hedging instruments, and at September 30, 2021 and December 31, 2020, we had notional amounts of \$1.9 billion and \$1.5 billion, respectively, and had a net liability fair value of \$21 million and a net asset fair value of \$15 million, respectively.

The effects of derivatives that have not been designated as hedging instruments on the condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2021 and 2020 are as follows:

| | Location of (loss)/gain recognized in income | (Loss)/gain recognized in income | | | |
|---|--|----------------------------------|------|---------------------------------|---------|
| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | | 2021 | 2020 | 2021 | 2020 |
| Derivatives not designated as hedging instruments: | | | | | |
| Forward exchange contracts | Other income, net | \$ (7) | \$ 5 | \$ (36) | \$ (15) |

Note 9 — Debt

Current debt consists of the following:

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Revolving \$1.25 billion credit facility (i) | \$ — | \$ — |
| 5.750% senior notes due 2021 | — | 500 |
| 3.500% senior notes due 2021 | — | 449 |
| 2.125% senior notes due 2022 (ii) | 625 | — |
| Current portion of collateralized facility | 19 | 22 |
| | <u>\$ 644</u> | <u>\$ 971</u> |

Long-term debt consists of the following:

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Revolving \$1.25 billion credit facility | \$ — | \$ — |
| Collateralized facility (iii) | 19 | 33 |
| 2.125% senior notes due 2022 (ii) | — | 659 |
| 4.625% senior notes due 2023 | 249 | 249 |
| 3.600% senior notes due 2024 | 648 | 647 |
| 4.400% senior notes due 2026 | 546 | 546 |
| 4.500% senior notes due 2028 | 596 | 596 |
| 2.950% senior notes due 2029 | 727 | 726 |
| 6.125% senior notes due 2043 | 271 | 271 |
| 5.050% senior notes due 2048 | 395 | 395 |
| 3.875% senior notes due 2049 | 542 | 542 |
| | <u>\$ 3,993</u> | <u>\$ 4,664</u> |

(i) The \$1.25 billion revolving credit facility expires on March 7, 2022 (see Note 18 – Subsequent Event for additional information).

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

(iii) At September 30, 2021 and December 31, 2020, the Company had \$82 million and \$98 million, respectively, of renewal commissions receivables pledged as collateral for this facility.

Payments of 3.500% Senior Notes due 2021 and 5.750% Senior Notes due 2021

In August 2021, the Company called the \$450 million 3.500% senior notes due to mature in September 2021. The Company repaid the principal and interest in August 2021 using cash on-hand.

In March 2021, the \$500 million 5.750% senior notes matured. The principal and interest were repaid by the Company using cash on-hand.

At September 30, 2021 and December 31, 2020 we were in compliance with all financial covenants.

Note 10 — Fair Value Measurements

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

- Level 1: refers to fair values determined based on quoted market prices in active markets for identical assets;
- Level 2: refers to fair values estimated using observable market-based inputs or unobservable inputs that are corroborated by market data; and

- Level 3: includes fair values estimated using unobservable inputs that are not corroborated by market data.

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

- Available-for-sale securities are classified as Level 1 because we use quoted market prices in determining the fair value of these securities.
- Market values for our derivative instruments have been used to determine the fair value of 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, which at times includes the use of a Monte Carlo simulation, and discounting the probability-weighted payout. Typically, milestones are based on revenue or earnings growth for the acquired business.

The following tables present our assets and liabilities measured at fair value on a recurring basis at September 30, 2021 and December 31, 2020:

| | | Balance Sheet Location | Fair Value Measurements on a Recurring Basis at | | | |
|---------------------------------------|---|------------------------|---|---------|---------|-------|
| | | | September 30, 2021 | | | |
| | | | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | | | |
| <i>Available-for-sale securities:</i> | | | | | | |
| Mutual funds / exchange traded funds | Prepaid and other current assets and other non-current assets | | \$ 9 | \$ — | \$ — | \$ 9 |
| <i>Derivatives:</i> | | | | | | |
| Derivative financial instruments (i) | Prepaid and other current assets and other non-current assets | | \$ — | \$ 4 | \$ — | \$ 4 |
| Liabilities: | | | | | | |
| <i>Contingent consideration:</i> | | | | | | |
| Contingent consideration (ii) | Other current liabilities and other non-current liabilities | | \$ — | \$ — | \$ 30 | \$ 30 |
| <i>Derivatives:</i> | | | | | | |
| Derivative financial instruments (i) | Other current liabilities and other non-current liabilities | | \$ — | \$ 22 | \$ — | \$ 22 |
| | | | Fair Value Measurements on a Recurring Basis at | | | |
| | | | December 31, 2020 | | | |
| | | Balance Sheet Location | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | | | |
| <i>Available-for-sale securities:</i> | | | | | | |
| Mutual funds / exchange traded funds | Prepaid and other current assets and other non-current assets | | \$ 8 | \$ — | \$ — | \$ 8 |
| <i>Derivatives:</i> | | | | | | |
| Derivative financial instruments (i) | Prepaid and other current assets and other non-current assets | | \$ — | \$ 27 | \$ — | \$ 27 |
| Liabilities: | | | | | | |
| <i>Contingent consideration:</i> | | | | | | |
| Contingent consideration (ii) | Other current liabilities and other non-current liabilities | | \$ — | \$ — | \$ 45 | \$ 45 |
| <i>Derivatives:</i> | | | | | | |
| Derivative financial instruments (i) | Other current liabilities and other non-current liabilities | | \$ — | \$ 7 | \$ — | \$ 7 |

(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 fair value weighted-average discount rates used in our material contingent consideration calculations were 11.01% and 9.46% at September 30, 2021 and December 31, 2020, respectively. The range of these discount rates was 3.53% - 13.00% at September 30, 2021. Using different probability weightings and discount rates could result in an increase or decrease of the contingent consideration payable.

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

| Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | September 30, 2021 | |
|---|--------------------|------|
| Balance at December 31, 2020 | \$ | 45 |
| Obligations assumed | | — |
| Payments | | (19) |
| Realized and unrealized gains | | 5 |
| Foreign exchange | | (1) |
| Balance at September 30, 2021 | \$ | 30 |

There were no significant transfers to or from Level 3 in the nine months ended September 30, 2021.

The following tables present our assets and liabilities not measured at fair value on a recurring basis at September 30, 2021 and December 31, 2020:

| | September 30, 2021 | | December 31, 2020 | |
|---------------------------|--------------------|------------|-------------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Assets: | | | | |
| Long-term note receivable | \$ 70 | \$ 72 | \$ 71 | \$ 73 |
| Liabilities: | | | | |
| Current debt | \$ 644 | \$ 651 | \$ 971 | \$ 985 |
| Long-term debt | \$ 3,993 | \$ 4,560 | \$ 4,664 | \$ 5,488 |

The carrying values of our revolving credit facility and collateralized facility approximate their fair values. The fair values above, which exclude accrued interest, 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 instruments. The fair values of our respective senior notes and long-term note receivable 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 nine months ended September 30, 2021 and 2020:

| | Three Months Ended September 30, | | | | | | | |
|--------------------------------------|----------------------------------|---------|-------|------|---------|---------|-------|------|
| | 2021 | | | | 2020 | | | |
| | U.S. | U.K. | Other | PRW | U.S. | U.K. | Other | PRW |
| Service cost | \$ 19 | \$ 4 | \$ 6 | \$ — | \$ 18 | \$ 4 | \$ 5 | \$ — |
| Interest cost | 24 | 14 | 3 | — | 32 | 18 | 4 | 1 |
| Expected return on plan assets | (79) | (42) | (9) | — | (73) | (63) | (8) | — |
| Settlement | — | 1 | 2 | — | — | — | — | — |
| Amortization of net loss | 8 | 7 | 1 | 1 | 9 | 6 | — | — |
| Amortization of prior service credit | — | (4) | 1 | (1) | — | (4) | — | (1) |
| Net periodic benefit (income)/cost | \$ (28) | \$ (20) | \$ 4 | \$ — | \$ (14) | \$ (39) | \$ 1 | \$ — |

| | Nine Months Ended September 30, | | | | | | | |
|--------------------------------------|---------------------------------|---------|-------|------|---------|----------|-------|------|
| | 2021 | | | | 2020 | | | |
| | U.S. | U.K. | Other | PRW | U.S. | U.K. | Other | PRW |
| Service cost | \$ 59 | \$ 13 | \$ 18 | \$ — | \$ 54 | \$ 11 | \$ 15 | \$ — |
| Interest cost | 71 | 42 | 9 | 1 | 98 | 54 | 11 | 2 |
| Expected return on plan assets | (233) | (128) | (28) | — | (218) | (184) | (25) | — |
| Settlement | 1 | 2 | 2 | — | 2 | 1 | — | — |
| Amortization of net loss | 30 | 21 | 4 | 2 | 26 | 17 | 2 | 1 |
| Amortization of prior service credit | — | (13) | 1 | (3) | — | (12) | — | (3) |
| Net periodic benefit (income)/cost | \$ (72) | \$ (63) | \$ 6 | \$ — | \$ (38) | \$ (113) | \$ 3 | \$ — |

Amounts related to discontinued operations in the tables above were not material during the three and nine months ended September 30, 2021 and 2020.

Employer Contributions to Defined Benefit Pension Plans

The Company made \$60 million of contributions to its U.S. plans for the nine months ended September 30, 2021 and does not anticipate making any additional contributions over the remainder of the fiscal year. The Company made contributions of \$28 million to its U.K. plans for the nine months ended September 30, 2021 and anticipates making additional contributions of \$14 million for the remainder of the fiscal year. The Company made contributions of \$22 million to its other plans for the nine months ended September 30, 2021 and anticipates making additional contributions of \$3 million for the remainder of the fiscal year.

Defined Contribution Plans

The Company made contributions to its defined contribution plans of \$36 million and \$118 million during the three and nine months ended September 30, 2021, respectively, and \$39 million and \$122 million during the three and nine months ended September 30, 2020, respectively.

Note 12 — Leases

The following tables present lease costs recorded on our condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2021 and 2020.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------|---|--------------|--|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Finance lease cost: | | | | |
| Amortization of right-of-use assets | \$ — | \$ 1 | \$ 1 | \$ 2 |
| Interest on lease liabilities | 1 | — | 2 | 2 |
| Operating lease cost | 43 | 45 | 134 | 138 |
| Short-term lease cost | — | 1 | 1 | 1 |
| Variable lease cost | 13 | 14 | 39 | 37 |
| Sublease income | (6) | (6) | (16) | (16) |
| Total lease cost, net | <u>\$ 51</u> | <u>\$ 55</u> | <u>\$ 161</u> | <u>\$ 164</u> |

Amounts related to discontinued operations in the tables above were not material during the three and nine months ended September 30, 2021 and 2020.

The total lease cost is recognized in different locations in our condensed consolidated statements 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.

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. 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. However, we do not believe that any potential liability that may arise from such indemnity provisions is probable or material.

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 expect the impact of claims or demands not described below to be immaterial 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 September 30, 2021 and December 31, 2020 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 any one or more of 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.

Willis Towers Watson Merger-Related Securities Litigation

The Company was named as a defendant in two consolidated actions arising out of the 2016 'merger of equals' between Towers Watson and Willis (the 'Merger'), consisting of a consolidated shareholder class action pending in the United States District Court for the Eastern District of Virginia, captioned 'In re Willis Towers Watson plc Proxy Litigation,' Master File No. 1:17-cv-1338-AJT-JFA (the 'Federal Action'), and a consolidated putative shareholder class action pending in the Delaware Court of Chancery, captioned 'In re Towers Watson & Co. Stockholders Litigation,' C.A. No. 2018-0132-KSJM (the 'Delaware Action'). The complaints in these actions generally allege that the defendants omitted material information from the proxy disclosures relating to the Merger, including with respect to potential conflicts of interest, and, as a result, that Towers Watson's stockholders approved the Merger based on inadequate information. Based on these allegations, among others, the complaint in the Federal Action asserts claims under Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, and the complaint in the Delaware Action asserts claims under Delaware state law for breach of fiduciary duty and aiding and abetting breach of fiduciary duty.

On or about November 19, 2020, the parties to the Federal Action and the Delaware Action reached an agreement in principle to resolve the Federal Action and the Delaware Action for \$75 million and \$15 million, respectively. The Company agreed to the settlement and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlement, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants in either the Federal Action or the Delaware Action. The Company and the other defendants expressly deny any liability or wrongdoing with respect to the matters alleged in the Federal Action and the Delaware Action.

On January 15, 2021, the parties to the Federal Action and the Delaware Action signed formal stipulations of settlement, which memorialized the terms of the agreement in principle, and which the plaintiffs in the Federal Action and the Delaware Action then filed with each of the respective courts. Also on January 15, 2021, the plaintiff in the Federal Action filed a motion to preliminarily approve the settlement. On January 21, 2021 the court in the Federal Action preliminarily approved the settlement, approved the form of notice to be disseminated to class members, and scheduled a final fairness hearing on the settlement for May 21, 2021. On May 21, 2021, following the final fairness hearing, the court in the Federal Action finally approved the settlement. On January 25, 2021 the court in the Delaware Action approved the form of notice to be disseminated to class members and scheduled a final fairness hearing on the settlement for May 25, 2021. On May 25, 2021, following the final fairness hearing, the court in the Delaware Action finally approved the settlement. The Company made the \$90 million aggregate settlement payment in escrow in February 2021.

During 2020 the Company recognized \$65 million of expense, net of \$25 million of insurance and other recoveries. Additional insurance recoveries are possible.

Note 14 — Supplementary Information for Certain Balance Sheet Accounts

Additional details of specific balance sheet accounts are detailed below. The information at both dates presented excludes the assets and liabilities of Willis Re, which have been reclassified to held for sale as appropriate on the condensed consolidated balance sheets.

Deferred revenue and accrued expenses consist of the following:

| | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| Accounts payable, accrued liabilities and deferred income | \$ 911 | \$ 854 |
| Accrued discretionary and incentive compensation | 674 | 749 |
| Litigation settlements | — | 210 |
| Accrued vacation | 170 | 155 |
| Other employee-related liabilities | 74 | 75 |
| Total deferred revenue and accrued expenses | <u>\$ 1,829</u> | <u>\$ 2,043</u> |

Other current liabilities consist of the following:

| | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| Dividends payable | \$ 114 | \$ 103 |
| Income and other taxes payable | 333 | 96 |
| Interest payable | 22 | 68 |
| Deferred compensation plan liabilities | 39 | 51 |
| Contingent and deferred consideration on acquisitions | 17 | 39 |
| Payroll-related liabilities | 263 | 264 |
| Derivatives | 22 | 5 |
| Third-party commissions | 87 | 95 |
| Other current liabilities | 53 | 72 |
| Total other current liabilities | <u>\$ 950</u> | <u>\$ 793</u> |

Provision for liabilities consists of the following:

| | September 30, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| Claims, lawsuits and other proceedings | \$ 335 | \$ 325 |
| Other provisions | 66 | 81 |
| Total provision for liabilities | <u>\$ 401</u> | <u>\$ 406</u> |

Other non-current liabilities consist of the following:

| | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| Deferred compensation plan liability | \$ 100 | \$ 103 |
| Contingent and deferred consideration on acquisitions | 13 | 16 |
| Liabilities for uncertain tax positions | 45 | 49 |
| Derivatives | — | 2 |
| Finance leases | 17 | 19 |
| Other non-current liabilities | 64 | 92 |
| Total other non-current liabilities | <u>\$ 239</u> | <u>\$ 281</u> |

Note 15 — Other Income, Net

Other income, net consists of the following:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|--------|------------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Gain on disposal of operations | \$ 23 | \$ 85 | \$ 380 | \$ 83 |
| Net periodic pension and postretirement benefit credits | 79 | 76 | 227 | 227 |
| Interest in earnings of associates and other investments | 1 | (1) | 5 | 4 |
| Foreign exchange gain/(loss) | 1 | (2) | 4 | 7 |
| Other | 1 | (2) | 1 | — |
| Other income, net | \$ 105 | \$ 156 | \$ 617 | \$ 321 |

Certain prior period amounts within the tables above have been reclassified to discontinued operations within the condensed consolidated statements of income.

Note 16 — 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 nine months ended September 30, 2021 and 2020. These tables exclude amounts attributable to non-controlling interests, which are not material for further disclosure.

| | Foreign currency translation (i) | | Derivative instruments (i) | | Defined pension and post-retirement benefit costs (ii) | | Total | |
|--|-------------------------------------|----------|-------------------------------|--------|--|------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Quarter-to-date activity: | | | | | | | | |
| Balance at June 30, 2021 and 2020, respectively | \$ (376) | \$ (698) | \$ 13 | \$ (6) | \$ (1,915) | \$ (1,686) | \$ (2,278) | \$ (2,390) |
| Other comprehensive (loss)/income before reclassifications | (81) | 119 | (1) | 5 | 2 | — | (80) | 124 |
| (Gain)/loss reclassified from accumulated other comprehensive loss (net of income tax benefit of \$8 and \$2, respectively) | — | — | (1) | 4 | — | 9 | (1) | 13 |
| Net current-period other comprehensive (loss)/income | (81) | 119 | (2) | 9 | 2 | 9 | (81) | 137 |
| Balance at September 30, 2021 and 2020, respectively | \$ (457) | \$ (579) | \$ 11 | \$ 3 | \$ (1,913) | \$ (1,677) | \$ (2,359) | \$ (2,253) |
| Year-to-date activity: | | | | | | | | |
| Balance at December 31, 2020 and 2019, respectively | \$ (400) | \$ (538) | \$ 9 | \$ 13 | \$ (1,968) | \$ (1,702) | \$ (2,359) | \$ (2,227) |
| Other comprehensive (loss)/income before reclassifications | (101) | (41) | 7 | (17) | 2 | 2 | (92) | (56) |
| Loss/(gain) reclassified from accumulated other comprehensive loss (net of income tax benefit of \$15 and \$9, respectively) (iii) | 44 | — | (5) | 7 | 53 | 23 | 92 | 30 |
| Net current-period other comprehensive (loss)/income | (57) | (41) | 2 | (10) | 55 | 25 | — | (26) |
| Balance at September 30, 2021 and 2020, respectively | \$ (457) | \$ (579) | \$ 11 | \$ 3 | \$ (1,913) | \$ (1,677) | \$ (2,359) | \$ (2,253) |

(i) Reclassification adjustments from accumulated other comprehensive loss related to derivative instruments are included in Revenue and Salaries and benefits in the accompanying condensed consolidated statements of comprehensive income. See Note 8 — Derivative Financial Instruments for additional details regarding the reclassification adjustments for the derivative 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) Includes reclassifications of \$44 million and \$31 million of foreign currency translation and defined pension and post-retirement benefit costs, respectively, attributable to the gain on disposal of our Miller business (see Note 3 — Divestitures). The net gain on disposal is included in Other income, net in the accompanying condensed consolidated statements of comprehensive income.

Note 17 — Earnings Per Share

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

At September 30, 2021 and 2020, there were 0.6 million and 0.4 million restricted performance-based stock units outstanding, respectively, and 0.1 million and 0.3 million time-based share options outstanding, respectively. Additionally, at September 30, 2021 and 2020, there were 0.3 million performance-based options outstanding, and the Company's restricted time-based stock units were immaterial.

Basic and diluted earnings per share from continuing operations attributable to Willis Towers Watson and discontinued operations are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|---------|---------------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Income from continuing operations | \$ 919 | \$ 119 | \$ 1,582 | \$ 284 |
| Less: Income attributable to non-controlling interests | (4) | (1) | (9) | (17) |
| Income from continuing operations attributable to Willis Towers Watson | \$ 915 | \$ 118 | \$ 1,573 | \$ 267 |
| (Loss)/income from discontinued operations, net of tax | \$ (12) | \$ 3 | \$ 247 | \$ 253 |
| Basic average number of shares outstanding | 129 | 130 | 130 | 130 |
| Dilutive effect of potentially issuable shares | — | — | — | — |
| Diluted average number of shares outstanding | 129 | 130 | 130 | 130 |
| Basic earnings per share from continuing operations attributable to Willis Towers Watson | \$ 7.10 | \$ 0.91 | \$ 12.14 | \$ 2.06 |
| Dilutive effect of potentially issuable shares | (0.02) | — | (0.04) | (0.01) |
| Diluted earnings per share from continuing operations attributable to Willis Towers Watson | \$ 7.08 | \$ 0.91 | \$ 12.10 | \$ 2.05 |
| Basic (loss)/earnings per share from discontinued operations, net of tax | \$ (0.09) | \$ 0.02 | \$ 1.90 | \$ 1.95 |
| Dilutive effect of potentially issuable shares | — | — | — | (0.01) |
| Diluted (loss)/earnings per share from discontinued operations, net of tax | \$ (0.09) | \$ 0.02 | \$ 1.90 | \$ 1.94 |

For the three and nine months ended September 30, 2021, 0.4 million and 0.3 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; there were no anti-dilutive restricted stock units for the three and nine months ended September 30, 2020. There were no anti-dilutive options for the three and nine months ended September 30, 2021 and 2020.

Note 18 — Subsequent Event

On October 6, 2021, Trinity Acquisition plc entered into a second amended and restated revolving credit facility (the 'new RCF') for \$1.5 billion that will mature on October 6, 2026. This new RCF replaces the previous \$1.25 billion revolving credit facility which was due to expire in March of 2022.

Borrowing costs under the \$1.5 billion facility differ if the borrowing is a 'base rate' borrowing or a 'Eurocurrency' borrowing, both as defined by the new RCF, and equal the sum of the relevant benchmark plus a margin based on the Company's senior unsecured long-term debt rating:

- For base rate borrowings, the benchmark rate will be the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, and (c) the one-month LIBOR rate plus 1.0%. The margin on the base rate benchmark is 0.00% to 0.75% depending on the Company's senior unsecured long-term debt rating.
- For Eurocurrency or Sterling Overnight Interbank Average Rate ('SONIA') borrowings, the rate will be the applicable LIBOR rate or SONIA (as applicable based on the currency of the borrower) plus a margin of 1.0% to 1.75% depending on the Company's guaranteed unsecured long-term debt rating. In anticipation of the cessation of LIBOR, the new RCF provides for a benchmark rate adjustment that will be added to the replacement benchmark rate to reflect the differential between LIBOR and the replacement benchmark (e.g., the Secured Overnight Financing Rate). This adjustment amount will be a function of both the currency and borrowing tenor.

The new RCF also carries a commitment (unused) fees of 0.09% to 0.25%, which is also based on the Company's senior unsecured long-term debt rating.

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

Termination of Proposed Combination with Aon plc

On March 9, 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the respective boards of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Under the terms of the agreement each WTW shareholder would receive 1.08 Aon ordinary shares for each WTW ordinary share. At the time of the announcement, it was estimated that upon completion of the combination, existing Aon shareholders would own approximately 63% and existing WTW shareholders would own approximately 37% of the combined company on a fully diluted basis.

The transaction was approved by the shareholders of both WTW and Aon during meetings of the respective shareholders held on August 26, 2020. On June 16, 2021, the U.S. Department of Justice filed suit in U.S. District Court in the District of Columbia against WTW and Aon, seeking to enjoin the proposed business combination between the two companies (among other relief). On July 26, 2021, WTW and Aon announced they had terminated the business combination agreement and that Aon had agreed to pay WTW \$1 billion, in connection with such termination, which was received by WTW on July 27, 2021. The \$1 billion income receipt has been included in transaction and integration, net in the condensed consolidated statements of operations. See Note 1 – Nature of Operations in Part I, Item 1 'Financial Statements' in this Form 10-Q for additional information.

2022 Business Organization

During the third quarter of 2021, the Company announced its intention to align under two segments effective January 1, 2022. These changes are being made in conjunction with changes in the WTW leadership team, including the appointment of a new chief executive officer who will be the chief operating decision maker on that date. In 2022, the two new segments will be Health, Wealth and Career ('HWC') and Risk and Broking ('RB'). The HWC segment will include businesses currently aligned under the Human Capital and Benefits segment, the Benefits Delivery and Administration segment, and the Investment business, currently under the Investment, Risk and Reinsurance segment. The RB segment will include businesses currently aligned under the Corporate Risk and Broking segment, as well as the Insurance Consulting and Technology business, currently under the Investment, Risk and Reinsurance segment.

Market Conditions

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.

Within our insurance and brokerage business, due to the cyclical nature of the insurance market and the impact of other market conditions on insurance premiums, commission revenue may vary widely between accounting periods. A period of low or declining premium rates, generally known as a 'soft' or 'softening' market, generally leads to downward pressure on commission revenue and can have a material adverse impact on our revenue and operating margin. A 'hard' or 'firming' market, during which premium rates rise, generally has a favorable impact on our revenue and operating margin. Rates, however, vary by geography, industry and client segment. As a result, and due to the global and diverse nature of our business, we view rates in the aggregate. Overall, we are currently seeing a modest but definite improvement with pricing in the market.

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

The markets for our consulting, technology and solutions, and marketplace services are affected by 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 firm include reputation, the ability to provide measurable increases to shareholder value and return on investment, global scale, quality of service and the ability to tailor services to clients' unique needs. In that regard, we are focused on developing and implementing technology, data and analytic solutions for both internal operations and for maintaining industry standards and meeting client preferences. We have made such investments from time to time and may decide, based on perceived business needs, to make investments in the future that may be greater than we currently anticipate. Conversely, particularly given the impact of the COVID-19 pandemic, we may make fewer information technology-based investments than previously anticipated, which could potentially create business operational risk.

With regard to the market for exchanges, we believe that clients base their decisions on a variety of factors that include the ability of the provider to deliver measurable cost savings for clients, a strong reputation for efficient execution and an innovative service delivery model and platform. Part of the employer-sponsored insurance market has matured and become more fragmented while other segments remain in the entry phase. As these market segments continue to evolve, we may experience growth in intervals, with periods of accelerated expansion balanced by periods of modest growth. In recent years, growth in the market for exchanges has slowed, and we expect this trend may continue.

From time to time, including but not limited to the period that followed the announcement of the proposed Aon combination, we have lost (and may in the future continue to lose) colleagues who manage substantial client relationships or possess substantial experience or expertise; when we lose colleagues such as those, it often results in such colleagues competing against us. Further, the full impact of this competition may be delayed due to the timing of restrictive covenants or client renewals. We expect that this dynamic, which was most pronounced in our Corporate Risk and Broking segment in the second and third quarters of 2021, may cause the segment's near-term growth rates to steer towards the lower end of the range of industry-expected averages (that is, around mid-single digit growth). This dynamic may be difficult to predict, given that the adverse impact in future periods is more significant than in the current period, and it is possible that growth could be different than expected and our results of operations could be significantly and adversely impacted.

See Part I, Item 1A 'Risk Factors' in our Annual Report on Form 10-K, filed with the SEC on February 23, 2021, for a discussion of risks that may affect our ability to compete.

Brexit

Following the occurrence of Brexit and the end of the formal transition period on December 31, 2020, a trade agreement has been established between the U.K. and E.U. As expected, the agreement largely addresses goods and not services, and the Company has therefore completed the establishment of appropriate arrangements for the continued servicing of client business in all relevant E.U. countries. Further negotiations between the U.K. and E.U. resulted in the agreement of a Memorandum of Understanding to address matters related to financial services, though the outcome of future engagement between the U.K. and E.U. in relation to services, including financial services and potential impact on the Company, are not yet fully known. 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 23, 2021.

On an annual basis for 2021, although we expect that approximately 18% of our revenue from continuing operations will be generated in the U.K., we expect that approximately 12% of revenue from continuing operations will be denominated in Pounds sterling, as much of the insurance business is transacted in U.S. dollars. We expect that approximately 18% of our expenses from continuing operations 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.

Risks and Uncertainties of the COVID-19 Pandemic and the Related Economic Environment

The COVID-19 pandemic has had an adverse impact on global commercial activity, particularly on the global supply chain and workforce availability, and has contributed to significant volatility in the global financial markets including, among other effects, occasional declines in the equity markets, changes in interest rates and reduced liquidity on a global basis. With regard to the effects on our own business operations and those of our clients, suppliers and other third parties with whom we interact, the Company has regularly considered the impact of COVID-19 and the wider economic results on our business, taking into account our business resilience and continuity plans, financial modeling and stress testing of liquidity and financial resources.

Generally, the COVID-19 pandemic did not have a material adverse impact on our overall financial results during 2020 or on our results through the third quarter of 2021; however, during 2020 and through the first quarter of 2021, the COVID-19 pandemic had a negative impact on our revenue growth, primarily in our businesses that are discretionary in nature. We saw an increased demand for these services, which improved revenue growth, in the second and third quarters of 2021. We believe this positive trend could continue for the remainder of the year with some variability based on further disruptions to the supply chain, workforce availability, vaccination rates and further social-distancing orders in jurisdictions where we do business.

We have considered this outlook as part of the significant estimates and assumptions that are inherent in our financial statements, including the collectability of billed and unbilled receivables, the estimation of revenue, and the fair value of our reporting units, tangible and intangible assets and contingent consideration. Although the primary revenue impact of the pandemic has been on certain discretionary lines of business, non-discretionary lines of business have also been, to some extent, adversely affected and may be adversely affected in the future. Further, reduced economic activity or disruption in insurance markets could reduce the demand for or the extent of insurance coverage. Also, the increased frequency and severity of coverage disputes between our clients and (re)insurers arising out of the pandemic could increase our professional liability risk. In 2021, global labor market shifts have become more pronounced, having a negative effect on workforce availability, which could hamper our ability to grow our capacity on pace with increasing demand for our services. We expect the market for talent to remain highly competitive for at least the next several months. We will continue to monitor the situation and assess any implications to our business and our stakeholders.

The extent to which COVID-19 impacts our business and financial position will depend on future developments, which are difficult to predict. These future developments may include the severity and scope of the COVID-19 outbreak, which may unexpectedly change or worsen, and the types and duration of measures imposed by governmental authorities to contain the virus or address its impact. We continue to expect that the COVID-19 pandemic and the related impacts on the wider economic environment will negatively impact our revenue and operating results in fiscal 2021. We believe that these trends and uncertainties are similar to those faced by other comparable registrants as a result of the pandemic. See Part I, Item 1A 'Risk Factors' in our Annual Report on Form 10-K, filed with the SEC on February 23, 2021 for a discussion of actual and potential impacts of COVID-19 on our business, clients and operations.

Daily Operations - We continue to closely monitor the spread and impact of COVID-19, including the availability of vaccines, while adhering to government health directives. The Company continues to have its own restrictions on business travel, office access, and meetings and events, but is actively developing its return-to-work plans with a focus on safe utilization based on appropriate social-distancing guidelines. We have thorough business continuity and incident management processes in place that have been activated, including split team operations and work-from-home protocols for essential workers which continue to be globally effective. We are communicating frequently with clients and critical vendors, while meeting our objectives via remote working capabilities, overseen and coordinated by our incident management response team. While no contingency plan can eliminate all risk of temporary service interruption, we regularly assess and update our plans to help mitigate reasonable risks to the extent possible.

Financial Statement Overview

For all financial information presented herein, the operating results of Willis Re have been reclassified as discontinued operations (see Note 3 – Divestitures in Part I, Item 1 'Financial Statements' in this Form 10-Q for additional information).

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

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|-------|----------|------|---------------------------------|-------|----------|------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | (\$ in millions, except per share data) | | | | | | | |
| Revenue | \$ 1,973 | 100% | \$ 1,897 | 100% | \$ 6,292 | 100% | \$ 5,946 | 100% |
| Costs of providing services | | | | | | | | |
| Salaries and benefits | 1,255 | 64% | 1,238 | 65% | 3,991 | 63% | 3,807 | 64% |
| Other operating expenses | 385 | 20% | 370 | 20% | 1,169 | 19% | 1,210 | 20% |
| Depreciation | 69 | 3% | 73 | 4% | 212 | 3% | 237 | 4% |
| Amortization | 85 | 4% | 108 | 6% | 285 | 5% | 347 | 6% |
| Transaction and integration, net | (952) | (48)% | 42 | 2% | (877) | (14)% | 65 | 1% |
| Total costs of providing services | 842 | | 1,831 | | 4,780 | | 5,666 | |
| Income from operations | 1,131 | 57% | 66 | 3% | 1,512 | 24% | 280 | 5% |
| Interest expense | (50) | (3)% | (61) | (3)% | (161) | (3)% | (184) | (3)% |
| Other income, net | 105 | 5% | 156 | 8% | 617 | 10% | 321 | 5% |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 1,186 | 60% | 161 | 8% | 1,968 | 31% | 417 | 7% |
| Provision for income taxes | (267) | (14)% | (42) | (2)% | (386) | (6)% | (133) | (2)% |
| INCOME FROM CONTINUING OPERATIONS | 919 | 47% | 119 | 6% | 1,582 | 25% | 284 | 5% |
| (LOSS)/INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX | (12) | (1)% | 3 | —% | 247 | 4% | 253 | 4% |
| Income attributable to non-controlling interests | (4) | —% | (1) | —% | (9) | —% | (17) | —% |
| NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON | \$ 903 | 46% | \$ 121 | 6% | \$ 1,820 | 29% | \$ 520 | 9% |
| Diluted earnings per share | \$ 6.99 | | \$ 0.93 | | \$ 14.00 | | \$ 3.99 | |

Consolidated Revenue (Continuing Operations)

Revenue was \$2.0 billion for the three months ended September 30, 2021, compared to \$1.9 billion for the three months ended September 30, 2020, an increase of \$76 million, or 4%, on an as-reported basis. Adjusting for the impacts of foreign currency and acquisitions and disposals, our organic revenue growth was 7% for the three months ended September 30, 2021. Revenue for the nine months ended September 30, 2021 was \$6.3 billion, compared to \$5.9 billion for the nine months ended September 30, 2020, an increase of \$346 million, or 6%, on an as-reported basis. Adjusting for the impacts of foreign currency and acquisitions and disposals, our organic revenue growth was 6% for the nine months ended September 30, 2021. The increases to our as-reported revenue for both the current and prior-year periods 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 September 30, 2021, currency translation increased our consolidated revenue by \$27 million. For the nine months ended September 30, 2021, currency translation increased our consolidated revenue by \$190 million. The primary currencies driving these changes were the Pound sterling and Euro.

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 nine months ended September 30, 2021. These figures do not represent the currency of the related revenue, which is presented in the next table.

| Geographic Region | % of Revenue |
|-------------------|--------------|
| United States | 49% |
| United Kingdom | 19% |
| France | 5% |
| Canada | 3% |
| Germany | 3% |

The table below details the percentage of our revenue and expenses by transactional currency for the nine months ended September 30, 2021.

| Transactional Currency | Revenue | Expenses (i) |
|------------------------|---------|--------------|
| U.S. dollars | 55% | 52% |
| Pounds sterling | 13% | 19% |
| Euro | 17% | 13% |
| Other currencies | 15% | 16% |

(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 amortization of intangible assets and transaction and integration, net.

The following tables set forth the total revenue for the three and nine months ended September 30, 2021 and 2020 and the components of the changes in total revenue for the three and nine months ended September 30, 2021, as compared to the prior-year period:

| | Three Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|---------|----------------------------------|----------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Revenue | \$ 1,973 | \$ 1,897 | 4% | 1% | 3% | (4)% | 7% |

| | Nine Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|---------|---------------------------------|----------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Revenue | \$ 6,292 | \$ 5,946 | 6% | 3% | 3% | (4)% | 6% |

(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 23, 2021.

Segment revenue excludes amounts that were directly incurred on behalf of our clients and reimbursed by them (reimbursed expenses); however, these amounts are included in consolidated revenue.

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.

Impact of the COVID-19 Pandemic on our Segments

The COVID-19 pandemic has had, and is projected to continue to have, an impact on certain of our service offerings. These impacts, which primarily affect our revenue, have been negative in some instances and positive in others and may in the future be material in either event. In addition, the potential negative impacts on our results may lag behind the developments to date related to the COVID-19 pandemic. We have thus far seen the impact of COVID-19 primarily on our business offerings that are discretionary in nature, such as consultative project work, which spans our segments, but primarily affected our HCB segment. However, most of the services we provide, including broking for various insurance products, compliance and valuation services, risk mitigation and outsourced administration for both pension and health and welfare plans, are considered non-discretionary to our clients and recurring in nature. We have seen that these non-discretionary businesses are the least impacted of our offerings, and while we expect that trend to continue, our non-discretionary businesses may be adversely affected due to changing demands in the market.

We expect to continue to experience unpredictable volatility in demand around our discretionary services and solutions. Clients may defer or delay decision-making on planned work or seek to terminate existing agreements for these discretionary services and solutions.

We recognize that the broad, global nature of the COVID-19 crisis has generally impacted the liquidity of our clients and led to disruptions in workforce availability. We continue to monitor the global outbreak of the COVID-19 pandemic and are taking steps to mitigate the risks to us posed by its spread by working with our clients, colleagues, suppliers and other stakeholders. Due to the global breadth of the COVID-19 spread and the range of governmental and community reactions thereto, there is on-going uncertainty around its duration, severity, ultimate impact and the timing of recovery. We will continue to monitor global developments in the rollout of vaccines and government rules and restrictions. We believe the pandemic and workforce availability issues will continue to cause an extended disruption of economic activity for the remainder of 2021 and into 2022, and the impact on our consolidated results of operations, financial position and cash flows could be material. Meanwhile, although we cannot predict how long this situation will last, we continue to focus on maintaining a strong balance sheet, liquidity and financial flexibility.

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 is further strengthened with teams of international consultants who provide support through each of our business units to the global headquarters of multinational clients and their foreign subsidiaries.

The following table sets forth HCB segment revenue for the three months ended September 30, 2021 and 2020, and the components of the change in revenue for the three months ended September 30, 2021 from the three months ended September 30, 2020.

| | Three Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|----------------------------------|--------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 852 | \$ 796 | 7% | 2% | 5% | —% | 6% |

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

HCB segment revenue for the three months ended September 30, 2021 and 2020 was \$852 million and \$796 million, respectively. On an organic basis, Talent and Rewards led the segment’s revenue growth, driven by strong market demand for rewards advisory work coupled with talent and compensation products. Health and Benefits revenue grew primarily from increased consulting work and commissions in North America alongside continued expansion of our local portfolios and global benefits management appointments outside of North America. Technology and Administrative Solutions revenue increased due to new project and client activity in Great Britain. Retirement revenue was materially flat with growth in Great Britain driven by funding and Guaranteed Minimum Pension (‘GMP’) equalization work largely offset by a decline in revenue in North America, resulting from decreased de-risking activity.

The following table sets forth HCB segment revenue for the nine months ended September 30, 2021 and 2020, and the components of the change in revenue for the nine months ended September 30, 2021 from the nine months ended September 30, 2020.

| | Nine Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|---------------------------------|----------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 2,563 | \$ 2,413 | 6% | 3% | 3% | —% | 3% |

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

HCB segment revenue for the nine months ended September 30, 2021 and 2020 was \$2.6 billion and \$2.4 billion, respectively. On an organic basis, Talent and Rewards led the segment's revenue growth, driven by strong market demand for broad-based talent and rewards advisory work coupled with talent and compensation products. Health and Benefits revenue grew primarily from increased consulting work in North America alongside continued expansion of our local portfolios and global benefits management appointments outside of North America. Retirement revenue increased with growth in Great Britain driven by funding and Guaranteed Minimum Pension ('GMP') equalization work and increased consulting project activity in Western Europe and International. Technology and Administrative Solutions revenue increased due to new project and client activity in Great Britain.

Corporate Risk and Broking ('CRB')

The CRB segment provides a broad range of risk advice, insurance broking and consulting services to our 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.

The following table sets forth CRB segment revenue for the three months ended September 30, 2021 and 2020, and the components of the change in revenue for the three months ended September 30, 2021 from the three months ended September 30, 2020.

| | Three Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|----------------------------------|--------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 697 | \$ 649 | 7% | 1% | 6% | —% | 6% |

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

CRB segment revenue for the three months ended September 30, 2021 and 2020 was \$697 million and \$649 million, respectively. On an organic basis, North America led the segment primarily from new business across M&A, FINEX, Construction and Aerospace alongside gains recorded in connection with book-of-business settlements. The gains from the book-of-business sales relate to settlements when colleagues depart for a competitor, which has the impact of increasing revenue in the quarter of the settlement. However, we expect these departures will result in decreasing revenue going-forward due to the increase in competition. Revenue in International, Great Britain and Western Europe also increased with new business generation and strong renewals across several insurance lines, most notably, in FINEX and Retail.

The following table sets forth CRB segment revenue for the nine months ended September 30, 2021 and 2020, and the components of the change in revenue for the nine months ended September 30, 2021 from the nine months ended September 30, 2020.

| | Nine Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|---------------------------------|----------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 2,295 | \$ 2,089 | 10% | 3% | 6% | —% | 6% |

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

CRB segment revenue for the nine months ended September 30, 2021 and 2020 was \$2.3 billion and \$2.1 billion, respectively. On an organic basis, North America led the segment with strong renewals, primarily in FINEX, alongside gains recorded in connection with book-of-business settlements. International and Great Britain revenue increased with new business generation primarily in the FINEX and Construction insurance lines. Revenue in Western Europe was materially flat as new business wins and renewal expansion was offset by challenges related to senior staff departures.

Investment, Risk and Reinsurance ('IRR')

The IRR segment uses a sophisticated approach to risk, which helps our 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.

In August 2021, the Company entered into an agreement with Arthur J. Gallagher & Co. to sell Willis Re, with the transaction expected to be completed no later than the end of the first quarter of 2022 (see Note 3 — Divestitures within Item 1 of this Quarterly Report on Form 10-Q for further information). As a result, we have reclassified revenue associated with Willis Re to discontinued operations within our condensed consolidated statements of comprehensive income, and therefore it is not included for each of the periods presented below.

In September 2020, the Company sold its Max Matthiessen business, and the sale of Miller, its wholesale insurance broking subsidiary, was completed on March 1, 2021 (see Note 3 — Divestitures within Item 1 of this Quarterly Report on Form 10-Q for further information).

The following table sets forth IRR segment revenue for the three months ended September 30, 2021 and 2020, and the components of the change in revenue for the three months ended September 30, 2021 from the three months ended September 30, 2020.

| | Three Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|----------------------------------|--------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 172 | \$ 220 | (22)% | 2% | (24)% | (34)% | 10% |

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

IRR segment revenue for the three months ended September 30, 2021 and 2020 was \$172 million and \$220 million, respectively. On an organic basis, advisory-related fees led the revenue growth in both our Insurance Consulting and Technology business and Investment business, which was further aided by increased contingent performance fees.

The following table sets forth IRR segment revenue for the nine months ended September 30, 2021 and 2020, and the components of the change in revenue for the nine months ended September 30, 2021 from the nine months ended September 30, 2020.

| | Nine Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|---------------------------------|--------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 615 | \$ 716 | (14)% | 4% | (18)% | (30)% | 12% |

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

IRR segment revenue for the nine months ended September 30, 2021 and 2020 was \$615 million and \$716 million, respectively. On an organic basis, advisory-related fees led the revenue growth in both our Investment business and Insurance Consulting and Technology business. Revenue growth in these businesses was further aided by increased contingent performance fees and software sales. The growth was partially offset by a decline in Wholesale's revenue in the first quarter as a result of headwinds across coverage lines coupled with a strategic shift in its operating model.

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. A significant portion of the revenue in this segment is recurring in nature, driven by either the commissions from the policies we sell, or from long-term service contracts with our clients that typically range from three to five years. Revenue across this segment may be seasonal, driven by the magnitude and timing of client enrollment activities, which often occur during the fourth quarter, with increased membership levels typically effective January 1, after calendar year-end benefits elections.

The following table sets forth BDA segment revenue for the three months ended September 30, 2021 and 2020, and the components of the change in revenue for the three months ended September 30, 2021 from the three months ended September 30, 2020.

| | Three Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|----------------------------------|--------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 242 | \$ 226 | 7% | —% | 7% | —% | 7% |

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

BDA segment revenue for the three months ended September 30, 2021 and 2020 was \$242 million and \$226 million, respectively. BDA's organic revenue increase was led by Individual Marketplace, primarily by TRANZACT, which generated revenue of \$111 million in the third quarter with strong growth in Medicare Advantage and Life sales. Benefits Outsourcing revenue also increased, driven by its expanded client base.

The following table sets forth BDA segment revenue for the nine months ended September 30, 2021 and 2020, and the components of the change in revenue for the nine months ended September 30, 2021 from the nine months ended September 30, 2020.

| | Nine Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|-----------------|---------------------------------|--------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Segment revenue | \$ 771 | \$ 666 | 16% | —% | 16% | 1% | 15% |

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

BDA segment revenue for the nine months ended September 30, 2021 and 2020 was \$771 million and \$666 million, respectively. BDA's organic revenue increase was led by Individual Marketplace, primarily by TRANZACT, which generated year-to-date revenue of \$375 million with strong growth in Medicare Advantage and Life sales. Benefits Outsourcing revenue also increased, driven by its expanded client base.

Costs of Providing Services (Continuing Operations)

For all financial information presented herein, the operating results of Willis Re have been reclassified as discontinued operations (see Note 3 – Divestitures in Part I, Item 1 'Financial Statements' in this Form 10-Q for additional information).

Total costs of providing services for the three months ended September 30, 2021 were \$842 million, compared to \$1.8 billion for the three months ended September 30, 2020, a decrease of \$989 million, or 54%. Total costs of providing services for the nine months ended September 30, 2021 were \$4.8 billion, compared to \$5.7 billion for the nine months ended September 30, 2020, a decrease of \$886 million, or 16%. These decreases were primarily due to the \$1 billion income receipt related to the termination of the proposed Aon transaction during the current quarter. See the following discussion for further details.

Salaries and benefits

Salaries and benefits for the three months ended September 30, 2021 were \$1.3 billion, compared to \$1.2 billion for the three months ended September 30, 2020, an increase of \$17 million, or 1%. The increase this quarter was mostly due to higher incentive and benefit accruals as compared to the prior year. Salaries and benefits, as a percentage of revenue, represented 64% and 65% for the three months ended September 30, 2021 and 2020, respectively.

Salaries and benefits for the nine months ended September 30, 2021 were \$4.0 billion, compared to \$3.8 billion for the nine months ended September 30, 2020, an increase of \$184 million, or 5%. The increase for the first nine months of 2021 is primarily due to higher incentive and benefit accruals for the period along with increases in our share-based compensation expense. Higher stock prices in 2021 drove most of the increase in share-based compensation expense, since our liability-classified awards are adjusted to fair value each quarter based on our share price. Salaries and benefits, as a percentage of revenue, represented 63% and 64% for the nine months ended September 30, 2021 and 2020, respectively.

Other operating expenses

Other operating expenses for the three months ended September 30, 2021 were \$385 million, compared to \$370 million for the three months ended September 30, 2020, an increase of \$15 million, or 4%. The increase was mostly due to higher marketing and professional insurance costs, partially offset by lower non-income tax and local office costs for the current quarter as compared to the same period in the prior year. Other operating expenses were \$1.2 billion for both the nine months ended September 30, 2021 and 2020, a decrease of \$41 million, or 3%. This improvement was primarily due to decreases in travel and entertainment costs, local office expenses, bad debt expense and non-income tax costs, partially offset by higher marketing and insurance costs for the first nine months of 2021 as compared to the same period in the prior year.

Depreciation

Depreciation for the three months ended September 30, 2021 was \$69 million, compared to \$73 million for the three months ended September 30, 2020, a decrease of \$4 million, or 5%. The quarter-over-quarter decrease was due to a lower depreciable base of assets due to business disposals and reduced capital expenditures in 2021. Depreciation for the nine months ended September 30, 2021 was \$212 million, compared to \$237 million for the nine months ended September 30, 2020, a decrease of \$25 million, or 11%. The year-over-year decrease was primarily due to the prior year acceleration of depreciation of \$35 million related to the abandonment of an internally-developed software asset prior to being placed in service. This decrease was partially offset by additional assets placed in service during 2020 and 2021.

Amortization

Amortization for the three months ended September 30, 2021 was \$85 million, compared to \$108 million for the three months ended September 30, 2020, a decrease of \$23 million, or 21%. Amortization for the nine months ended September 30, 2021 was \$285 million, compared to \$347 million for the nine months ended September 30, 2020, a decrease of \$62 million, or 18%. Our intangible amortization is generally more heavily weighted to the initial years of the useful lives of the related intangibles, and therefore amortization related to intangible assets will continue to decrease over time.

Transaction and integration, net

Transaction and integration, net for the three months ended September 30, 2021 was income of \$952 million, compared to \$42 million of expenses for the three months ended September 30, 2020. Transaction and integration, net for the nine months ended September 30, 2021 was \$877 million of income, compared to \$65 million of expenses for the nine months ended September 30, 2020. The income for both the current quarter and year-to-date was primarily due to the \$1 billion income receipt related to the termination of the proposed Aon transaction during the quarter, partially offset by costs mostly related to the terminated proposed transaction. The expenses for the three and nine months ended September 30, 2020 consist of transaction costs, primarily legal fees and other professional fees, related to the proposed combination with Aon prior to its termination.

Income from Operations

Income from operations for the three months ended September 30, 2021 was \$1.1 billion, compared to \$66 million for the three months ended September 30, 2020, an increase of \$1.1 billion. Income from operations for the nine months ended September 30, 2021 was \$1.5 billion, compared to \$280 million for the nine months ended September 30, 2020, an increase of \$1.2 billion. The increases in both the quarter and year-to-date results were mostly due to the \$1 billion income receipt from the termination of the proposed Aon transaction and higher revenue.

Interest Expense

Interest expense for the three months ended September 30, 2021 was \$50 million, compared to \$61 million for the three months ended September 30, 2020, a decrease of \$11 million, or 18%. Interest expense for the nine months ended September 30, 2021 was \$161 million, compared to \$184 million for the nine months ended September 30, 2020, a decrease of \$23 million, or 13%. These decreases were primarily the result of lower levels of indebtedness in the current year.

Other Income, Net

Other income, net for the three months ended September 30, 2021 was \$105 million, compared to \$156 million for the three months ended September 30, 2020, a decrease of \$51 million, primarily resulting from a lower net gain on disposals of operations during the current-year period.

Other income, net for the nine months ended September 30, 2021 was \$617 million, compared to \$321 million for the nine months ended September 30, 2020, an increase of \$296 million, primarily resulting from the net gain on disposals of operations, mostly due to the disposal of our Miller business (see Note 3 – Divestitures in Part I, Item 1 ‘Financial Statements’ in this Form 10-Q).

Provision for Income Taxes

Provision for income taxes on continuing operations for the three months ended September 30, 2021 was \$267 million, compared to \$42 million for the three months ended September 30, 2020, an increase of \$225 million. The effective tax rate was 22.5% for the three months ended September 30, 2021, and 26.6% for the three months ended September 30, 2020. Provision for income taxes on continuing operations for the nine months ended September 30, 2021 was \$386 million, compared to \$133 million for the nine months ended September 30, 2020, an increase of \$253 million. The effective tax rate was 19.6% for the nine months ended September 30, 2021 and 31.9% for the nine months ended September 30, 2020. 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 current quarter effective tax rate includes a \$250 million estimated tax expense related to the income receipt of the termination payment, however the prior year effective tax rate for the three months ended September 30, 2020 was higher due to an additional deferred tax expense related to the enacted U.K. statutory tax rate change. The prior-year nine months effective tax rate was higher due to additional tax expense recognized in connection with the temporary provisions of the Coronavirus Aid, Relief, and Economic Security (‘CARES’) Act.

(Loss)/Income from Discontinued Operations, Net of Tax

Loss from discontinued operations, net of tax for the three months ended September 30, 2021 was \$12 million, compared to income from discontinued operations, net of tax of \$3 million for the three months ended September 30, 2020, a decrease of \$15 million. Income from discontinued operations, net of tax for the nine months ended September 30, 2021 was \$247 million, compared to \$253 million for the nine months ended September 30, 2020, a decrease of \$6 million. The operations of our Willis Re business have been reclassified to discontinued operations upon our entering into an agreement to sell the business during the third quarter of 2021 (see Note 3 – Divestitures in Part I, Item 1 ‘Financial Statements’ in this Form 10-Q). See the following discussion for further details.

Revenue from discontinued operations

Revenue from discontinued operations for the three months ended September 30, 2021 was \$111 million, compared to \$112 million for the three months ended September 30, 2020, a decrease of \$1 million. Revenue from discontinued operations for the nine months ended September 30, 2021 was \$668 million, compared to revenue of \$642 million for the nine months ended September 30, 2020, an increase of \$26 million which was driven by new business wins and favorable renewal factors in the first half of the year.

Salaries and benefits

Salaries and benefits attributable to discontinued operations for the three months ended September 30, 2021 was \$97 million, compared to \$93 million for the three months ended September 30, 2020, an increase of \$4 million. Salaries and benefits attributable to discontinued operations for the nine months ended September 30, 2021 was \$291 million, compared to \$281 million for the three months ended September 30, 2020, an increase of \$10 million. The increases for both the three and nine months ended September 30, 2021 related to increased incentive accruals.

Other operating expenses

Other operating expenses attributable to discontinued operations for the three months ended September 30, 2021 was \$29 million, compared to \$12 million for the three months ended September 30, 2020, an increase of \$17 million. Other operating expenses attributable to discontinued operations for the nine months ended September 30, 2021 were \$60 million, compared to \$43 million for the nine months ended September 30, 2020, an increase of \$17 million. The increase in costs in 2021 is due primarily to transaction costs related to the pending sale of the business to Arthur J. Gallagher & Co.

Depreciation and amortization

Depreciation and amortization was not material for the three months ended September 30, 2021 and 2020 and was \$1 million and \$2 million for the nine months ended September 30, 2021 and 2020, respectively.

Other income, net

Other income, net was not material for the three months ended September 30, 2021 and 2020 and was \$1 million and \$3 million for the nine months ended September 30, 2021 and 2020, respectively, which was entirely attributable to foreign currency transaction gains.

(Benefit from)/provision for income taxes on discontinued operations

The benefit from income taxes attributable to discontinued operations was \$3 million, compared to a provision for income tax expense of \$4 million for the three months ended September 30, 2021 and 2020, respectively. The provisions for income tax expense were \$70 million and \$66 million for the nine months ended September 30, 2021 and 2020, respectively.

Net Income Attributable to Willis Towers Watson

Net income attributable to Willis Towers Watson for the three months ended September 30, 2021 was \$903 million, compared to \$121 million for the three months ended September 30, 2020, an increase of \$782 million. Net income attributable to Willis Towers Watson for the nine months ended September 30, 2021 was \$1.8 billion, compared to \$520 million for the nine months ended September 30, 2020, an increase of \$1.3 billion. The increases for both periods were primarily due to the \$1 billion income receipt from the termination of the proposed Aon transaction and higher revenue, with the year-to-date results also benefitting from the sale of our Miller business in the first quarter of 2021 (see Note 3 – Divestitures in Part I, Item 1 ‘Financial Statements’ in this Form 10-Q).

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 and any new debt offerings, which were subject to the limitations set forth in the Aon combination agreement prior to the Termination.

The COVID-19 pandemic has contributed to significant volatility in financial markets, including occasional declines in equity markets, changes in interest rates and reduced liquidity on a global basis. Specific to Willis Towers Watson, the COVID-19 pandemic has had a negative impact on discretionary work we perform for our clients, although we have seen a demand for these services begin to return in the second quarter of 2021 and continue through the third quarter of 2021. We continue to have decreased spending on travel and associated expenses and third-party contractors, and we have the ability to contain spending on discretionary projects and certain capital expenditures.

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 all of the borrowing capacity available to draw against our recently-amended and restated \$1.5 billion revolving credit facility (see Note 18 — Subsequent Event in Part I, Item 1 ‘Financial Statements’ in this Quarterly Report on Form 10-Q for further information), to meet our cash needs for the next twelve months, including investments in the business for growth, scheduled debt repayments, share repurchases and dividend payments. During the nine months ended September 30, 2021, we made payments of \$185 million (net of reimbursements) for the settlement of obligations related to the Stanford and Willis Towers Watson merger-related securities litigations, and we repaid in full the \$450 million of 3.500% senior notes which matured in the third quarter of 2021 and the \$500 million of 5.750% senior notes which matured in the first quarter of 2021, along with the respective related interest, using currently available cash. During the third quarter of 2021 we also restarted our share repurchase programs and repurchased \$1 billion of stock, and have authorization to repurchase a further \$4.5 billion.

Additionally, the operating results and balance sheets of Willis Re were reclassified to discontinued operations during the quarter. Willis Re’s cash balances at September 30, 2021 and December 31, 2020 were \$53 million and \$50 million, respectively. Willis Re’s operating cash flows approximate its pre-tax income and any adjustments for working capital movements (see Note 3 — Divestitures in Part I, Item 1 ‘Financial Statements’ in this Quarterly Report on Form 10-Q for further information), and is expected to be partially offset by reimbursements through a Transition Services Agreement.

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.

Undistributed Earnings of Foreign Subsidiaries

The Company recognizes deferred tax balances related to the 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 the investments.

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. In addition, in connection with the Willis Re divestiture, we have recorded an estimated deferred tax expense for certain Willis Re subsidiaries whose outside basis differences are no longer considered indefinitely reinvested. 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 legislation 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.

Cash and Cash Equivalents

Our cash and cash equivalents (including the cash balances of Willis Re) at September 30, 2021 totaled \$2.2 billion, compared to \$2.0 billion at December 31, 2020. The increase in cash from December 31, 2020 to September 30, 2021 was primarily due to the \$1 billion income receipt related to the termination of the proposed Aon transaction and the net proceeds from the sale of our Miller business in the amount of \$696 million along with strong operating results. However, the \$1 billion of income receipt was offset by stock repurchases made during the third quarter of 2021 in the same amount. These additions to cash were further partially offset by the payments in full of our \$450 million of 3.500% senior notes, \$500 million of 5.750% senior notes, net legal settlement payments of \$185 million (related to the Stanford and Willis Towers Watson merger settlements), and higher bonus payments and benefit-related items of \$189 million made in the first half of 2021.

Additionally, we had all of the borrowing capacity available to draw against our then-current \$1.25 billion revolving credit facility at both September 30, 2021 and December 31, 2020. The facility was replaced on October 6, 2021 and we now have borrowing capacity of \$1.5 billion under the new revolving credit facility. See Note 18 – Subsequent Event within Item 1 of this Quarterly Report on Form 10-Q for further information on the new revolving credit facility.

Included within cash and cash equivalents at September 30, 2021 and December 31, 2020 are amounts held for regulatory capital adequacy requirements, including \$120 million and \$88 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 nine months ended September 30, 2021 and 2020:

| | Nine Months Ended September 30, | |
|---|---------------------------------|-----------------|
| | 2021 | 2020 |
| | (in millions) | |
| Net cash from/(used in): | | |
| Operating activities | \$ 1,877 | \$ 1,206 |
| Investing activities | 577 | (108) |
| Financing activities | (2,305) | (334) |
| INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | | |
| CASH | 149 | 764 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (24) | (5) |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD (i) | 2,096 | 895 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD (i) | \$ 2,221 | \$ 1,654 |

(i) Cash, cash equivalents and restricted cash included \$6 million, \$7 million, \$7 million and \$8 million of restricted cash at September 30, 2021, December 31, 2020, September 30, 2020 and December 31, 2019, respectively, which is included within prepaid and other current assets on our condensed consolidated balance sheets. Additionally, cash, cash equivalents and restricted cash included \$53 million, \$50 million, \$56 million and \$56 million of cash attributable to discontinued operations at September 30, 2021, December 31, 2020, September 30, 2020 and December 31, 2019, respectively, which is included within assets held for sale on our condensed consolidated balance sheets.

Cash Flows From Operating Activities

Cash flows from operating activities were \$1.9 billion for the nine months ended September 30, 2021, compared to \$1.2 billion for the nine months ended September 30, 2020. The \$1.9 billion of net cash from operating activities for the nine months ended September 30, 2021 included net income of \$1.8 billion and \$200 million of non-cash adjustments, partially offset by changes in operating assets and liabilities of \$152 million. This increase in cash flows from operating activities as compared to the prior year was primarily due the \$1 billion of income receipt related to the termination of the proposed Aon transaction partially offset by net legal

settlement payments of \$185 million as well as \$189 million of increased bonus and benefit-related payments made during the nine months ended September 30, 2021.

The \$1.2 billion of net cash from operating activities for the nine months ended September 30, 2020 included net income of \$537 million and \$582 million of non-cash adjustments, as well as favorable changes in operating assets and liabilities of \$87 million.

Cash Flows From/(Used In) Investing Activities

Cash flows from investing activities for the nine months ended September 30, 2021 were \$577 million as compared to cash flows used in investing activities of \$108 million for the nine months ended September 30, 2020. The cash flows from investing activities for the nine months ended September 30, 2021 primarily include the net proceeds from the sale of Miller of \$696 million and another smaller sale of \$30 million, partially offset by capital expenditures and capitalized software additions of \$149 million.

The cash flows used in investing activities in the prior year period were primarily driven by capital expenditures, capitalized software additions and an acquisition during the first quarter of 2020.

Cash Flows Used In Financing Activities

Cash flows used in financing activities for the nine months ended September 30, 2021 were \$2.3 billion. The significant financing activities included share repurchases of \$1.0 billion, debt repayments of \$970 million along with dividend payments of \$275 million.

Cash flows used in financing activities for the nine months ended September 30, 2020 were \$334 million. The significant financing activities included dividend payments of \$259 million and net debt-related payments of \$39 million.

Indebtedness

Total debt, total equity, and the capitalization ratios at September 30, 2021 and December 31, 2020 were as follows:

| | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| | (\$ in millions) | |
| Long-term debt | \$ 3,993 | \$ 4,664 |
| Current debt | 644 | 971 |
| Total debt | \$ 4,637 | \$ 5,635 |
| | | |
| Total Willis Towers Watson shareholders' equity | \$ 11,393 | \$ 10,820 |
| | | |
| Capitalization ratio | 28.9% | 34.2% |

The capitalization ratio decreased from December 31, 2020 due to the August 2021 repayment of our \$450 million 3.500% senior notes and March 2021 repayment of our \$500 million 5.750% senior notes (see Note 9 — Debt in Part I, Item 1 'Financial Statements' in this Quarterly Report on Form 10-Q for further information), as well as the increase in shareholders' equity driven by strong earnings during the first nine months of the year, which included the gain on the Miller wholesale business and the income receipt related to the termination of the proposed Aon transaction, partially offset by \$1.0 billion of share repurchases.

At September 30, 2021, our mandatory debt repayments over the next twelve months include \$626 million outstanding on our 2.125% senior notes due 2022 and \$19 million outstanding on our collateralized facility. In addition, our \$1.25 billion revolving credit facility was set to expire on March 7, 2022, but was replaced on October 6, 2021 by our recently-amended and restated \$1.5 billion revolving credit facility (see Note 18 — Subsequent Event in Part I, Item 1 'Financial Statements' in this Quarterly Report on Form 10-Q for further information).

At September 30, 2021 and December 31, 2020 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 September 30, 2021 and December 31, 2020, we had fiduciary funds of \$4.1 billion and \$4.3 billion, respectively, of which \$2.5 billion at both balance sheet dates presented are attributable to our Willis Re business.

Share Repurchase Program

The Company is authorized to repurchase shares, by way of redemption or otherwise, 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 26, 2020, the board of directors approved a \$251 million increase to the existing share repurchase program. On July 26, 2021, the board of directors approved a \$1.0 billion increase to the existing share repurchase program, and on September 16, 2021, approved a \$4.0 billion increase to the existing share repurchase program. These three increases brought the total approved authorization to \$5.5 billion.

At September 30, 2021, approximately \$4.5 billion remained on the current repurchase authority. The maximum number of shares that could be repurchased based on the closing price of our ordinary shares on September 30, 2021 of \$232.46 was 19,358,169.

During the three and nine months ended September 30, 2021, the Company had the following share repurchase activity:

| | <u>Three Months Ended September 30, 2021</u> | <u>Nine Months Ended September 30, 2021</u> |
|--|--|---|
| Shares repurchased | 4,455,544 | 4,455,544 |
| Average price per share | \$224.44 | \$224.44 |
| Aggregate repurchase cost (excluding broker costs) | \$1.0 billion | \$1.0 billion |

During the first half of 2021, the Company had no share repurchase activity. A share repurchase prohibition existed under the transaction agreement for the proposed Aon combination. Following the Termination, there are no longer any contractual prohibitions on share repurchases.

Capital Commitments

Capital expenditures for fixed assets and software for internal use were \$109 million during the nine months ended September 30, 2021. The Company estimates that there will be additional such expenditures of approximately \$61 million during the remainder of 2021. We currently expect cash from operations to adequately provide for these cash needs. There have been no material changes to our capital commitments since December 31, 2020.

Dividends

Total cash dividends of \$275 million were paid during the nine months ended September 30, 2021. In July 2021, the board of directors approved an increased quarterly cash dividend of \$0.80 per share (\$3.20 per share annualized rate), which was paid on October 15, 2021 to shareholders of record as of September 30, 2021.

Supplemental Guarantor Financial Information

As of September 30, 2021, Willis Towers Watson has issued the following debt securities (the 'notes'):

- a) Willis North America Inc. ('Willis North America') has approximately \$2.9 billion senior notes outstanding, of which \$650 million were issued on May 16, 2017, \$1.0 billion were issued on September 10, 2018, \$1.0 billion were issued on September 10, 2019, and \$275 million were issued on May 29, 2020; and
- b) Trinity Acquisition plc has approximately \$1.7 billion senior notes outstanding, of which \$525 million were issued on August 15, 2013, \$550 million were issued on March 22, 2016 and €540 million (\$609 million) were issued on May 26, 2016, and a \$1.25 billion revolving credit facility established on March 7, 2017, on which no balance is currently outstanding.

The following table presents a summary of the entities that issue each note and those wholly-owned subsidiaries of the Company that guarantee each respective note on a joint and several basis as of September 30, 2021. These subsidiaries are all consolidated by Willis Towers Watson plc (the ‘parent company’) and together with the parent company comprise the ‘Obligor group’.

| Entity | Trinity Acquisition plc Notes | Willis North America Inc. Notes |
|---|----------------------------------|------------------------------------|
| Willis Towers Watson plc (i) | Guarantor | Guarantor |
| Trinity Acquisition plc | Issuer | Guarantor |
| Willis North America Inc. | Guarantor | Issuer |
| Willis Netherlands Holdings B.V. | Guarantor | Guarantor |
| Willis Investment UK Holdings Limited | Guarantor | Guarantor |
| TA I Limited | Guarantor | Guarantor |
| Willis Group Limited | Guarantor | Guarantor |
| Willis Towers Watson Sub Holdings Unlimited Company | Guarantor | Guarantor |
| Willis Towers Watson UK Holdings Limited | Guarantor | Guarantor |

(i) The \$500 million senior notes issued on March 17, 2011 by Willis Towers Watson plc, and related interest, were fully repaid on March 15, 2021.

The notes issued by Willis North America and Trinity Acquisition plc:

- rank equally with all of the issuer’s existing and future unsubordinated and unsecured debt;
- rank equally with the issuer’s guarantee of all of the existing senior debt of the Company and the other guarantors, including any debt under the Revolving Credit Facility;
- are senior in right of payment to all of the issuer’s future subordinated debt; and
- are effectively subordinated to all of the issuer’s secured debt to the extent of the value of the assets securing such debt.

All other subsidiaries of the parent company are non-guarantor subsidiaries (‘the non-guarantor subsidiaries’).

Each member of the Obligor group has only a stockholder’s claim on the assets of the non-guarantor subsidiaries. This stockholder’s claim is junior to the claims that creditors have against those non-guarantor subsidiaries. Holders of the notes will only be creditors of the Obligor group and not creditors of the non-guarantor subsidiaries. As a result, all of the existing and future liabilities of the non-guarantor subsidiaries, including any claims of trade creditors and preferred stockholders, will be structurally senior to the notes. As of and for the periods ended September 30, 2021 and December 31, 2020, the non-guarantor subsidiaries represented substantially all of the total assets and accounted for substantially all of the total revenue of the Company prior to consolidating adjustments. The non-guarantor subsidiaries have other liabilities, including contingent liabilities that may be significant. Each indenture does not contain any limitations on the amount of additional debt that the Obligor group and the non-guarantor subsidiaries may incur. The amounts of this debt could be substantial, and this debt may be debt of the non-guarantor subsidiaries, in which case this debt would be effectively senior in right of payment to the notes.

The notes are obligations exclusively of the Obligor group. Substantially all of the Obligor group’s operations are conducted through its non-guarantor subsidiaries. Therefore, the Obligor group’s ability to service its debt, including the notes, is dependent upon the net cash flows of its non-guarantor subsidiaries and their ability to distribute those net cash flows as dividends, loans or other payments to the Obligor group. Certain laws restrict the ability of these non-guarantor subsidiaries to pay dividends and make loans and advances to the Obligor group. In addition, such non-guarantor subsidiaries may enter into contractual arrangements that limit their ability to pay dividends and make loans and advances to the Obligor group.

Intercompany balances and transactions between members of the Obligor group have been eliminated. All intercompany balances and transactions between the Obligor group and the non-guarantor subsidiaries have been presented in the disclosures below 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 to be received or owed. The intercompany balances and transactions between the Obligor group and non-guarantor subsidiaries, presented below, relate to a number of items including loan funding for acquisitions and other purposes, transfers of surplus cash between subsidiary companies, funding provided for working capital purposes, settlement of expense accounts, transactions related to share-based payment arrangements and share issuances, intercompany royalty arrangements, intercompany dividends and intercompany interest. At September 30, 2021 and December 31, 2020, the intercompany balances of the Obligor group with non-guarantor subsidiaries were net receivables of \$500 million at both balance sheet dates presented and net payables of \$8.3 billion and \$7.6 billion, respectively.

No balances or transactions of non-guarantor subsidiaries are presented in the disclosures other than the intercompany items noted above.

Presented below is certain summarized financial information for the Obligor group.

| | As of September 30, 2021 | As of December 31, 2020 |
|-------------------------------|-----------------------------|----------------------------|
| | (in millions) | |
| Total current assets | \$ 201 | \$ 161 |
| Total non-current assets | 676 | 671 |
| Total current liabilities | 6,850 | 5,116 |
| Total non-current liabilities | 6,551 | 8,434 |

| | Nine months ended September 30, 2021 |
|---|---|
| | (in millions) |
| Revenue | \$ 246 |
| Income from operations | 1,027 |
| Income from operations before income taxes (i) | 969 |
| Net income | 847 |
| Net income attributable to Willis Towers Watson | 847 |

(i) Includes intercompany expense, net of the Obligor group from non-guarantor subsidiaries of \$45 million for the nine months ended September 30, 2021.

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 continuing 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 may be part of our full-year results. These items include the following:

- Restructuring costs and transaction and integration, net – Management believes it is appropriate to adjust for restructuring costs and transaction and integration, net 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. Transaction and integration, net in 2021 includes the income receipt related to the termination of the proposed Aon transaction.
- Gains and losses on disposals of operations – Adjustment to remove the gain or loss resulting from disposed operations.
- Pension settlement and curtailment gains and losses – Adjustment to remove significant pension settlement and curtailment gains and losses to better present how the Company is performing.
- Abandonment of long-lived asset – Adjustment to remove the depreciation expense resulting from internally-developed software that was abandoned prior to being placed into service.
- Provisions for significant litigation – We will include provisions for litigation matters which we believe are not representative of our core business operations. These amounts are presented net of insurance and other recovery receivables.

- Tax effect of statutory rate changes – Relates to the incremental tax expense or benefit from significant statutory income tax rate changes enacted in material jurisdictions in which we operate.
- Tax effect of the CARES Act – Relates to the incremental tax expense impact, primarily from the Base Erosion and Anti-Abuse Tax ('BEAT'), generated from electing certain income tax provisions of the CARES Act.
- Tax effects of internal reorganization – Relates to the U.S. income tax expense resulting from the completion of internal reorganizations of the ownership of certain businesses that reduced the investments held by our U.S.-controlled subsidiaries.

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.

For all financial information presented herein (with the exception of Free Cash Flow), the operating results of Willis Re have been reclassified as discontinued operations (see Note 3 – Divestitures in Part I, Item 1 'Financial Statements' in this Form 10-Q for additional information).

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 reconciliations 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 nine months ended September 30, 2021 from the three and nine months ended September 30, 2020 are as follows:

| | Three Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|--------------|----------------------------------|----------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Revenue (ii) | \$ 1,973 | \$ 1,897 | 4% | 1% | 3% | (4)% | 7% |

| | Nine Months Ended September 30, | | As Reported Change | Components of Revenue Change (i) | | | |
|--------------|---------------------------------|----------|--------------------|----------------------------------|--------------------------|----------------------------|----------------|
| | 2021 | 2020 | | Currency Impact | Constant Currency Change | Acquisitions/ Divestitures | Organic Change |
| | (\$ in millions) | | | | | | |
| Revenue (ii) | \$ 6,292 | \$ 5,946 | 6% | 3% | 3% | (4)% | 6% |

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

(ii) Excludes revenue (reclassified as discontinued operations) associated with our Willis Re business.

Adjusting for the impacts of foreign currency and acquisitions and disposals in the calculation of our organic activity, our revenue growth was 7% for the three months ended September 30, 2021 and 6% for the nine months ended September 30, 2021. The increases to our revenue for both the current and prior-year periods were 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 internally to 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, net 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 nine months ended September 30, 2021 and 2020 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------------|-------------------------------------|---------------|------------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (in millions) | | | |
| Income from operations | \$ 1,131 | \$ 66 | \$ 1,512 | \$ 280 |
| Adjusted for certain items: | | | | |
| Abandonment of long-lived asset | — | — | — | 35 |
| Amortization | 85 | 108 | 285 | 347 |
| Transaction and integration, net | (952) | 42 | (877) | 65 |
| Provision for significant litigation | — | 15 | — | 15 |
| Adjusted operating income | <u>\$ 264</u> | <u>\$ 231</u> | <u>\$ 920</u> | <u>\$ 742</u> |
| Income from operations margin | 57.3% | 3.5% | 24.0% | 4.7% |
| Adjusted operating income margin | 13.4% | 12.2% | 14.6% | 12.5% |

Adjusted operating income increased for the three months ended September 30, 2021 to \$264 million from \$231 million for the three months ended September 30, 2020 and increased for the nine months ended September 30, 2021 to \$920 million from \$742 million for the nine months ended September 30, 2020. These increases resulted mostly from higher revenue.

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

Reconciliations of net income to adjusted EBITDA for the three and nine months ended September 30, 2021 and 2020 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------|------------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (in millions) | | | |
| NET INCOME | \$ 907 | \$ 122 | \$ 1,829 | \$ 537 |
| Loss/(income) from discontinued operations, net of tax | 12 | (3) | (247) | (253) |
| Provision for income taxes | 267 | 42 | 386 | 133 |
| Interest expense | 50 | 61 | 161 | 184 |
| Depreciation (i) | 69 | 73 | 212 | 237 |
| Amortization | 85 | 108 | 285 | 347 |
| Transaction and integration, net | (952) | 42 | (877) | 65 |
| Provision for significant litigation | — | 15 | — | 15 |
| Gain on disposal of operations | (23) | (85) | (380) | (83) |
| Adjusted EBITDA | <u>\$ 415</u> | <u>\$ 375</u> | <u>\$ 1,369</u> | <u>\$ 1,182</u> |
| Net income margin | 46.0% | 6.4% | 29.1% | 9.0% |
| Adjusted EBITDA margin | 21.0% | 19.8% | 21.8% | 19.9% |

(i) Includes abandonment of long-lived asset of \$35 million for the nine months ended September 30, 2020.

Adjusted EBITDA for the three months ended September 30, 2021 was \$415 million, compared to \$375 million for the three months ended September 30, 2020, and was \$1.4 billion for the nine months ended September 30, 2021, compared to \$1.2 billion for the nine months ended September 30, 2020. These increases were primarily due to higher revenue.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

Adjusted diluted earnings per share 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 September 30, 2021 and 2020 are as follows:

| | Three Months Ended September 30, | |
|--|---|----------------|
| | 2021 | 2020 |
| | (\$ in millions) | |
| NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON | \$ 903 | \$ 121 |
| Adjusted for certain items: | | |
| Loss/(income) from discontinued operations, net of tax | 12 | (3) |
| Amortization | 85 | 108 |
| Transaction and integration, net | (952) | 42 |
| Provision for significant litigation | — | 15 |
| Gain on disposal of operations | (23) | (85) |
| Tax effect on certain items listed above (i) | 199 | (31) |
| Tax effect of the CARES Act | — | 3 |
| Adjusted net income | <u>\$ 224</u> | <u>\$ 170</u> |
| Weighted-average shares of common stock — diluted | 129 | 130 |
| Diluted earnings per share | <u>\$ 6.99</u> | <u>\$ 0.93</u> |
| Adjusted for certain items (ii): | | |
| Loss/(income) from discontinued operations, net of tax | 0.09 | (0.02) |
| Amortization | 0.66 | 0.83 |
| Transaction and integration, net | (7.37) | 0.32 |
| Provision for significant litigation | — | 0.12 |
| Gain on disposal of operations | (0.18) | (0.65) |
| Tax effect on certain items listed above (i) | 1.54 | (0.24) |
| Tax effect of the CARES Act | — | 0.02 |
| Adjusted diluted earnings per share | <u>\$ 1.73</u> | <u>\$ 1.31</u> |

(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 nine months ended September 30, 2021 and 2020 are as follows:

| | Nine Months Ended September 30, | |
|---|---------------------------------|----------------|
| | 2021 | 2020 |
| | (\$ in millions) | |
| NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON | \$ 1,820 | \$ 520 |
| Adjusted for certain items: | | |
| Income from discontinued operations, net of tax | (247) | (253) |
| Abandonment of long-lived asset | — | 35 |
| Amortization | 285 | 347 |
| Transaction and integration, net | (877) | 65 |
| Provision for significant litigation | — | 15 |
| Gain on disposal of operations | (380) | (83) |
| Tax effect on certain items listed above (i) | 144 | (96) |
| Tax effect of statutory rate change | 40 | — |
| Tax effect of the CARES Act | — | 38 |
| Adjusted net income | <u>\$ 785</u> | <u>\$ 588</u> |
| Weighted-average shares of common stock — diluted | 130 | 130 |
| Diluted earnings per share | \$ 14.00 | \$ 3.99 |
| Adjusted for certain items (ii): | | |
| Income from discontinued operations, net of tax | (1.90) | (1.95) |
| Abandonment of long-lived asset | — | 0.27 |
| Amortization | 2.19 | 2.66 |
| Transaction and integration, net | (6.75) | 0.50 |
| Provision for significant litigation | — | 0.12 |
| Gain on disposal of operations | (2.92) | (0.64) |
| Tax effect on certain items listed above (i) | 1.11 | (0.74) |
| Tax effect of statutory rate change | 0.31 | — |
| Tax effect of the CARES Act | — | 0.29 |
| Adjusted diluted earnings per share | <u>\$ 6.04</u> | <u>\$ 4.52</u> |

(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 both the three and nine months ended September 30, 2021 as compared to the prior year primarily due to higher revenue.

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, net, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted income before taxes is used solely for the purpose of calculating the adjusted income tax rate.

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

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

Reconciliations of income from continuing operations before income taxes to adjusted income before taxes and provision for income taxes to adjusted income taxes for the three and nine months ended September 30, 2021 and 2020 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|--------|------------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | (\$ in millions) | | | |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | \$ 1,186 | \$ 161 | \$ 1,968 | \$ 417 |
| Adjusted for certain items: | | | | |
| Abandonment of long-lived asset | — | — | — | 35 |
| Amortization | 85 | 108 | 285 | 347 |
| Transaction and integration, net | (952) | 42 | (877) | 65 |
| Provision for significant litigation | — | 15 | — | 15 |
| Gain on disposal of operations | (23) | (85) | (380) | (83) |
| Adjusted income before taxes | \$ 296 | \$ 241 | \$ 996 | \$ 796 |
| Provision for income taxes | \$ 267 | \$ 42 | \$ 386 | \$ 133 |
| Tax effect on certain items listed above (i) | (199) | 31 | (144) | 96 |
| Tax effect of statutory rate change | — | — | (40) | — |
| Tax effect of the CARES Act | — | (3) | — | (38) |
| Adjusted income taxes | \$ 68 | \$ 70 | \$ 202 | \$ 191 |
| U.S. GAAP tax rate | 22.5% | 26.6% | 19.6% | 31.9% |
| Adjusted income tax rate | 23.2% | 29.3% | 20.3% | 24.0% |

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

Our U.S. GAAP tax rates were 22.5% and 26.6% for the three months ended September 30, 2021 and 2020, respectively, and 19.6% and 31.9% for the nine months ended September 30, 2021 and 2020, respectively. The current quarter effective tax rate includes a \$250 million estimated tax expense related to the income receipt of the termination payment, however the prior year effective tax rate for the three months ended September 30, 2020 was higher due to an additional deferred tax expense related to the enacted U.K. statutory tax rate change.

Our adjusted income tax rates were 23.2% and 29.3% for the three months ended September 30, 2021 and 2020, respectively, and 20.3% and 24.0% for the nine months ended September 30, 2021 and 2020, respectively. Our adjusted tax rate for the three and nine months ended September 30, 2021 are lower than the three and nine months ended September 30, 2020 primarily due to a partial valuation allowance release on a U.K. capital loss carryforward.

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 nine months ended September 30, 2021 and 2020 are as follows:

| | Nine Months Ended September 30, | |
|---|---------------------------------|----------|
| | 2021 | 2020 |
| | (in millions) | |
| Cash flows from operating activities | \$ 1,877 | \$ 1,206 |
| Less: Additions to fixed assets and software for internal use | (109) | (183) |
| Free cash flow | \$ 1,768 | \$ 1,023 |

The favorable movement in free cash flows in the first nine months of 2021 was primarily due to the \$1 billion of income receipt related to the termination of the proposed Aon transaction and lower capital expenditures, partially offset by net legal settlement payments of \$185 million as well as \$189 million of increased bonus and benefit-related payments made during the period.

Additionally, the free cash flow for both the current and prior years include the operating cash flows of Willis Re. Willis Re's operating cash flows approximate its pre-tax income and any adjustments for working capital movements (see Note 3 — Divestitures in Part I, Item 1 'Financial Statements' in this Quarterly Report on Form 10-Q for further information), and is expected to be partially offset by reimbursements through a Transition Services Agreement.

Critical Accounting Policies and Estimates

There were no material changes from the Critical Accounting Policies and Estimates disclosed in our 2020 Annual Report on Form 10-K, filed with the SEC on February 23, 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have considered changes in our exposure to market risks during the nine months ended September 30, 2021 and have determined that there have been no material changes to our exposure to market risks from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 23, 2021. 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 phase out LIBOR as a benchmark rate by the end of 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.

Subsequently, on March 5, 2021, ICE Benchmark Administration ('IBA') stated that as a result of its not having access to input data necessary to calculate LIBOR settings on a representative basis beyond the intended cessation dates as set forth below, it would have to cease publication of all 35 LIBOR settings immediately after December 31, 2021 for all GBP-, EUR-, CHF- and JPY-LIBOR settings as well as 1-week and 2-month USD-LIBOR settings. Effective after June 30, 2023, IBA will cease publishing overnight and 1-, 3-, 6- and 12-month USD-LIBOR settings.

As of September 30, 2021, the Company's primary exposure was its \$1.25 billion revolving credit facility which has subsequently been replaced with a new \$1.5 billion revolving credit facility which contains appropriate LIBOR replacement language. The Company has a small, collateralized facility that we will renegotiate, or repay, prior to the end of 2021. In addition, the Company and its subsidiaries have entered into various intercompany notes indexed to LIBOR in various currencies. The Company, in preparation for a December 31, 2021 deadline, will amend, replace, or terminate the LIBOR-based intercompany notes as necessary to reflect new market benchmarks for the relevant loan currencies.

We have updated our Treasury workstation software to implement the new benchmarks and continue to monitor the LIBOR-related risks that may be inherent elsewhere in our business and are monitoring further proposals and guidance from the ARRC and other alternative-rate initiatives. While it is currently uncertain whether SOFR or another reference rate will be selected as the alternative to LIBOR, or whether other reforms will be enacted in response to the planned transition, we will make the appropriate changes when necessary.

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 September 30, 2021, we held \$2.2 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 \$6 million on an annualized basis.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of September 30, 2021, 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 September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Most of our employees who are involved in our financial reporting processes and controls continue to work remotely following the onset of the COVID-19 pandemic and are expected to do so for the foreseeable future. We have not experienced any specific impact to our internal controls over financial reporting. We are regularly monitoring and assessing the impact of the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

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 September 30, 2021.

ITEM 1A. RISK FACTORS

Except as described below, there are no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K, filed with the SEC on February 23, 2021. We urge you to read the risk factors contained therein.

Our pending transaction with Gallagher creates incremental business, regulatory and reputational risks.

The agreed transaction to sell our Willis Re business to Gallagher entails important risks, including, among others: the risk, as described more below, that we are unable to obtain the requisite regulatory approvals or satisfy all of the other conditions required to consummate the proposed transaction on the proposed terms and schedule, if at all; the risk that the period leading up to a transaction closing and the post-closing transition arrangements may impose costs, be distracting to our management, or cause disruption to our business or our relationships with clients, employees and other third parties; the risk that the triggers for the potential earnout payment may not be met; the risk that transaction and/or transition costs or dis-synergies are greater than expected, including as a result of conditions regulators put on any approvals of the transaction; the impact of the announcement and/or the potential impact of the consummation of the proposed transaction on relationships, including with employees, suppliers, clients and competitors; the risk that management's attention is diverted from other matters during the pendency of the transaction and in the post-closing period; the risk that litigation associated with the proposed transaction, if any, affects the combination or the business otherwise; the risk of disruptions from the proposed transaction that impact our business, including current plans and operations, including the risk of exacerbating existing disruptions or challenges we face; and other risks described below and in the Company's other SEC filings.

The transaction with Gallagher is subject to customary closing conditions, including conditions related to required regulatory approvals, and may not be completed on a timely basis, or at all, or such required regulatory approvals may contain material restrictions or conditions, and the failure to complete the transaction could adversely affect our business, financial condition or results of operations.

The closing of the transaction with Gallagher is subject to the satisfaction or waiver of a number of customary conditions, including (i) receipt of certain governmental approvals under competition, foreign investment and financial services laws, (ii) expiration or termination of the applicable waiting period under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, (iii) the absence of governmental restraints or prohibitions preventing the transaction closing and (iv) certain other customary closing conditions, and there can be no assurance that all of these conditions will be satisfied or waived (to the extent applicable) in a timely manner or at all. The failure to satisfy these required conditions could delay the transaction closing for a significant period of time or prevent it from occurring at all. The agreement contemplates delayed closings in certain countries pending completion of certain country-specific closing conditions.

The agreement contains representations and warranties as well as pre-closing covenants made by each of WTW and Gallagher, customary for a transaction of this type. The agreement contains certain termination rights for each of WTW and Gallagher, including in the event that the transaction is not consummated on or before May 12, 2022, subject to two automatic extensions of three months and one month, respectively, if all conditions have been satisfied other than those related to the receipt of regulatory approvals and those to be satisfied at closing. There can be no assurance that the transaction closing conditions will be timely satisfied or otherwise waived, that the transaction will be completed within the expected timeframe, or at all, or that the expected benefits of the transaction will be achieved in the expected timeframe, or at all.

If the proposed transaction with Gallagher is not completed for any reason it may materially affect our business, financial condition or results of operations.

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

During the nine months ended September 30, 2021, 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 or otherwise, 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 26, 2020, the board of directors approved a \$251 million increase to the existing share repurchase program. On July 26, 2021, the board of directors approved a \$1.0 billion increase to the existing share repurchase program, and on September 16, 2021, approved a \$4.0 billion increase to the existing share repurchase program. These three increases brought the total approved authorization to \$5.5 billion.

The following table presents specified information about the Company's repurchases of its ordinary shares in the third quarter of 2021 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 |
|--|----------------------------------|------------------------------|--|--|
| July 1, 2021 through July 31, 2021 | — | \$ — | — | 23,813,713 |
| August 1, 2021 through August 31, 2021 | 1,742,094 | \$ 216.69 | 1,742,094 | 22,071,619 |
| September 1, 2021 through September 30, 2021 | 2,713,450 | \$ 229.41 | 2,713,450 | 19,358,169 |
| | <u>4,455,544</u> | \$ — | <u>4,455,544</u> | |

The maximum number of shares that may yet be purchased under the existing share repurchase plan is 19,358,169. At September 30, 2021, approximately \$4.5 billion 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 September 30, 2021 of \$232.46.

During the first half of 2021, the Company had no share repurchase activity. A share repurchase prohibition existed under the transaction agreement for the proposed Aon combination. Following the Termination, there are no longer any contractual prohibitions on share repurchases.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

EXHIBIT INDEX

| Exhibit Number | Description of Exhibit |
|-------------------|---|
| 10.1 | Security and Asset Purchase Agreement, dated as of August 12, 2021, by and between Willis Towers Watson plc and Arthur J. Gallagher & Co. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on August 16, 2021). |
| 10.2 | Second Amended and Restated Credit Agreement, dated as of October 6, 2021, among, Trinity Acquisition plc and its indirect subsidiaries, Willis North America Inc. and Willis Netherlands Holdings B.V., Willis Towers Watson Public Limited Company, the lenders party thereto and Barclays Bank PLC, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on October 7, 2021). |
| 10.3 | Second Amended and Restated Guaranty Agreement, dated as of October 6, 2021, among, Trinity Acquisition plc, Willis Towers Watson Public Limited Company, the other guarantors party thereto and Barclays Bank PLC, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Company on October 7, 2021). |
| 10.4 | Offer Letter, dated as of August 26, 2021, by and between Willis Towers Watson US LLC and Andrew Krasner.*† |
| 10.5 | Time-Based Restricted Share Unit Award Agreement, dated as of September 7, 2021, by and between the Company and Andrew Krasner.*† |
| 10.6 | Termination Agreement, dated as of July 26, 2021, by and between Willis Towers Watson plc and Aon plc (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on July 26, 2021). |
| 22.1 | List of Issuers and Guarantor Subsidiaries.* |
| 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, Andrew J. Krasner, 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, Andrew J. Krasner, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* |
| 101.INS | Inline 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 | Inline XBRL Taxonomy Extension Schema Document* |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document* |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document* |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document* |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document* |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)* |

* 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

Name: John J. Haley
Title: Chief Executive Officer

October 28, 2021

Date

/s/ Andrew J. Krasner

Name: Andrew J. Krasner
Title: Chief Financial Officer

October 28, 2021

Date

/s/ Joseph S. Kurpis

Name: Joseph S. Kurpis
Title: Principal Accounting Officer and Controller

October 28, 2021

Date

PRIVATE AND CONFIDENTIAL

August 26, 2021 Mr.
Andrew Krasner

Dear Andrew:

On behalf of Willis Towers Watson US LLC, a Willis Towers Watson Company (hereinafter "Willis Towers Watson"), we are very pleased to formally offer you the position of Chief Financial Officer of Willis Towers Watson, start date to be confirmed as soon as practicable.

We are impressed with your skills and attributes and knowledge of the Company given your prior history of working for us for twelve years and are confident you will enhance Willis Towers Watson's position as a leading risk, advisory and broking company. As you are well aware, we are known for improving our clients' results through our unique combination of technical excellence and innovation and believe you will be a strong addition in that endeavor. In working here, you will have the opportunity to grow as well as partner with talented colleagues in solving issues for some of the world's largest and most complex organizations. This letter serves to document some of the finer points of the terms of our offer as well.

In this position, you will be reporting to the CEO of Willis Towers Watson. As you know, we operate a virtual headquarters so we expect that you will be spending time in our major locations on a regular basis. For administrative purposes, you will be assigned to the Miami, FL office.

COMPENSATION

Your initial base salary will be \$800,000.00 per annum, earned at the semi-monthly rate of \$33,333.33, less applicable statutory deductions. Employees are paid on the 15th and last day of each month via payroll direct deposit.

You will participate in the Willis Towers Watson Discretionary Individual Bonus Program. The bonus year runs from January 1 to December 31, and bonuses are payable annually, usually in March. Your target bonus is 125% of your base salary, and any bonus awarded will be based on individual performance and reflect the performance of the Finance function and the overall Company as well. Bonus payments may be prorated, for example, in line with base salary changes, part year periods of service or extended periods of absence, in accordance with applicable law. For the year ending December 31, 2021, your bonus will be no less than the target bonus pro-rated for the days in 2021 in which you are employed by Willis Towers Watson (the "Minimum Bonus"). A current condition of eligibility to receive a bonus payment is that you are still in the Company's service on the date of payment and not working out any period of notice, whether given or received, except as set forth herein with respect to the bonus for 2021. Any bonus for periods after 2021 payable under this program is discretionary. The Company reserves the right to amend or terminate any and all bonus provisions at its sole discretion at any time with or without notice or replacement.

As an Operating Committee member, beginning in 2022, you will participate in our Long Term Incentive (LTI) program. Your annual LTI target amount will be 200% of base salary. Willis Towers Watson will pay you a signing bonus totaling an aggregate payment equivalent to \$50,000 per month (including a prorated amount for partial months up to the start date) for the period in 2021 that you were not employed by Willis Towers Watson, less appropriate payroll deductions (the "Signing Bonus"). This will be paid within 31

days of employment. If you voluntarily leave Willis Towers Watson other than for Good Reason or if you are terminated for Cause within twelve (12) months of a signing bonus payment (as such terms are defined in the Willis Towers Watson Severance and Change in Control Pay Plan for US Executives in effect on the date hereof (the "Executive Severance Plan"), you will be required to repay Willis Towers Watson in full for that payment immediately upon your termination. In the event that you are required to repay the signing bonus to Willis Towers Watson under the terms of this paragraph, you authorize Willis Towers Watson (by signing this letter) to withhold any such amount from any amounts due to you at the time of your termination and apply such after-tax amounts against the outstanding repayment obligation you owe to Willis Towers Watson. Your authorization expressly includes, but is not limited to, allowing Willis Towers Watson to withhold any amounts you owe from any compensation (including but not limited to wages), accrued paid time off, expense reimbursement, or any other amounts due to you from Willis Towers Watson. The Company may in its absolute discretion elect not to pay any sign-on bonus payment or to reduce the sign-on bonus payment if you have committed any act of misconduct and/or any material breach of the terms of the Willis Towers Watson Code of Conduct and/or are subject to any performance management process in any such case during any period prior to the sign-on bonus payment date.

You will also receive a grant of time-based restricted stock units (RSUs) with a grant date fair value of \$3,000,000 pursuant to the terms of the Willis Towers Watson 2005 Equity Incentive Plan, with the grant date of such RSUs being the date of commencement of your employment with Willis Towers Watson. The RSUs will vest ratably over a three year period as of the first, second and third anniversary, respectively, of the grant date, subject to your continued employment with Willis Towers Watson as of each vesting date except that in the event of a Qualifying Termination (as defined in the Executive Severance Plan and whether or not a Change in Control (as defined in the Executive Severance Plan) has occurred) prior to the end of the three-year period, Willis Towers Watson will either (i) accelerate the vesting of any outstanding unvested units at the time of your termination, subject to the approval of the Compensation Committee of the Willis Towers Watson Board of Directors; or, in the absence of such approval, will (ii) pay you the cash value of the unvested outstanding awards as calculated based on the share price on your date of termination. The shares or payment will be delivered to you as soon as possible thereafter but no later than 30 days (subject to Section 409A of the Internal Revenue Code). A separate grant letter with the above and other relevant terms and conditions will be provided to you under separate cover following your commencement of employment.

SEVERANCE

You will be eligible to participate in the Executive Severance Plan, subject to its terms and conditions, except as set forth herein as may be amended from time to time. In the event that your employment relationship is involuntarily terminated for any reason other than Cause (as defined in the Executive Severance Plan) or you resign with Good Reason (as defined in the Executive Severance Plan), you will be entitled to severance as follows:

- An amount equal to 12 months of base salary + target bonus for year of termination (generally payable in 12 monthly installments).
- Full COBRA subsidy for up to 18 months.

In the event of a Change in Control, you shall be eligible for the additional benefits specified in the Executive Severance Plan.

In addition, in the event of a Qualifying Termination prior to full vesting of the RSUs granted at the inception of your employment, Willis Towers Watson will either (i) accelerate the vesting of any outstanding unvested units specifically with respect only to the RSUs granted to you upon your hire at the time of your termination, subject to the approval of the Compensation Committee of the Willis Towers Watson Board of Directors; or, in the absence of such approval, will (ii) pay you the cash value of the unvested outstanding awards. In the event of a Qualifying Termination prior to payment of either the Signing Bonus or the Minimum Bonus, such unpaid bonuses will be paid to you within 60 days of the date of termination.

If you ever become eligible to receive any severance payments described in this provision, you agree that such severance payments are contingent upon your execution of a Severance Agreement and Release in a form reasonably acceptable to the Company. Your acceptance of these severance payments shall constitute your knowing and voluntary waiver of any right or claim to receive severance benefits from Willis Towers Watson (or any of its affiliates) under any severance benefit plan that Willis Towers Watson (or any of its affiliates) may maintain at the time of your employment termination.

You will not be eligible to receive any of the severance benefits described in this provision if you terminate your employment voluntarily without Good Reason or if you are terminated by the Company with Cause as defined in the Executive Severance Plan.

Copies of the current version of the Executive Severance Plan plan document and term sheet are attached for your reference.

BENEFITS

A summary of Willis Towers Watson's current benefit package for full-time employees is available on the Onboarding Portal. All benefits are subject to the terms of the applicable policies and plan documents, which may change from time to time. If your break in service with Willis Towers Watson is less than one year, your prior service will count under the terms of certain benefit plans, including Willis Towers Watson's Paid Time Off plan and retirement plans.

Per the Willis Towers Watson Pension Plan for US Employees, if you terminate employment with Willis Towers Watson on or after July 1, 2017 while you were a participant in the non-contributory portion of the Plan, and you are re-employed as an Eligible Contributory Colleague on or after July 1, 2017, you will become an Active Contributory Participant on the first day of the month coincident with or next following your date of reemployment unless you elect not to participate in the Plan. If you terminate employment with the Company after becoming an Active Contributory Participant, you will again become an Active Contributory Participant as of the first day of the payroll period that is as soon as administratively feasible after the date you again become an Eligible Contributory Colleague unless you elect not to participate in the Plan. Further, because you terminated employment with the Company and you will be re-employed within one year of the date of your termination, the months that you were not employed by the Company will still count towards completion of the one year of Eligibility Service requirement. Full details are provided in the attached Summary Plan Description.

LEGAL OBLIGATIONS TO PRIOR EMPLOYERS AND OTHER THIRD PARTIES

Willis Towers Watson requires its employees to honor their legal obligations to their prior employers (just as we expect you will honor your ongoing legal obligations to Willis Towers Watson should you leave our employ). Therefore, as a condition of your employment by Willis Towers Watson, you must not bring with you from your current or former employer(s) any confidential or proprietary business information or copies of such information; and you may not reveal to Willis Towers Watson or any of our employees or use on behalf of Willis Towers Watson any confidential or proprietary information belonging to any prior employer or other third party, unless you have been expressly authorized by the owner of such information to do so in writing.

Further, if you have any written agreement with an existing or former employer that contains contractual restrictions that may continue to apply to you at any time during your employment with Willis Towers Watson, you must provide us with a copy of any such agreement immediately. By accepting this offer, you certify that you have disclosed to Willis Towers Watson all contractual or other restrictions that may affect your ability to fully perform the duties and responsibilities of your position in the location for which you are being hired, and that, to the best of your knowledge, you have provided to Willis Towers Watson copies of all written contracts, correspondence or other documents that materially relate to any such restrictions.

ADDITIONAL TERMS

This offer and your employment with us are contingent upon the following conditions and terms:

- Submission and review of documents that verify your eligibility for employment in the United States on your scheduled start date. U.S. immigration laws require all U.S. employers to verify that all new employees are eligible to work in the United States. This law applies to both U.S. citizens and non-citizens. You must present acceptable original work authorization documentation necessary to complete an I-9 form, which establishes proof of your eligibility to work in the United States, within three business days of commencing employment. If you are unable to provide the required documentation within that time period, your offer will be withdrawn and/or your employment will be terminated. A list of acceptable documents is provided with this offer letter. Please be aware that Willis Towers Watson also participates in the E-Verify employment eligibility verification system.
- The truthfulness of the representations you have made to Willis Towers Watson during the interview process and completion and outcome of standard education, employment, credential and criminal checks.
- Your acknowledgement, by accepting this offer, that you have reviewed the enclosed Willis Towers Watson Code of Conduct that applies to all of your work at Willis Towers Watson, and that you will comply with it.
- Your acknowledgement, by accepting this offer, that you have reviewed and accepted the Willis Towers Watson Confidentiality and Non-Solicitation Agreement.
- Your agreement that information about your various benefits and entitlements shall be provided to you electronically, and not by hard copy.
- Your agreement that you will abide by all policies, practices and procedures of Willis Towers Watson, which are subject to change at any time in the sole discretion of Willis Towers Watson.

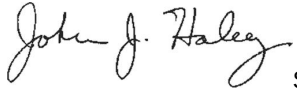
Your employment is "at will" and you may terminate your employment at any time by notifying Willis Towers Watson. Likewise, Willis Towers Watson may terminate your employment at any time and for any reason, with or without cause or advance notice, subject to the consequences set forth herein.

SECTION 409A COMPLIANCE

It is intended that the payments set forth herein are intended to be exempt from or in compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder and shall be administered and interpreted consistent with such intent. To the extent that any provision of this is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A, and to the extent required, be subject to any applicable six (6) month delay for "specified employees" if required in order to avoid the imposition of any excise tax under Section 409A. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

CLOSING

Andrew, we are delighted that you will be joining the leadership team of Willis Towers Watson as our Chief Financial Officer. I look forward to working closely with you on driving our company's success.



Sincerely yours,

John J. Haley
Chief Executive Officer AGREED
AND ACCEPTED:
Andrew Krasner

Date

**WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
2012 EQUITY INCENTIVE PLAN, AS AMENDED AND RESTATED**

TIME-BASED RESTRICTED SHARE UNIT AWARD AGREEMENT

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

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

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

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

ARTICLE I

DEFINITIONS

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

Section 1.1 - Cause

“Cause” shall mean the Colleague’s (i) gross or chronic neglect or negligence in the performance of the Colleague’s employment duties with respect to the Company or its Subsidiaries having been provided reasonable notice of such neglect or negligence and a period of at least ten (10) days after the Colleague’s receipt of such notice to cure and/or correct such performance neglect or negligence, (ii) willful misconduct in connection with the Colleague’s employment which is injurious to the Company or its Subsidiaries (willful misconduct shall be understood to include, but not be limited to, any breach of the duty of loyalty owed by the Colleague to the Company or its Subsidiaries), (iii) conviction of any criminal act (other than minor road traffic violations not involving imprisonment), (iv) breach of any of the Colleague’s restrictive covenants and other obligations as provided in the Colleague’s employment agreement (if any), or any other non-compete agreement and/or confidentiality agreement entered into between the Colleague and the Company or any of its Subsidiaries (other than an insubstantial, inadvertent and non-recurring breach), or (v) material violation of any written Company policy after reasonable notice and an opportunity to cure such violation within ten (10) days after the Colleague’s receipt of such notice.

Section 1.2 - Good Reason

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

Section 1.3 - Grant Date

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

Section 1.4 - Nominal Value

“Nominal Value” shall mean \$0.00030465 per Share.

Section 1.5 - Permanent Disability

“Permanent Disability” shall mean that the Colleague would qualify to receive long-term disability payments under the long-term disability policy, as it may be amended from time to time, of the Company or the Subsidiary to which the Colleague provides services covering the Colleague or, if no such plan exists or applies, such term will mean a determination that a person is “totally disabled” by the Social Security Administration.

Section 1.6 - Plan

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

Section 1.7 - Qualifying Termination

“Qualifying Termination” shall mean (i) a termination of the Colleague’s employment by the Company other than for Cause and other than as a result of the Colleague’s death or Permanent Disability and (ii) a termination of the Colleague’s employment as a result of a resignation by the Colleague for Good Reason.

Section 1.8 - Restricted Share Units or RSUs

“Restricted Share Units” or “RSUs” shall mean a conditional right to receive Shares pursuant to the terms of the Plan and this Agreement upon vesting and settlement, subject to the Colleague’s continued employment through each Vesting Date.

Section 1.9 - Shares

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

Section 1.10- Termination Date

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

Section 1.11- Termination of Service

“Termination of Service” shall mean a separation from service, as defined in accordance with Section 409A of the Code.

Section 1.12- Vesting Dates

“Vesting Dates” shall mean the first, second and third anniversaries of the Grant Date.

ARTICLE II

GRANT OF TIME-BASED RESTRICTED SHARE UNITS

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

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

Section 2.2 - RSU Payment

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

Section 2.3 - Employment or Service Rights

Subject to the terms of the Agreement of Restrictive Covenants and Other Obligations, where applicable, the rights and obligations of the Colleague under the terms of his office or employment with the Company or any Subsidiary or Designated Associate Company shall not be affected by his participation in the Plan or any right which he may have to participate in it. The RSUs and the Colleague’s participation

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

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

Subject to Sections 12 and 13 of the Plan, in the event that the outstanding Shares subject to the RSUs are, from time to time, changed into or exchanged for a different number or kind of Shares or other securities, by reason of a share split, spin-off, share or extraordinary cash dividend, share combination or reclassification, recapitalization or merger, Change of Control, or similar event, the Committee shall, in its absolute discretion, substitute or adjust proportionally (i) the number and kind of Shares subject to the RSUs; or (ii) the terms and conditions of the RSUs. An adjustment may have the effect of reducing the price at which Shares may be acquired to less than their Nominal Value (the "Shortfall"), but only if and to the extent that the Committee shall be authorized to capitalize from the reserves of the Company a sum equal to the Shortfall and to apply that sum in paying up that amount on the Shares. Any such adjustment or determination made by the Committee shall be final and binding upon the Colleague, the Company and all other interested persons.

Section 2.5 - Tax Withholding

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

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

In this regard, the Colleague authorizes the Company and/or the Employer, or their respective agents, to satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon settlement of the RSUs. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by the Colleague's acceptance of the RSUs, the Colleague authorizes the Company and/or the Employer, or their respective agents, to (i) withhold from the Colleague's wages or other cash amounts payable to the Colleague from the Company or the Employer, (ii) sell on the Colleague's behalf a whole number of Shares from those Shares issued to the Colleague as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy

the obligation for Tax-Related Items, or (iii) utilize any other method of withholding determined by the Company and permitted by applicable laws and the Plan.

The Company may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including minimum or maximum applicable rates applicable in the Colleague's jurisdiction(s). In the event of over-withholding, the Colleague may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent), or if not refunded, the Colleague may seek a refund from the local tax authorities. In the event of under-withholding, the Colleague may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Colleague is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items.

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

Section 2.6 - Dividend Equivalents

On each date that a cash dividend is paid to holders of Shares from the Grant Date through the date immediately prior to the date the RSUs are settled, an amount (the "Dividend Equivalent Amount") equal to the cash dividend that is paid on each Share, multiplied by the total number of RSUs and any Dividend Equivalent Units (as defined below) that remain unvested and outstanding as of the dividend payment record date, will be credited to the Colleague, and such credited amount will be converted into an additional number of RSUs ("Dividend Equivalent Units") determined by dividing the Dividend Equivalent Amount by the Fair Market Value of a Share on the date of the dividend payment. Dividend Equivalent Units will be subject to the same conditions as the underlying RSUs with respect to which Dividend Equivalent Units were paid, including without limitation, the provisions governing time and form of settlement applicable to the underlying RSUs. Unless expressly provided otherwise, as used elsewhere in this Agreement, references to RSUs in this Agreement shall also include Dividend Equivalent Units that have been credited to the Colleague pursuant to this Section 2.6.

Section 2.7 - Clawback Policy

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

ARTICLE III

TIME-BASED VESTING REQUIREMENTS

Section 3.1 - Vesting Provisions, Forfeiture and Settlement

(a) The RSUs shall vest in three (3) equal annual installments on each of the Vesting Dates, subject to the Colleague's continued employment with the Company or any Subsidiary or Designated Associate Company through the applicable Vesting Date and the other requirements in this Section 3.1, and upon vesting the RSUs shall become payable in accordance with Section 3.1(g) below.

(b) Except as otherwise provided in Section 3.1(c) and (d), in the event of the Colleague's Termination of Service prior to a Vesting Date, any RSUs that are unvested as of the Vesting Date will be forfeited immediately by the Colleague, subject to, and except as otherwise specified in, and subject to the terms and conditions of the other subsections of this Section 3.1.

(c) In the event of a Change of Control, the RSUs shall not automatically vest (even if the RSUs are not assumed or substituted by a successor company) and the Committee shall have the sole discretion to determine the treatment the RSUs, which may include, among other treatment, that in the event of the Associate's Termination of Service without Cause within 24 months following the date of the Change of Control, the RSUs shall vest in full.

(d) In the event of the Colleague's Termination of Service due to a Qualifying Termination prior to the Vesting Date, any outstanding, unvested RSUs shall vest at such time, subject to approval of the Committee.

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

(f) The Committee may, in its sole discretion, cancel the RSUs if the Colleague fails to execute and deliver or electronically accept the Agreement and documents within the period set forth in Section 3.2(g).

(g) RSUs that become vested shall be delivered on the applicable Vesting Date (or vesting event, as applicable) or within 30 days thereafter.

(h) Notwithstanding the provisions of Section 3.1(g), if the RSUs are considered non-qualified deferred compensation subject to Section 409A of the Code ("Deferred Compensation") as determined in the sole discretion of the Company and the Colleague is a U.S. Taxpayer, the RSUs that become vested shall be settled on a date within 30 days of the earliest to occur of (i) the Vesting Date, (ii) the Colleague's "separation from service" within the meaning of Section 409A of the Code in the event of a Termination of Service in connection with a Change of Control that constitutes, a "change in control event" within the meaning of U.S. Treas. Regs. § 1.409A-3(i)(5), and (iii) the Colleague's death. In addition, if the RSUs are Deferred Compensation, the RSUs are settled on or on a date that is by reference to the Colleague's separation from service, and the Colleague is a U.S. Taxpayer and a "specified employee," within the meaning of Section 409A of the Code, on the date the Colleague experiences a separation from service, then the RSUs shall be settled on the first business day of the seventh month following the Colleague's separation from service, or, if earlier, on the date of the Colleague's death, to the extent such delayed payment is required in order to avoid a prohibited distribution under Section 409A of the Code.

(i) No provision in this Agreement shall be construed to deny any rights the Colleague may be entitled to under his employment offer letter dated August 26, 2021.

Section 3.2 - Conditions to Issuance of Shares

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

- (a) The obtaining of approval or other clearance from any state, federal, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable;
- (b) The Colleague has paid or made arrangements to pay the Tax-Related Items pursuant to Section 2.5; and
- (c) No fractional Shares shall be issued under this Agreement.

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

Section 3.3 - Rights as Shareholder

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

Section 3.4 - Limitation on Obligations

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

ADDITIONAL TERMS AND CONDITIONS OF THE RSUs

Section 4.1 - Nature of Award

In accepting the RSUs, the Colleague acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the RSU award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future RSU awards, or benefits in lieu of RSU awards, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (d) the Colleague's participation in the Plan is voluntary;

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

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

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

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

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

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

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

Section 4.2 - No Advice Regarding Grant

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

ARTICLE V

DATA PRIVACY NOTICE

Section 5.1 - Data Privacy

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

AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS

Section 6.1 - Restrictive Covenants and Other Obligations

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

ARTICLE VII

MISCELLANEOUS

Section 7.1 - Administration

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

Section 7.2 - RSUs Not Transferable

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

Section 7.3 - Binding Effect

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

Section 7.4 - Notices

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

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

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

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

Section 7.5 - Titles

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

Section 7.6 - Applicability of Plan

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

Section 7.7 - Amendment

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

Section 7.8 - Governing Law

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

Section 7.9 - Jurisdiction

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

Section 7.10 - Electronic Delivery and Acceptance

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Colleague hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party broker/stock plan administrator

designated by the Company. Further, to the extent that this Agreement has been executed on behalf of the Company electronically, the Colleague accepts the electronic signature of the Company.

Section 7.11 - Choice of Language

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

Section 7.12 - Severability

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

Section 7.13 - Schedule A

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

Section 7.14- Imposition of Other Requirements

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

Section 7.15 - Insider Trading / Market Abuse Laws

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

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

The Colleague's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Colleague's ability to acquire or hold Shares

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

Section 7.17 - Waiver

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

Section 7.18 - Counterparts

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

Section 7.19 - Code Section 409A

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

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

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

/s/ _____

Name:

Title:

Colleague:

Signature: _____

Print Name: _____

**COUNTRY-SPECIFIC APPENDIX TO RESTRICTED SHARE UNIT AWARD AGREEMENT
(Time-Based Restricted Share Units)**

**WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
2012 EQUITY INCENTIVE PLAN, AS AMENDED AND RESTATED**

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

Terms and Conditions

This Schedule A includes additional terms and conditions that govern the Time-Based Restricted Share Unit Award granted to the Colleague under the Willis Towers Watson Public Limited Company 2012 Equity Incentive Plan, as amended from time to time (the “Plan”) and the applicable time-based Restricted Share Unit Agreement (the “Agreement”) if the Colleague resides in one of the countries listed below. This Schedule A forms part of the Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement or the Plan.

Notifications

This Schedule A also includes information based on the securities, exchange control and other laws in effect in the Colleague’s country as of September 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Colleague not rely on the information noted herein as the only source of information relating to the consequences of the Colleague’s participation in the Plan because the information may be out of date at the time the RSUs vest under the Plan.

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

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

UNITED STATES OF AMERICA

Notifications

Exchange Control Information

Under the Foreign Account Tax Compliance Act (“FATCA”), United States taxpayers who hold Shares or rights to acquire Shares (*i.e.*, RSUs) may be required to report certain information related to their holdings to the extent the aggregate value of the RSUs/Shares exceeds certain thresholds (depending on the Colleague’s filing status) with the Colleague’s annual tax return. The Colleague should consult with his

personal tax or legal advisor regarding any FATCA reporting requirements with respect to the RSUs or any Shares acquired under the Plan.

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

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

RECITALS

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

WHEREAS, subject to approval by the Committee or the Company’s Share Award Committee, the Participant has been designated to receive a grant of time-based restricted share units (“RSUs” or “Awards”) under the Company’s 2012 Equity Incentive Plan (the “Plan”);

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

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

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

Section 1 - Recitals

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

Section 2 - Definitions

- 2.1. “**Award**” shall have the meaning as set forth in the recitals.
 - 2.2. “**Business**” shall mean insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance, risk management consulting or other business performed by the Restricted Group.
 - 2.3. “**Committee**” shall have the same meaning as set forth in the Plan or the applicable award agreement.
 - 2.4. “**Competitor**” shall mean any business principally engaged in insurance brokerage, reinsurance brokerage, surety brokerage, bond brokerage, insurance agency, underwriting agency, managing general agency, risk management, claims administration, self-insurance,
-

risk management consulting or other business which is either performed by the Restricted Group or is a business in which the Restricted Group has taken steps toward engaging.

- 2.5. **“Confidential Information”** shall mean all trade secrets and non-public information concerning the financial data, strategic business plans, and other non-public, proprietary, and confidential information of the Restricted Group. Confidential Information includes, but is not limited to, the following information: identities of Relevant Clients and Relevant Prospects; identities of companies from which any Subsidiary obtains insurance coverage for Relevant Clients and Relevant Prospects; policy terms, conditions, rates and expiration dates pertaining to Relevant Clients and Relevant Prospects; risk characteristics of Relevant Clients and Relevant Prospects; and non-public information of the Restricted Group concerning insurance markets for particular risks. Confidential Information shall not include information that is within public domain, provided that Participant was not responsible, directly or indirectly, for such information entering the public domain without the Restricted Group’s consent.
- 2.6. **“Directly or indirectly”** shall mean the Participant acting either alone or jointly with or on behalf of or by means of or in concert with any other person, firm or company (whether as principal, partner, manager, employee, contractor, director, consultant, investor or similar capacity) or otherwise.
- 2.7. **“Employer”** shall mean the Subsidiary that employs the Participant. If the Company ever becomes an employer of the Participant, then the term Employer shall refer to the Company.
- 2.8. **“Employment Agreement”** shall mean the contractual terms and conditions which govern the employment of the Participant by Employer.
- 2.9. **“Key Personnel”** shall mean any person who is at the date the Participant ceases to be an employee of Employer or was (i) at any time during the period of twelve (12) months prior to that date employed by the Restricted Group, (ii) an employee with whom Participant had dealings, and (iii) employed by or engaged in the Business in a managerial capacity, or was an employee with insurance, reinsurance or other technical expertise.
- 2.10. **“Plan”** shall have the meaning set forth in the recitals.
- 2.11. **“Relevant Area”** shall mean the counties, parishes, districts, municipalities, cities, metropolitan regions, localities and similar geographic and political subdivisions, within and outside of the United States of America, in which the Employer, the Company or any of its Subsidiaries has carried on Business in which the Participant has been involved or concerned or working on at any time during the period of twelve (12) months prior to the date on which the Participant ceases to be employed by Employer.
- 2.12. **“Relevant Client”** shall mean any person, firm or company who or which at any time during the period of twelve (12) months prior to the date on which the Participant ceases to be employed by Employer is or was a client or customer of the Employer, the Company or any of its Subsidiaries or was in the habit and/or practice of dealing under contract with the Employer, the Company or any of its Subsidiaries and with whom or which the Participant had dealings related to the Business) or for whose relationship with the Employer, the Company or any of its Subsidiaries the Participant had responsibility at any time during the said period.
- 2.13. **“Relevant Period”** shall mean the period of twenty four (24) months following the date on which the Participant ceases to be employed by Employer.
-

- 2.14. **“Relevant Prospect”** shall mean any person, firm or company who or which at any time during the period of six (6) months prior to the date on which the Participant ceases to be employed by Employer was an active prospective client of the Employer, the Company or any of its Subsidiaries with whom or with which the Participant had dealings related to the Business (other than in a minimal and non-material way).
- 2.15. **“Restricted Group”** shall mean the Company and its Subsidiaries, including the Employer, as in existence during the Participant’s employment with Employer and as of the date such employment ceases.
- 2.16. **“Subsidiary”** shall mean a direct and/or indirect subsidiary of the Company as well as any associate company which is designated by the Company as being eligible for participation in the Plan.

Section 3

- Non-Solicit and Other Obligations

- 3.1. The Participant acknowledges that by virtue of his or her management position and as an employee of Employer, the Participant has acquired and will acquire knowledge of Confidential Information of the Restricted Group and their Business. The Participant further acknowledges that the Confidential Information which the Restricted Group has provided and will provide to the Participant would give the Participant a significant advantage if the Participant were to directly or indirectly be engaged in any Business at a Competitor of the Restricted Group.
- 3.2. Without the Company’s prior written consent, the Participant shall not directly or indirectly, at any time during or after the Participant’s employment with any Employer, disclose any Confidential Information and shall use the Participant’s best efforts to prevent the taking or disclosure of any Confidential Information to a Competitor, or otherwise, except as reasonably may be required to be disclosed by the Participant in the ordinary performance of his or her duties for Employer or as required by law. Notwithstanding the foregoing, you understand that if you make a confidential disclosure of a trade secret of the Company or other Confidential Information to a government official or an attorney for the sole purpose of reporting a suspected violation of law, or in a court filing under seal, or otherwise engage in activities protected under whistleblower statutes, you shall not be held liable under this Agreement or under any federal or state trade secret law for such a disclosure or engaging of such activity and shall also not be required to notify the Company of any such disclosure or engaging of any such activity.
- 3.3. The Participant shall not, for the Relevant Period, directly or indirectly for a Competitor or otherwise:
- 3.3.1. within the Relevant Area, solicit any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;
 - 3.3.2. within the Relevant Area, accept, perform services for, or deal with any Relevant Client or Relevant Prospect for the purposes of any Business which competes or will compete or seeks to compete with the Restricted Group;
 - 3.3.3. solicit for employment or entice away from the Restricted Group any Key Personnel; or
 - 3.3.4. employ or engage or endeavour to employ or engage any Key Personnel.
-

- 3.4. To the extent the Participant is a party to an Employment Agreement or other agreement with the Employer, the Company or any Subsidiary that contains post-employment covenants and restrictions, those post-employment covenants and restrictions shall be separate and apart and independent from the covenants and restrictions set forth in Section 3.2 and Section 3.3 herein.
- 3.5. The Participant shall not directly or indirectly, at any time during or after the Participant's employment with any Employer, take any action or make any statement, written or oral, that disparages or criticizes the business or management of the Employer, the Company or any Subsidiary or any of its or their respective directors, officers, agents, employees, products or services. Nothing contained herein limits or restricts any rights Participant may have to engage in protected concerted activity under the National Labor Relations Act.
- 3.6. The Participant recognizes and agrees that the payment of damages will not be an adequate remedy for any breach by Participant of any of the covenants set forth in Section 3 of this RCA. Participant recognizes that irreparable injury will result to Company and/or its Subsidiaries in the event of any such breach and therefore Participant agrees that Company may, in addition to recovering damages, proceed in equity to enjoin Participant from violating any such covenant.
- 3.7. The Participant acknowledges that the provisions of this Section 3 are fair, reasonable and necessary to protect the goodwill and interests of the Restricted Group.

Section 4 - Governing Law & Jurisdiction

- 4.1. This RCA shall be governed by and construed in accordance with the laws of the state of New York, without regard to its conflicts of law principles.
- 4.2. Any suit, action or proceeding arising out of or relating to this RCA shall only be brought in the State and Federal Courts located in the County of New York, State of New York and the Parties hereto irrevocably and unconditionally submit accordingly to the exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. The Participant hereby irrevocably and unconditionally waives any objections he or she may now have or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this RCA in the foregoing courts. The Participant further acknowledges that for purposes of N.Y.C.P.L.R. 327(b) and N.Y. G.O.L. Section 5-1402, the value of the Plan is in excess of One Million Dollars (\$1,000,000) and the Participant hereby further irrevocably and unconditionally waives any claim that any such suit, action or proceeding brought in the foregoing courts has been brought in an inconvenient forum.

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

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

the Employer, the Company or any Subsidiary, on the other hand, including but not limited to any post-employment covenants and restrictions, and this RCA shall be in addition to, and not in place of any such agreements.

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

Section 6

– Miscellaneous

- 6.1. This RCA, and the provisions hereof, may not be modified, amended, terminated, or limited in any fashion except by written agreement signed by both parties hereto, which specifically states that it is modifying, amending or terminating this RCA.
- 6.2. The rights and remedies of the Restricted Group under this RCA shall inure to the benefit of any and all of its/their successors, assigns, parent companies, sister companies, subsidiaries and other affiliated corporations, and the successors and assigns of each of them.
- 6.3. The waiver by either party of any breach of this RCA shall not operate or be construed as a waiver of that party's rights on any subsequent breach.
- 6.4. The Participant acknowledges that the Award constitutes adequate consideration to support the covenants and promises made by the Participant within this RCA regardless of whether such Award is ultimately beneficial to Participant.
- 6.5. The Participant acknowledges and agrees that the Participant shall be obliged to draw the provisions of Section 3 of this RCA to the attention of any third party who may, at any time before or after the termination of the Participant's employment with Employer, offer to employ or engage him or her and for or with whom Participant intends to work within the Relevant Period.
- 6.6. The various section headings contained in this RCA are for the purpose of convenience only and are not intended to define or limit the contents of such sections.
- 6.7. This RCA may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same document. This RCA will be binding, notwithstanding that either party's signature is displayed only on a facsimile or electronic copy of the signature page.
- 6.8. Any provisions which by their nature survive termination of this RCA, including the obligations set forth in Section 3 and Section 4, shall survive termination of this RCA.
- 6.9. This RCA has been executed on behalf of the Company electronically and the Participant accepts the electronic signature of the Company.

By the Participant's execution or electronic acceptance of this RCA in the manner specified in the Participant's online account with the Company's designated broker/stock plan administrator, the

Participant and the Company have agreed to the terms and conditions of this RCA in connection with the Participant's Award.

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

/s/ _____

Name:

Title:

Participant:

Signature: _____

Print Name: _____

**WILLIS TOWERS WATSON
GLOBAL EMPLOYEE PERSONAL INFORMATION PROTECTION NOTICE**

1. Introduction

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

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

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

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

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

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

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

- (a) background check information from employment screening agencies or publicly available registers, which may include information about criminal records (where allowed by law), or references obtained during recruitment;
 - (b) publicly available professional profiles on websites or social media (e.g. LinkedIn); and
 - (c) information about your performance or conduct from other employees, clients or service providers you work with who may provide feedback about you or participate in performance
-

evaluations or reviews.

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

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

- (a) to fulfil our contractual obligations to you in connection with your employment contract with us;
- (b) to comply with our legal obligations, for example obtaining proof of your identity to enable us to meet our anti-money laundering obligations, or obtaining proof of your right to work status to enable us to meet relevant obligations;
- (c) to comply with our legal obligations to you, for example health and safety obligations that we must comply with as your employer or to a third party (e.g. the taxation authorities);
- (d) to meet our legitimate interests, for example to manage our employees effectively, to protect us against theft or other crime, to allow you access to our technology and HR resources, and to conduct analytics that allows us to manage our workforce efficiently and plan recruitment activities. When we process personal information to meet our legitimate interests, we put in place robust safeguards to ensure that your privacy is protected and to ensure that our legitimate interests are not overridden by your interests or fundamental rights and freedoms; or
- (e) to protect your or another person's vital interests, for example by providing your health information to a doctor in a medical emergency.

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

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

4. Monitoring tools, profiling and automated decision-making

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

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

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

management and/or the HR team assessing all the circumstances.

5. Transfer of Personal Information

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

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

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

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

6. Security

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

7. Data Retention

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

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

8. Access and correction requests, questions and complaints

You have certain rights regarding your Personal Information, subject to local law. These include the right to:

- access your Personal Information;
- rectify the information we hold about you;
- erase your Personal Information;
- restrict our use of your Personal Information;
- object to our use of your Personal Information;
- receive your Personal Information in a usable electronic format and transmit it to a third party (right to data portability);
- withdraw your consent to any processing based on consent at any time; and
- lodge a complaint with your local data protection authority if you believe that we have not been able to assist with your complaint or concern.

If you have any questions about this Notice or if you would like to discuss or exercise your rights, please contact Human Resources or email privacy@willistowerswatson.com.

If you wish to file a complaint about the way your information is processed, we encourage you to first contact your local Human Resources Representative, who will take all reasonable efforts to solve the issue. You have the right at all times to lodge a complaint with a data protection supervisory authority responsible for your country or region.

9. Employee's Obligations

Please keep Personal Information up to date and inform us of any significant changes to Personal Information. You agree to inform your Dependents whose Personal Information you provide to us about the content of this Notice and to explain the use (including transfer and disclosure) of that Personal Information by us as set out in this Notice.

10. Changes to the Policy

We may modify or update this Notice from time to time.

If we change this Notice, we will notify you of the changes. Where changes to this Notice will have a fundamental impact on the nature of the processing or otherwise have a substantial impact on you, we will give you sufficient advance notice so that you have the opportunity to exercise your rights (e.g. to object to the processing).

11. Contact

The Willis Towers Watson entity that employs you is the controller responsible for processing your Personal Information in accordance with this Notice. Please contact your local Human Resources representative for further information on this entity and the appropriate means to contact them.

For questions or comments about this Notice, please contact Human Resources or email privacy@willistowerswatson.com.

ANNEX

Types of Personal Information We may collect, use, transfer and disclose:

- Personal Details: Name, employee identification number, work and home contact details (email, phone numbers, physical address) language(s) spoken, gender, date of birth, national identification number, social security number, marital/civil partnership status, domestic partners, dependents, disability status, emergency contact information and photograph.
- Documentation Required under Immigration Laws: Citizenship, passport data, details of residency or work permit.
- Compensation and Payroll: Base salary, bonus, benefits, compensation type, salary step within assigned grade, details on stock options, stock grants and other awards, currency, pay frequency, effective date of current compensation, salary reviews, banking details, working time records (including vacation and other absence records, leave status, hours worked and department standard hours), pay data and termination date.
- Position: Description of current position, job title, management category, job code, salary plan, pay grade or level, job function(s) and subfunction(s), company name and code (legal employer entity), branch/unit/department, location, employment status and type, full-time/part-time, terms of employment, employment contract, work history, hire/re-hire and termination date(s) and reason, length of service, retirement eligibility, promotions and disciplinary records, date of transfers, and reporting manager(s) information.
- Talent Acquisition and Talent Management Information: Details contained in letters of application and resume/CV (previous employment background, education history, professional qualifications, language and other relevant skills, certification, certification expiration dates), information necessary to complete a background check, details on performance management ratings, development programs planned and attended, e-learning programs, performance and development reviews, willingness to relocate, driver's license information, and information used to populate employee biographies.
- Management Records: Details of any shares of common stock or directorships.
- System and Application Access Data: Information required to access company systems and applications such as System ID, LAN ID, email account, instant messaging account, mainframe ID, previous employee ID, previous manager employee ID, system passwords, employee status reason, branch state, country code, previous company details, previous branch details, and previous department details, and electronic content produced using Company systems.
- Sensitive Information: We may also collect certain types of sensitive information only when permitted by local law, such as health/medical information, place of birth, trade union membership information, religion, and race or ethnicity. We collect this information for specific purposes, such as health/medical information in order to accommodate a disability or illness and to provide benefits; religion or church affiliation in countries such as Germany where required for statutory tax deductions; and diversity-related Personal Information (such as gender, race or ethnicity) in order to comply with legal obligations and internal policies relating to diversity and anti-discrimination.
- Criminal records: Where permitted by law, we may collect information about criminal convictions during employee background checks.

Please be assured that, as explained in the following section, we will only use such sensitive information for the following purposes and as provided by law.

The Purposes for which We may collect, use, transfer and disclose Personal Information:

- Managing Workforce: Managing work activities and personnel generally, including recruitment, appraisals, performance management, promotions and succession planning, rehiring, administering salary, and payment administration and reviews, wages and other awards such as stock options, stock grants and bonuses, healthcare, pensions and savings plans, training, leave, managing sickness leave,
-

promotions, transfers, secondments, honoring other contractual benefits, providing employment references, loans, performing workforce analysis and planning, performing employee surveys, performing background checks, managing disciplinary matters, grievances and terminations, reviewing employment decisions, making business travel arrangements, managing business expenses and reimbursements, planning and monitoring of training requirements and career development activities and skills, and creating and maintaining one or more internal employee directories.

- **Communications and Emergencies:** Facilitating communication with you, ensuring business continuity, providing references, protecting the health and safety of employees and others, safeguarding IT infrastructure, office equipment and other property, facilitating communication with you, your nominated contacts in an emergency.
- **Business Operations:** Operating and managing the IT and communications systems, ensuring the security of Company systems, networks and information, managing product and service development, improving products and services, managing company assets, allocating company assets and human resources, strategic planning, project management, business continuity, compilation of audit trails and other reporting tools, maintaining records relating to business activities, budgeting, financial management and reporting, communications, managing mergers, acquisitions, sales, re-organizations or disposals and integration with purchaser.
- **Compliance:** Complying with legal and other requirements, such as income tax and national insurance deductions, record-keeping and reporting obligations, conducting audits, compliance with government inspections and other requests from government or other public authorities, responding to legal process such as subpoenas, pursuing legal rights and remedies, for the purpose of observing our legal obligations, which include preventing business transactions with restricted parties and complying with relevant global trade control laws, defending litigation and managing any internal complaints or claims, conducting investigations and complying with internal policies and procedures.
- **Monitoring:** Monitoring compliance with internal policies and Code of Business Conduct, monitoring activity in public places by CCTV and monitoring of telephone, email, Internet, instant messaging and other company resources as detailed in our policies and permitted by local law, regulation and any applicable works council's agreements.

The categories of unaffiliated third parties with whom Willis Towers Watson may share Personal Information:

- **Professional Advisors:** Accountants, auditors, lawyers, insurers, bankers, and other outside professional advisors in all of the countries in which the Willis Towers Watson Group operates.
- **Service Providers:** Companies that provide products and services to the Willis Towers Watson Group such as payroll, pension scheme, benefits providers; human resources services, performance management, training, expense management, IT systems suppliers and support; third parties assisting with equity compensation programs, credit card companies, medical or health practitioners, trade bodies and associations, and other service providers.
- **Public and Governmental Authorities:** Entities that regulate or have jurisdiction over companies in the Willis Towers Watson Group such as regulatory authorities, law enforcement, public bodies, and judicial bodies (who may be located in other countries around the world).
- **Corporate Transaction:** A third party in connection with any proposed or actual reorganization, merger, sale, joint venture, assignment, transfer or other disposition of all or any portion of the Willis Towers Watson Group's business, assets or stock (including in connection with any bankruptcy or similar proceedings).

List of Issuers and Guarantor Subsidiaries

The below table sets forth the respective issuers and guarantors of the notes issued by Trinity Acquisition plc and Willis North America Inc. and the jurisdiction of incorporation or organization for each such entity.

| Entity | Jurisdiction of Incorporation or Organization | Trinity Acquisition plc | Willis North America Inc. |
|---|---|--|--|
| | | 2.125% senior notes due 2022 4.625% senior notes due 2023 4.400% senior notes due 2026 6.125% senior notes due 2043 | 3.600% senior notes due 2024 4.500% senior notes due 2028 2.950% senior notes due 2029 5.050% senior notes due 2048 3.875% senior notes due 2049 |
| Willis Towers Watson plc | Ireland | Guarantor | Guarantor |
| Trinity Acquisition plc | United Kingdom | Issuer | Guarantor |
| Willis North America Inc. | Delaware | Guarantor | Issuer |
| Willis Netherlands Holdings B.V. | Netherlands | Guarantor | Guarantor |
| Willis Investment UK Holdings Limited | United Kingdom | Guarantor | Guarantor |
| TA I Limited | United Kingdom | Guarantor | Guarantor |
| Willis Group Limited | United Kingdom | Guarantor | Guarantor |
| Willis Towers Watson Sub Holdings Unlimited Company | Ireland | Guarantor | Guarantor |
| Willis Towers Watson UK Holdings Limited | United Kingdom | Guarantor | Guarantor |

**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 Rules 13a-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 the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (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: October 28, 2021

/s/ John J. Haley

John J. Haley

Chief Executive Officer

**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, Andrew J. Krasner, 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 Rules 13a-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 the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (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: October 28, 2021

/s/ Andrew J. Krasner

Andrew J. Krasner
Chief Financial Officer

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

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

- The Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2021, 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: October 28, 2021

/s/ John J. Haley

John J. Haley
Chief Executive Officer

/s/ Andrew J. Krasner

Andrew J. Krasner
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.