

Edgar Filing: Towers Watson & Co. - Form 425

Towers Watson & Co.  
Form 425  
October 26, 2015

Filed by Towers Watson & Co.

Pursuant to Rule 425 under the  
Securities Act of 1933, as amended,  
and deemed filed pursuant to Rule 14a-6(b)  
of the Securities Exchange Act of 1934, as amended

Subject Company:

Towers Watson & Co. (Commission File No. 001-34594)

The following slide presentation was prepared by Towers Watson & Co. ( Towers Watson ) regarding the proposed merger of Towers Watson and Willis Group Holdings plc. Towers Watson first made these materials available on October 26, 2015.

1  
Creating a Leading Global Advisory, Broking and Solutions Firm  
October 2015

2  
Executive Summary

3

Combination of highly complementary businesses accelerates long-term growth strategy

Conducted extensive shareholder outreach following announcement

Merger of equals structure provides the unique ability to leverage and enhance the strengths of both companies while preserving our most critical assets

people and clients

Board of Directors conducted a thorough evaluation process and negotiated a favorable transaction

Management has a proven track record of delivering substantial

shareholder value through a transformative transaction

Strategic Merger of Equals Positioned to Create Value for Shareholders

4

A Highly Complementary, Strategic Combination

A leading global distribution platform with highly complementary offerings

Comprehensive advice, analytics, specialty capabilities and solutions

Enhanced OneExchange growth opportunity

Additional benefits across Property and Casualty (P&C) brokerage and Global Health and Group Benefits

Broad coverage of both large and middle-market clients

Highly achievable synergies and tax benefits based on the

following expectations:

\$375 -

\$675 million in revenue synergy opportunity

\$100 -

\$125 million in clearly defined cost synergies

Maintain Irish domicile; achieve effective tax rate in

mid-20 percent range vs. current mid-30 percent

range

Significantly accretive to Towers Watson Adjusted EBITDA

and Cash Net Income based on standalone forecasts and

clearly identified synergies

Estimated Cash Net Income accretion to Towers

Watson shareholders of 25%+ for CY 2016, increasing

to 45%+ for CY 2018

Strong continuing management team increases the

likelihood of successfully integrating and capturing synergies

**POWERFUL CLIENT**

**PROPOSITION**

**ESTIMATED \$4.7 BILLION IN INCREMENTAL**

**VALUE FOR SHAREHOLDERS**

A leading global advisory, broking and solutions firm

»

»

»

»

5

Right Partner, Right Structure

Complementary solutions-focused product offerings

»

Adds additional product offerings

Acceleration of TW's existing long-term strategy

»

Increased penetration in growth / emerging markets

»

Higher percentage of products / solutions

»



Stronger platform for innovation

Expanded direct access to Willis' leading

U.S. middle-

market client base

»

Supports TW's goal of capturing a 25% share of the growing active employee exchange market

Global platform across 120+ countries, expanding TW's reach by 80+ countries

»

Leverages Willis' strong relationships with large companies internationally

Cultures aligned around shared values

Clearly identified cost efficiencies

»

Willis Operational Improvement Program

»

Incremental transaction cost synergies

»

Irish domicile

WILLIS IS THE IDEAL PARTNER FOR

TOWERS WATSON

Unique opportunity to accelerate Towers Watson's long-term strategy

MOE provides unique ability to leverage and enhance strengths of both companies and mitigate transaction risks

»

Enables

retention

of

our

most

important

assets

human

capital

and

client

relationships

TW has a proven record of surpassing synergy estimates in precedent MOE transaction

»

Towers Watson shares up 198%

since

announcement

of

highly

successful

Towers

Perrin/Watson

Wyatt

MOE

TW shareholders (including many employees) to participate in upside as 49.9% owners of combined entity

TW shareholders to receive additional value through special dividend

Terms reflect relative value brought by both companies

**STRUCTURE MAXIMIZES VALUE FOR**

**SHAREHOLDERS**

(1) Time period covering June 28, 2009 through October 23, 2015.

1

6

Enhances Overall Competitive Position in Principal Marketplace

Source: Public filings, Company website.

(1) Time period covering October 1, 2010 through October 23, 2015.

Ability to serve a broader range of clients

Extensive offering of products and solutions

Retention and recruitment of key talent

Capital investment

Technology and innovation

Transaction creates another large player that also offers a diverse suite of both consulting and brokerage services

Parallel  
strategy  
by  
Aon  
over  
past  
5  
years  
has  
delivered  
over  
135%  
(1)  
stock  
appreciation  
PF CY2014A Revenue  
\$8.2BN  
\$13.0BN  
\$12.0BN  
PF CY2014A EBITDA  
\$1.7BN  
\$2.7BN  
\$2.6BN  
Effective Tax Rate  
Mid-20% (expected)  
28.5% (FY14A)  
18.9% (FY14A)  
Countries of Operation  
120+  
130+  
120+  
Willis Towers  
Watson  
GLOBAL PLATFORM WELL-POSITIONED FOR THE FUTURE

7  
Exchange Ratio Determined by Relative Market Cap  
Ratio  
of  
Towers  
Watson  
stock  
price  
to  
Willis  
stock

price  
adjusted  
for  
special  
dividend

Merger Exchange Ratio = 2.6490

Exchange ratio calculated based  
on a 60-day average (preliminary  
agreement to terms on June 10  
served as basis for final  
negotiations)

Spot Rate

(1)

60 Day VWAP

(2)

Source: FactSet

(1)

Based on daily volume-weighted average share price with Towers Watson's price reduced by \$4.87 to adjust for the special dividend

(2)

Represents trailing 60-day average ratio, based on daily volume-weighted average share prices, with Towers Watson's price reduced by \$4.87 to adjust for the special dividend

Merger Exchange Ratio more favorable to Towers Watson than if calculated across

any other 60 day period

prior to the measurement period

2.0x

2.1x

2.2x

2.3x

2.4x

2.5x

2.6x

2.7x

2.8x

2.9x

3.0x

Jun-14

Jul-14

Aug-14

Sep-14

Oct-14

Nov-14

Dec-14

Jan-15

Feb-15

Mar-15

Apr-15

May-15

Jun-15

8

Transaction Was the Result of Thorough, Independent Board Process

**BOARD REGULARLY REVIEWS THE LONG-TERM STRATEGIC PLAN WITH THE OBJECTIVE OF ENHANCING SHAREHOLDER VALUE**

Board extensively reviewed the assumptions underlying the value-creation thesis of the Willis transaction, including internal and external perspectives on revenue, cost and tax synergies

Board concluded the potential value of the combined company is more compelling than standalone plan and retains future strategic optionality

**INDEPENDENT DIRECTORS PLAYED A SIGNIFICANT ROLE IN EVALUATING TRANSACTION**

TW's independent directors conducted multiple meetings and executive sessions through the course of the evaluation and negotiation

**MERGER OF EQUALS WITH WILLIS IS A UNIQUE OPPORTUNITY THAT LEVERAGES STRENGTHS OF BOTH COMPANIES**

The transaction with Willis provides a unique opportunity for TW to benefit from the upside created through broadened product offerings, client reach and geographic scope

Board considered alternative transaction structures, but a MOE with Willis was determined to be optimal

A business combination with Willis was considered by the Board in 2013, but demand for solutions and evolution of exchange business were not sufficiently advanced

**BOARD WILL PURSUE THE COURSE OF ACTION THAT WILL BEST DRIVE SHAREHOLDER VALUE**

MOE is structured to provide TW with strategic optionality if a competing transaction arises



9

Constructive Shareholder Engagement

Towers Watson conducted comprehensive investor outreach

Discussions resulted in greater understanding of strategic benefits, synergy potential, and earnings accretion  
Company continues to actively engage with shareholder base including shareholders who invested in TW  
post merger announcement

Selected Market Commentary

(1)

The Willis merger represents a catalyst for upside in exchange revenue growth given increased penetration of the middle market channel. Additionally, we expect the deal to generate run-rate pre-tax cost synergies of \$125M and tax synergies of

\$60M. Finally, we believe Towers management team can bring enhanced execution to Willis, driving a positive turnaround in the insurance business.

-  
Piper Jaffray, August 11, 2015

Further  
Analyzing  
TW's  
Merger  
of  
Equals  
with  
WSH

In  
the  
~10  
weeks  
since  
TW

announced its merger of equals with Willis on 6/30, we have had numerous opportunities to conduct our diligence on the merits of the proposed deal. Our conclusion is that while the deal was a negative surprise for investors and TW's initial messaging around the deal was not as crisp as we might have liked, the combination of the deal benefits and stock reaction makes TW one of our better overall Buy ideas today. We note that although the stock retreated ~15% initially, it has consolidated in the \$118-\$122 range in the past ~4 weeks and we have begun to see new (and well-justified) interest in the stock. Buy TW.

-Citi, September 17, 2015

Although management commented on large companies comprising a higher percentage of 2017 private exchange RFPs, Towers continues to believe small and middle-market sized companies will comprise the majority of new private exchange enrollees on January 1, 2017. We agree with this view and this is the primary reason why we are convinced the Willis (WSH, Buy, \$46.07, \$53 PT) / Towers Watson merger is an excellent strategic move by both companies. Willis has the country's most extensive broker distribution network concentrating on small and mid-sized organizations in the country.

-  
MKM Partners, August 12, 2015

Towers Watson management has an appropriate perspective on the value that will emerge at Willis as it executes on its Operational Improvement Program. The market clearly didn't see this in the immediate aftermath of the announcement, but it reflects good long-term thinking.

-  
Keefe, Bruyette  
& Woods, October 9, 2015

Over the 15 years we have followed TW there have been a number of acquisitions that CEO John Haley has stewarded that were initially underappreciated -- including the key Towers Perrin merger and Extend Health acquisition to enter the private exchange space.

-Baird Equity Research, June 30, 2015

Investor Discussions

(1)

Permission to use quoted material was neither sought nor obtained.

9

10

TW's Proven Track Record of Delivering Value in MOEs

(Indexed

to 100)

6/30/15:

Announced merger

with Willis

Towers Watson

+197.9%

Towers Watson

Peers

(1)  
+178.7%

Note: Market Data as of October 23, 2015.

(1) Towers Watson comparable companies include Aon, Marsh & McLennan, Accenture, CEB, Advisory Board Company, FT  
S&P 500

+125.8%

Share

price

performance

since

announcement

of

Watson

Wyatt/Towers

Perrin

merger

Watson Wyatt/

Towers Perrin

Merger Announced

TW team drove significant shareholder value since the TW MOE. Willis Towers Watson will benefit from the key elements that drove the success of the Watson Wyatt/Towers Perrin merger:

Transition of management team and Board members

Robust integration discipline (achieved \$110 million of cost synergies against \$80 million goal)

Properly aligned management incentives with shareholder's interest

Share Price Performance (%)

Towers Watson

Towers Watson Peers

(1)

S&P 500

Last 10 Years

369%

184%

76%

6/28/2009 to 10/23/2015

198%

179%

126%

Extend Health Close to Date (6/29/2012)

105%

78%

52%

11

We ask you to vote FOR the merger of Towers Watson and Willis Group at the November 18 Special Meeting

Compelling strategic rationale

Rigorous Board evaluation of merger

Significant value creation from clearly-identified cost, tax and revenue synergies

Favorable MOE transaction structure

Strong continuing leadership, with proven MOE execution and integration experience

11

12  
Towers Watson + Willis: A Leading Global  
Advisory, Broking and Solutions Firm

13

= Human Capital & Benefits

= Investment, Risk & Reinsurance

= Corporate Risk & Broking

= Exchange Solutions

= North America

= Rest of World

= Great Britain

= Western Europe

Transaction Combines Complementary Businesses

Source: Public filings, Company website and FactSet.



(1) As of June 29, 2015.

(2) Financials based on calendar year 2014 results, pro forma for the merger, completion of Willis acquisitions of Miller and Matthiessen and Charles Monat.

(3) Consists of Towers Watson Adjusted EBITDA and Willis Underlying EBITDA. See Willis and Towers Watson non-GAAP 13

Overview

A leading provider of advisory services and solutions

Client Base

Deep penetration across large market clients

Fortune 1000 companies

Countries

Market Cap

FY 14 Revenue

FY 14 EBITDA

A leading global risk advisory, re/insurance broking, and human capital and benefits firm

Strong relationships with U.S. middle-market and international large-market companies

(1)

37 countries

120+ countries

\$9.7 billion

\$8.4 billion

\$3.5 billion

\$3.8 billion

\$670 million Adjusted EBITDA

\$829 million Underlying EBITDA

A leading global advisory, broking and solutions firm

Substantial growth through expanded client reach and increased market penetration

120+ countries

\$8.2 billion

\$1.7 billion

-

(3)

Revenue by Business Segment (FY Dec-14)

(2)

Revenue by Geography (FY Dec-14)

(2)

61%

19%

12%

8%

72%  
11%  
17%  
20%  
63%  
17%  
38%  
20%  
25%  
16%  
43%  
35%  
5%  
17%  
48%  
20%  
19%  
13%  
Willis  
Towers  
Watson  
(2)  
including over 800

14

Accelerating Towers Watson's Long Term Strategy

**EXPANDS CLIENT REACH**

**ACROSS ATTRACTIVE MARKETS**

Leverages mutual distribution strength to enhance market penetration across middle and large markets

Significantly enhances ability to capture the exchange solutions opportunity

»

Provides direct access to Willis' 20,000 U.S. middle-market relationships

»

Supports Towers Watson's goal of capturing a 25% share of the growing active employee exchange market

Expanded client reach provides opportunity to realize growth across other areas, such as large market

P&C brokerage and Global Health and Group Benefits

**EXPANDS CLIENT REACH**

**INTO BROADER GEOGRAPHIES**

Willis distribution network and broad global platform facilitates expanded reach to a greater number of multinational companies

Expands Towers Watson's reach by 80+ countries

Internationalizes Towers Watson's Global Health and Group Benefits solutions and exchange platform

**OPTIMAL MIX OF CLIENT OFFERINGS, WITH HIGHER PERCENTAGE OF SOLUTIONS**

Clients are demanding a comprehensive portfolio of products and solutions

The transaction creates a comprehensive portfolio of advisory services, solutions and technology

**STRONGER PLATFORM FOR INNOVATION TO CONTINUE TO MEET CLIENTS' EVOLVING NEEDS**

Brings together the best talent in the industry while enhancing our ability to invest in innovation

A natural fit delivering profitable long-term growth

15

As healthcare costs continue to rise in the U.S., employers are exploring every option for offering health benefits to their employees and retirees in the most cost-effective way possible

Towers Watson's OneExchange platform provides outstanding exchange and administration solutions to employers

Enormous growth potential in exchange:

»

120 million employees received healthcare from employers through the active market

»

12 million people received retiree medical from former employers

Towers Watson well positioned in the large market, but needs mid-market distribution

Significantly Expands OneExchange Growth Opportunity

Middle-market client segment (~40M employees)

represents an attractive growth opportunity

Towers Watson provides best-in-class OneExchange

platform

Willis

provides

enhanced

direct

access

to

fast

growing

middle-market client base

Continued focus on channel partner distribution

As a combined company, Towers Watson shareholders will realize benefits from

enhanced market penetration of the OneExchange platform

OneExchange platform positioned to catalyze growth

Willis Towers Watson

Major player in active exchange market

Technology

Distribution

16  
Towers Watson + Willis: Creating Financial  
Value for Shareholders

17

Clearly Identified Cost and Tax Synergies

Proven track

record of

identifying and

capturing

synergies

Cost savings expected to be fully realized within three years post close

Corporate costs

Economies of scale

Incremental to current cost saving and operational improvement initiative



Non-recurring costs to achieve synergies of approximately 1.25 times savings  
Boston Consulting Group retained to conduct due diligence and validate  
synergy estimates

EXPECTED RUN RATE COST SYNERGIES OF \$100-\$125 MILLION  
TAX EFFICIENCIES

Expected effective tax rate in mid-20 percent range compared to status quo  
effective rate of mid-30 percent range

»

Status quo effective tax rate would be in high-30 percent range if offshore  
earnings repatriated

Post-merger, Towers Watson will be able to access its foreign cash  
\$75 million annual tax benefit

18

Estimated Annual Revenue Opportunity by Year 3: \$375-\$675 Million

\$100-\$400 million

~\$200 million

~\$75-135 million incremental

operating income

(1)

**MIDDLE MARKET EXCHANGE**

Segment includes 40+ million employees and has a higher adoption rate than large-market segment

Willis' 20,000 mid-market U.S. relationships supports TW's goal of capturing

a 25% share of the growing active employee exchange market

**LARGE MARKET P&C BROKERAGE**

Willis has a ~3.5% share of \$10+ billion U.S. large P&C corporate market

Towers Watson has existing relationships with 80% of the companies in the market, best-in-class insurance analytics and a strong brand

**GLOBAL HEALTH AND GROUP BENEFITS**

Willis provides expanded distribution network of more than 120 countries

Increases global reach of Towers Watson's health benefits offerings which are enabled by the Liazon platform

~\$75 million

(1) Assumes 20% EBIT margin.

19

Estimated \$4.7 Billion in Total Incremental Value

~\$1.5 billion in value from revenue synergies

(3)

~\$1.65 billion in value from cost synergies

(5)

\$100-125 million of run-rate cost synergies

Incremental to Operational Improvement Program

~\$1.5 billion in value from tax savings (2016) on  
existing Towers Watson earnings

(4)

\$18.15

\$1.65

\$1.5

\$1.5

\$22.8

(1)

(1)

\$22.8 billion is pre-dividend. \$22.5 billion is ex-dividend. The combined market capitalization of \$18.1 billion is as of June 29

(2)

Calculated as (A) 49.9% pro forma ownership (ex-special one-time dividend) plus (B) special one-time dividend of \$337 million

(3)

~\$525mm

of

annual

run-rate

revenue

synergies

capitalized

based

on

Towers

Watson's

average

P/E

of

~20x

and

Willis

average

P/E

of

~17x

(6-month

average

NTM

P/E

preceding

announcement).

(4)

Illustratively represents ~\$75 million of annual savings at Towers Watson capitalized at Towers Watson calendar year 2016E

(5)

\$125

million

of

run-rate

synergies

capitalized

based

on

Towers

Watson's  
average  
P/E  
of  
~20x  
and  
Willis  
average  
P/E  
of  
~17x  
(6-month  
average  
NTM  
P/E  
preceding  
announcement).  
Pro Forma Market  
Capitalization as of June 29,  
2015 (Pre-Announcement)  
Illustrative Pro Forma  
Equity Value  
\$ USD billions  
\$4.7B in value attributable  
to merger which is 26% of  
pre-announcement  
market capitalization  
\$11.5 billion (including \$337  
million special dividend)  
(2)  
\$11.3 billion  
Estimated Value to Shareholders

20  
Significantly Accretive to Towers Watson Shareholders  
Source:  
Towers  
Watson  
and  
Willis  
Group  
standalone  
projections  
per

S-4  
 filing.  
 Synergies  
 and  
 other  
 estimates  
 from  
 public  
 filings  
 and  
 management  
 estimates.

Note: Dollars in millions. Assumes cost and revenue are after-tax at a pro forma tax rate of ~25%. Assumes revenue and cost  
 Illustratively assumes ~\$75 million of annual tax savings.

(1)  
 Revenue synergies assumed to be \$525 million, the midpoint of the range, with a 20% EBIT margin.

(2)  
 Consists of Willis Underlying EBITDA. See Willis non-GAAP measures for definition.

(3)  
 Assumes \$125 million of cost synergies, excludes one-time costs to achieve.  
 Merger enhances Towers Watson revenue, Adjusted EBITDA and Cash Net Income growth;  
 the transaction is accretive to TW Cash Net Income by 2018 even if none of the  
 contemplated synergies are achieved

CY2016E  
 CY2017E  
 CY2018E  
 CAGR

Revenue  
 Tower  
 s  
 Watson

-  
 Standalone  
 \$3,954  
 \$4,282  
 \$4,644  
 8%

Willis  
 -  
 Standalone  
 4,522  
 4,785  
 5,078  
 6%

Revenue  
 Synergies  
 (1)  
 175  
 350  
 525



Pro  
Forma  
\$8,651  
\$9,417  
\$10,247  
9%  
Adj.  
EBITDA  
Tower  
s  
Watson  
-  
Standalone  
\$830  
\$900  
\$977  
8%  
Towers  
Watson  
-  
Standalone  
Margin  
21%  
21%  
21%  
Willis  
-  
Standalone  
(2)  
1,051  
1,193  
1,309  
12%  
Cost  
Syner  
gies  
(3)  
42  
83  
125  
35  
70  
105  
Pro  
Forma  
\$1,958  
\$2,246  
\$2,516  
13%  
Pro

Forma  
Margin  
23%  
24%  
25%  
Cash  
Net  
Income  
Tower  
s  
Watson  
-  
Standalone  
\$470  
\$508  
\$549  
8%  
Pro  
Forma  
1,208  
1,406  
1,590  
Towers  
Watson  
Share  
(49.9%)  
\$603  
\$702  
793  
15%  
Towers Watson  
Accretion  
Versus  
28%  
38%  
45%  
Standalone  
-  
%  
Revenue  
Synergies  
(1)

21

Roadmap for Successful Integration to Achieve Synergies

Update to Integration Planning

In July 2015 retained Bain & Co. as an integration  
advisor

Joint operating committee commenced integration  
work in late July

12 integration workstreams formed across client-facing

and functional areas to ensure go-to-market effectiveness on Day 1  
Joint integration team  
Well-defined integration process  
Strongest combination of talent and practices  
Commitment to communicate with and engage talent  
Unwavering focus on client service and current growth and operational improvement opportunities  
Realize full benefits of combination

22  
Board Process and Governance

23

**The Board Conducted a Thorough Process**

A potential business combination with Willis was preliminarily discussed by TW's Board in 2013, but the Board determined that the timing was not right and directed management not to pursue a potential transaction

Independent Towers Watson directors were extensively involved and included multiple reviews in executive session

The Board conducted a detailed review of the strategic and financial implications of the transaction, including the perspectives of the internal team and external advisors, and evaluated potential alternative structures Exchange ratio based on market capitalization, which is more favorable than

alternative mechanisms proposed by Willis, and was agreed to in principle at a ratio more favorable than at any time prior to that date  
After extensive review, the Board, including all independent directors, unanimously approved the transaction

24  
TW Board Structures Compensation to Align Management with Shareholders  
TW'S STRONG COMPENSATION PRACTICES  
PAY AND PERFORMANCE ALIGNMENT  
(5 YEAR CAGR)  
Over past 5 years  
Total Shareholder Return of ~190%  
(1)  
97% average support on say-on-pay vote  
TW EXECUTIVES' INTERESTS WILL REMAIN ALIGNED WITH LONG-TERM SHAREHOLDERS  
Significant portion of CEO's assets remain held in TW stock and equity awards (performance-based or at-



risk)

well in excess of our ownership requirement

Double-trigger change in control

equity awards for CEO, CFO and all continuing executives will remain outstanding

Stock options

TW stock options will be converted into options of the combined company (not monetized)

Conservative pay practices

»

Total direct compensation is between 25

th

and 50

th

percentile of peers

Majority of executive pay is variable and linked to financial performance

»

80% of CEO comp in 2014 was performance-based

»

All long-term incentives are performance-based equity

Rigorous stock ownership guidelines

»

Share ownership of 5x base salary required for CEO

Double-trigger change in control provisions

Robust clawback

policy

Anti-hedging and anti-pledging policies

No tax gross-ups and no golden parachutes

24%

7%

TSR

(1)

CEO Pay

(2)

(1)

Indexed TSR based on 5 fiscal year period ending FY2014

(2)

CEO pay based on salary, bonus, stock awards, options and other compensation; excludes change in pension value and non-equity

25

Pro Forma Management Structure

Continuing management team has a history of successfully integrating transactions and surpassing market expectations

CEO

John Haley

Towers Watson

President and Deputy CEO

Dominic Casserley

Willis

Board of Directors Will Consist of 12 Board Members

6 members nominated by Towers Watson including John Haley

6 members nominated by Willis including James McCann, who will serve as Chairman, and Dominic Casserley  
Senior Executive Team with Significant Continuity from Both Companies

Four  
business  
lines

2  
led  
by  
TW  
executives

and  
2  
led  
by  
Willis  
executives  
Five  
regions

3  
led  
by  
TW  
executives  
and

2  
led  
by  
Willis  
executives

Senior corporate executives  
2 from TW and 2 from Willis  
Board will balance long-term perspectives from both TW and WSH  
Ongoing involvement of CEOs structured to best facilitate integration while clearly defining roles  
Balanced senior executive team selected to ensure maximum continuity of leadership in key business lines and regions

26  
Conclusion

27

We ask you to vote FOR the merger of Towers Watson and Willis Group at the November 18 Special Meeting

Compelling strategic rationale

Rigorous Board evaluation of merger

Significant value creation from clearly-identified cost, tax and revenue synergies

Favorable MOE transaction structure

Strong continuing leadership, with proven MOE execution and integration experience

28  
Supplemental Information

29

Overview of Consideration and Ownership

Towers Watson

Shareholders

Willis

Shareholders

Receive 49.9% of the  
fully diluted pro forma  
equity

Receive \$4.87 cash  
dividend per share

If the Willis reverse split  
is approved

(1)

, each

Towers Watson share  
exchanged for 1 share of  
the combined company

Receive 50.1% of the  
fully diluted pro forma  
equity

Willis will implement a  
reverse stock split, so  
that one Willis share will  
be converted into

0.3775 shares of the  
combined company

(1)

(1) Subject to Willis shareholder approval. If not approved each Towers Watson share will receive a cash dividend of \$4.87 per share. Willis shareholders will continue to own their existing number of shares. The merger is not conditioned on approval of the reverse stock split.

TOWERS

WATSON

WILLIS

49.9%

50.1%



30

The Board and Management Team Conducted a Thorough Analysis to Maximize Shareholder Value

January 26, 2015: TW and WSH CEOs meet to discuss existing commercial arrangements; a potential business combination is

April 2015: TW and WSH discuss the potential benefits of a business combination but do not discuss financial terms.

May 4, 2015:

TW Board appoints a special committee of 4 independent directors to initially assess matters relating to the transaction.

May 11, 2015: TW CEO proposes that pro forma ownership be determined based on market capitalization.

WSH CEO and Chairman

suggest ownership be based on relative contribution of several financial metrics which would result in WSH shareholders owning a significantly larger percentage of the company.

## Edgar Filing: Towers Watson & Co. - Form 425

May 14, 2015: TW's lead independent director discusses the leadership of the combined company with WSH's Chairman.

May 15, 2015: TW Board and management discuss the potential transaction, after which management is excused and the independent directors continue the discussion in executive session.

May 20, 2015: The parties agree to consider several alternative transaction structures.

May 29, 2015: TW CEO and WSH CEO discuss preliminary terms for the combination.

A pre-closing dividend is discussed as a method to obtain the desired ownership percentages of the surviving company despite the fact that TW had a larger market capitalization at the time.

June 10, 2015: The parties agree that the exchange ratio be based on 60 day weighted average prices as of June 5th and include a special dividend to TW shareholders to reduce pro forma TW ownership below 50%.

June 20, 2015: TW Board holds an in-person special meeting and discusses with management the proposed transaction. After the CEO leaves the meeting, the discussion is continued by the independent directors in executive session.

June 27, 2015: The exchange ratio and amount of the special dividend are calculated based on the previous agreement that they be based on the 60 day weighted average as of June 5.

June 29, 2015: The TW Board unanimously determines to approve the merger.

June 30, 2015: The Towers Watson / Willis transaction is announced.

May 2013: As part of a regular strategic review, TW Board discusses potential business combination with Willis, which is not further.

31

**Where You Can Find Additional Information**

In connection with the proposed merger of Towers Watson and Willis Group, Willis Group filed a registration statement on Form S-4 with the Securities and Exchange Commission (the Commission) that contains a joint proxy statement/prospectus and other documents concerning the proposed transaction. The registration statement on Form S-4 was declared effective by the SEC on October 13, 2015. Each of Towers Watson and Willis Group mailed the joint proxy statement/prospectus to its respective stockholders on or around October 13, 2015. **YOU ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND THE OTHER DOCUMENTS THAT HAVE BEEN OR WILL BE FILED WITH THE COMMISSION AS THEY BECOME AVAILABLE BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT TOWERS WATSON, WILLIS GROUP AND THE PROPOSED TRANSACTION.** You may obtain a copy of the joint proxy statement/prospectus and the other documents filed with the Commission free of charge at the Commission's website, [www.sec.gov](http://www.sec.gov). In addition, you may obtain free copies of the joint proxy statement/prospectus and the other documents filed by Towers Watson and Willis Group at the following addresses:

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Group with the Commission by requesting them in writing from Towers Watson, 901 N. Glebe Road, Arlington, VA 22203, A  
Relations, or by telephone at (703) 258-8000, or from Willis Group, Brookfield Place, 200 Liberty Street, 7th Floor, New York  
Attention: Matt Rohrman, Investor Relations, or by telephone at (212) 915-8084.

32

#### Forward Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements and other forward-looking statements in this document by words such as may, will, v anticipate, believe, estimate, plan, intend, continue, or similar words, expressions or the negative of such terms or comparable terminology. These statements include, but are not limited to, the benefits of the business combination transaction between Towers Watson and Willis Group, including the combined company's future financial and operating results, plans, objectives, and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Towers Watson's and Willis Group's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements:

obtain governmental approvals of the transaction on the proposed terms and schedule; the failure of Towers Watson stockholders or Willis Group shareholders to approve the transaction; the failure of the transaction to close for any reason; the risk that the businesses may not be integrated successfully; the risk that anticipated cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; the potential impact of the announcement or consummation of the proposed transaction on relationships, including with employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; significant competition; compliance with extensive government regulations; the combined company's ability to make acquisitions and its ability to integrate or manage such acquired businesses. Additional risks and factors are identified under "Risk Factors" in Towers Watson's Annual Report on Form 10-K filed on August 14, 2014, which is on file with the Commission, and under "Risk Factors" in the joint proxy statement/prospectus.

You should not rely upon forward-looking statements as predictions of future events because these statements are based on assumptions that may not come true and are speculative by their nature. Neither Towers Watson or Willis Group undertakes an obligation to update or revise any of the forward-looking information included in this document, whether as a result of new information, future events, changed circumstances or otherwise.

33

Towers Watson Non-GAAP Measures

Adjusted EBITDA

Net income (attributable to common stockholders) adjusted for discontinued operations, net of tax, provision for income taxes, interest, net, depreciation and amortization, transaction and integration expenses, and other non-operating income excluded from variable interest entity.

Free Cash Flow

Cash Flows from Operating Activities less cash used to purchase Fixed Assets and Software for Internal Use.

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

34

Willis Non-GAAP Measures  
Underlying EBITDA

Net income (attributable to Willis Group Holdings) adjusted for net income attributable to non-controlling interests, interest in earnings of associates, net of tax, income tax charges, interest expense, restructuring charges, depreciation, amortization and other non-operating income.

Free Cash Flow

Net Cash provided by Operating Activities less additions to Fixed Assets.

These non-U.S. GAAP measures are not defined in the same manner by all companies and may not be comparable to other similar



measures of other companies. Non-U.S. GAAP measures should be considered in addition to, and not as a substitute for, the information contained within our financial statements.