

Willis Towers Watson

Aon to Combine with Willis Towers Watson To Accelerate Innovation on Behalf of Clients

March 9, 2020

- Aligns Aon United and Willis Towers Watson growth strategies to accelerate innovation from both organizations to benefit clients
 - Combines diverse colleague experience and shared values to drive distinctive outcomes for clients
 - Enables delivery of complementary capabilities that unlock new sources of value for all stakeholders
- Maintains ongoing commitment to long-term financial goals of mid-single digit or greater organic revenue growth and double-digit free cash flow growth¹
- Accretive to Aon adjusted EPS in the first full year of the combination and peak adjusted EPS accretion² in the high teens after full realization of \$800 million of expected pre-tax synergies³
- Free cash flow is expected to breakeven in the second full year of the combination and free cash flow accretion of over 10% after full realization of expected synergies
- Willis Towers Watson shareholders will receive 1.08 Aon shares for each Willis Towers Watson share, which represents a 16.2% premium to Willis Towers Watson's closing share price on 6 March 2020
 - Pro forma combined equity value of approximately \$80 billion⁴; before anticipated creation of over \$10 billion of expected shareholder value from the capitalized value of expected pre-tax synergies and net of expected one-time transaction, retention and integration costs⁵

LONDON, March 9, 2020 /PRNewswire/ -- [Aon plc](#) (NYSE:AON) and [Willis Towers Watson](#) (NASDAQ: WLTW) today announced a definitive agreement to combine in an all-stock transaction with an implied combined equity value of approximately \$80 billion.⁴

"The combination of Willis Towers Watson and Aon is a natural next step in our journey to better serve our clients in the areas of people, risk and capital," said Willis Towers Watson CEO John Haley. "This transaction accelerates that journey by providing our combined teams the opportunity to drive innovation more quickly and deliver more value."

"This combination will create a more innovative platform capable of delivering better outcomes for all stakeholders, including clients, colleagues, partners and investors," said Aon CEO Greg Case. "Our world-class expertise across risk, retirement and health will accelerate the creation of new solutions that more efficiently match capital with unmet client needs in high-growth areas like cyber, delegated investments, intellectual property, climate risk and health solutions."

Strategic Rationale

- **Combines two highly complementary businesses into a technology-enabled global platform that is more relevant and responsive to client needs.** The transaction unites firms that share a belief in the power of data-driven insights to create new sources of client value.
- **Provides opportunity to expand and further accelerate execution against the existing Aon United and Willis Towers Watson growth strategies.** The new firm will have an established focus on client value and its combined management teams have considerable experience with the integration of large, complex transactions. The teams have a shared appreciation for the importance of colleague development, the effectiveness of a one-firm growth strategy and the value of its application to the combined enterprise.
- **Expected to drive year one earnings accretion to Aon adjusted EPS² with free cash flow accretion¹ of more than 10% after full realization of \$800 million of expected pre-tax synergies.³** The transaction is expected to generate more than \$10 billion in shareholder value creation from the capitalized value of expected pre-tax synergies, based on the blended 2020 price to earnings ratio of Willis Towers Watson and Aon UK on 6 March 2020, net of \$2.0 billion in expected one-time transaction, retention and integration costs.⁵
- **Ongoing commitment to long-term financial goals of mid-single digit or greater organic revenue growth and double-digit free cash flow growth.¹** The combined platform generated significant revenue of approximately \$20 billion and free cash flow of \$2.4 billion in 2019. The combined firm will be well-positioned to immediately deliver mid-single digit organic revenue growth or greater and, over the long term, double-digit free cash flow growth.¹
- **Strong balance sheet and a commitment to a disciplined capital management approach based on Return on Invested Capital (ROIC).** Strong cash flow ensures ability to invest disproportionately in highest return areas of growth and innovation for the benefit of clients. The combined firm is committed to maintaining Aon's current credit rating.

Structure and Governance

The combined company, to be named Aon, will be the premier, technology-enabled global professional services firm focused on the areas of risk, retirement and health.

Aon will maintain operating headquarters in London, United Kingdom. John Haley will take on the role of Executive Chairman with a focus on growth and innovation strategy. The combined firm will be led by Greg Case and Aon Chief Financial Officer Christa Davies, along with a highly experienced and proven leadership team that reflects the complementary strengths and capabilities of both organizations. The Board of Directors will comprise proportional members from Aon and Willis Towers Watson's current directors.

Transaction Details

Under the terms of the agreement unanimously approved by the Boards of Directors of both companies, each Willis Towers Watson shareholder will receive 1.08 Aon ordinary shares for each Willis Towers Watson ordinary share, and Aon shareholders will continue to own the same number of ordinary shares in the combined company as they do immediately prior to the closing. Upon completion of the combination, existing Aon shareholders will own approximately 63% and existing Willis Towers Watson shareholders will own approximately 37% of the combined company on a fully diluted basis.

Aon anticipates that the transaction will provide annual pre-tax synergies and other cost reductions of \$800 million by the third full year of combination, thereby allowing the firm to continue significant investment in innovation and growth. Potential revenue synergies due to complementary capabilities are expected but not included in the synergy estimates. The principal sources of potential synergies and other cost reductions are as follows:

- Approximately 73% from the consolidation of business and central support functions, including leveraging the capabilities of the Aon Business Services operational platform across the combined group; and
- Approximately 27% from the consolidation of infrastructure related to technology, real estate and third-party contracts

The transaction is expected to be accretive to Aon adjusted EPS in the first full year of the combination with peak adjusted EPS accretion in the high teens² after full realization of \$800 million of pre-tax synergies.³ Willis Towers Watson and Aon anticipate savings of \$267 million in the first full year of the combination, reaching \$600 million in the second full year, with the full \$800 million achieved in the third full year.³ Free cash flow accretion is expected to breakeven in the second full year of the combination with free cash flow accretion of more than 10% after full realization of synergies.³ The transaction is expected to generate over \$10 billion of shareholder value creation from the capitalized value of the expected pre-tax synergies, based on the blended 2020 price to earnings ratio of Willis Towers Watson and Aon UK on 6 March 2020, net of \$2.0 billion in one-time transaction, retention and integration costs.⁵

The combined firm is committed to maintaining long-term financial goals of mid-single digit or greater organic revenue growth and double-digit free cash flow growth; and is expected to maintain Aon's current credit rating.

It is intended that the combination will be implemented by means of a court-sanctioned scheme of arrangement of Willis Towers Watson and Willis Towers Watson Shareholders under Chapter 1, Part 9 of the Irish Companies Act of 2014.

It is expected that the Reorganization of the Aon Group described in the Reorganization Proxy Statement will be completed prior to the completion of the combination, such that prior to completion of the combination, Aon Ireland will be the publicly traded parent company of the Aon Group. The Reorganization remains conditional on, among other things, the sanction of the UK scheme of arrangement forming part of the Reorganization by the UK Court, as more particularly described in the Reorganization Proxy Statement. Upon completion of the Reorganization, it is expected that the Aon Ireland Directors will be the same as the current Aon UK Directors.

The transaction is subject to the approval of the shareholders of both Aon Ireland and Willis Towers Watson, as well as other customary closing conditions, including required regulatory approvals. The parties expect the transaction to close in the first half of 2021, subject to satisfaction of these conditions.

Advisors

Aon's financial advisor in respect of the Proposed Combination is Credit Suisse Securities (USA) LLC and its legal advisors are Latham & Watkins, LLP, Freshfields Bruckhaus Deringer LLP and Arthur Cox.

Willis Towers Watson's financial advisor in respect of the Proposed Combination is Goldman Sachs & Co. LLC and its legal advisors are Weil, Gotshal & Manges LLP, Skadden, Arps, Slate, Meagher & Flom LLP and Matheson.

Joint Conference Call and Other Materials

Aon and Willis Towers Watson will conduct a joint live conference call and webcast today (March 9, 2020) at 8:30 a.m. (EDT). Interested parties can listen to the conference call by dialing (800) 369-3354 (within the U.S.) or (210) 234-0114 (outside of the U.S.) using access code: Aon, or via a live audio webcast at www.aon.com and www.willistowerswatson.com

A replay of the conference call will be available for 30 days following the live conference call and can be accessed by dialing (866) 452-2113 (within the U.S.) or (203) 369-1217 (outside of the U.S.). The replay will also be available approximately two hours after the conclusion of the call on the investor relations page of each company's website, www.aon.com and www.willistowerswatson.com.

About Aon

[Aon plc](http://www.aon.com) (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

About Willis Towers Watson

Willis Towers Watson is a leading global advisory, broking and solutions company that designs and delivers solutions that manage risk, optimize

benefits, cultivate talent and expand the power of capital to protect and strengthen institutions and individuals. Willis Towers Watson has more than 45,000 employees and services clients in more than 140 countries. For more information about Willis Towers Watson, see www.willistowerswatson.com.

No Offer Or Solicitation

This communication is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the proposed combination or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

In particular, this communication is not an offer of securities for sale into the United States. No offer of securities shall be made in the United States absent registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from, or in a transaction not subject to, such registration requirements.

Any securities issued as a result of the proposed combination by means of a scheme of arrangement are anticipated to be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, pursuant to the exemption from registration set forth in Section 3(a)(10) thereof.

Subject to the right of Aon UK (and Aon Ireland, as applicable) to implement the proposed combination by way of a Takeover Offer as an alternative to the Scheme, and subject to the provisions of the Business Combination Agreement and with the Irish Takeover Panel's consent, the proposed combination will be implemented solely by means of the Scheme documentation, which will contain the full terms and conditions of the proposed combination, including details of how Willis Towers Watson shareholders may vote in respect of the proposed combination.

Important Additional Information Will Be Filed With The SEC

Further details in respect of the proposed combination of Aon and Willis Towers Watson are provided in the announcement published by Aon on March 9, 2020 in accordance with Rule 2.5 of the Irish Takeover Rules (the "**Rule 2.5 Announcement**") and capitalized terms used but not defined in this communication shall have the meaning given to them in the Rule 2.5 Announcement. This communication should be read in conjunction with, and is subject to, the full text of the Rule 2.5 Announcement (including its Appendices), which shall take precedence in the event of any inconsistency.

Aon Ireland and Willis Towers Watson will prepare a joint proxy statement (which will contain the Scheme documentation) to be distributed to Willis Towers Watson shareholders and Aon Ireland shareholders, containing further information relating to the implementation of the proposed combination, the full terms and conditions of the Scheme, notices of the Aon Ireland and the Willis Towers Watson shareholders meetings and information on the Class A ordinary shares of Aon Ireland to be issued under the proposed combination.

The joint proxy statement will be filed with the SEC. This document, if and when filed, as well as Willis Towers Watson's, Aon UK's and Aon Ireland's other public filings with the SEC, may be obtained without charge at the SEC's website at www.sec.gov and, in the case of Aon UK's and Aon Ireland's filings, at Aon UK's website at www.aon.com, and in the case of Willis Towers Watson's filings, at Willis Towers Watson's website at www.willistowerswatson.com.

BEFORE MAKING ANY VOTING DECISION, HOLDERS OF AON UK, AON IRELAND AND/OR WILLIS TOWERS WATSON SECURITIES ARE URGED TO READ THOSE FILINGS AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED COMBINATION, INCLUDING ANY DOCUMENTS INCORPORATED BY REFERENCE THEREIN, CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED COMBINATION AND THE PARTIES TO THE PROPOSED COMBINATION.

Any vote in respect of resolutions to be proposed at the Willis Towers Watson shareholders meetings to approve the proposed combination, the Scheme or related matters, or other responses in relation to the proposed combination, should be made only on the basis of the information contained in the joint proxy statement (including the Scheme documentation). Similarly, any vote in respect of resolutions to be proposed at the Aon Ireland shareholders meeting to approve the issuance of Class A ordinary shares of Aon Ireland under the proposed combination should be made only on the basis of the information contained in the joint proxy statement.

Participants In The Solicitation

Aon UK, Willis Towers Watson and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from shareholders in proposed connection with the proposed combination. Information regarding the persons who may, under the rules of the SEC, be deemed to be participants in the solicitation of shareholders, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the joint proxy statement. Additional information about Aon UK's directors and executive officers is contained in Aon UK's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 14, 2020, and its Proxy Statement on Schedule 14A, dated and filed with the SEC on April 26, 2019. Additional information about Willis Towers Watson's directors and executive officers is contained in Willis Towers Watson's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 26, 2020, and its Proxy Statement on Schedule 14A, dated and filed with the SEC on April 3, 2019.

Forward-Looking Statements

This communication contains certain statements that are forward-looking, as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations of management about future events. Forward-looking statements can often, but not always, be identified by the use of words such as "plans," "expects," "is subject to," "budget," "scheduled," "estimates," "forecasts," "potential," "continue," "intends," "anticipates," "believes," or variations of such words, and statements that certain actions, events or results "may," "could," "should," "would," "might" or "will" be taken, occur or be achieved.

Although management believe that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the possibility that the

proposed combination will not be consummated, failure to obtain necessary shareholder or regulatory approvals or to satisfy any of the other conditions to the proposed combination, adverse effects on the market price of Aon UK, Aon Ireland and/or Willis Towers Watson securities and on Aon UK's, Aon Ireland's and/or Willis Towers Watson's operating results for any reason, including, without limitation, because of the failure to consummate the proposed combination, the failure to realize the expected benefits of the proposed combination (including anticipated revenue and growth synergies), the failure to effectively integrate the combined companies following consummation of the proposed combination, negative effects of an announcement of the proposed combination, changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax laws, regulations, rates and policies, future business acquisitions or disposals, or any announcement relating to the proposed consummation of or failure to consummate the proposed combination on the market price of Aon UK, Aon Ireland and/or Willis Towers Watson securities, significant transaction and integration costs or difficulties in connection with the proposed combination and/or unknown or inestimable liabilities, potential litigation associated with the proposed combination, the potential impact of the announcement or consummation of the proposed combination on relationships, including with suppliers, customers, employees and regulators, and general economic, business and political conditions (including any epidemic, pandemic or disease outbreak) that affect the combined companies following the consummation of the proposed combination.

The factors identified above are not exhaustive. Aon UK, Aon Ireland, Willis Towers Watson and their subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Other unknown or unpredictable factors could also cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements should therefore be construed in the light of such factors. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Further information concerning Aon UK and its businesses, including economic, competitive, governmental, regulatory, technological and other factors that could materially affect Aon UK's results of operations and financial condition (and which shall apply equally to Aon Ireland following the completion of the reorganization of Aon UK as described in Aon UK's Proxy Statement on Schedule 14A, dated and filed with the SEC on December 20, 2019), is contained in Aon UK's filings with the SEC. See Aon UK's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 14, 2020, and additional documents filed by Aon UK and/or Aon Ireland with the SEC, the contents of which are not incorporated by reference into, nor do they form part of this communication, for a further discussion of these and other risks and uncertainties applicable to Aon UK's and Aon Ireland's businesses.

Further information concerning Willis Towers Watson and its businesses, including economic, competitive, governmental, regulatory, technological and other factors that could materially affect Willis Towers Watson's results of operations and financial condition, is contained in Willis Towers Watson's filings with the SEC. See Willis Towers Watson's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 26, 2020, and additional documents filed by Willis Towers Watson with the SEC, the contents of which are not incorporated by reference into, nor do they form part of, this Announcement, for a further discussion of these and other risks and uncertainties applicable to Willis Towers Watson's businesses.

Any forward-looking statements in this communication are based upon information available as of the date of this communication which, while believed to be true when made, may ultimately prove to be incorrect. Other than in accordance with legal or regulatory obligations, neither Willis Towers Watson nor Aon UK is under any obligation, and each expressly disclaims any intention or obligation, to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to Aon UK, Aon Ireland, Willis Towers Watson and/or any person acting on behalf of any of them are expressly qualified in their entirety by the foregoing paragraphs, and the information contained on any websites referenced in this communication is not incorporated by reference into this communication.

Statement Required by the Irish Takeover Rules

The directors of Aon UK accept responsibility for the information contained in this document relating to Aon UK, the directors of Aon UK and members of their immediate families, related trusts and persons connected with them, except for the statements made by Willis Towers Watson in respect of Aon UK or Aon Ireland. To the best of the knowledge and belief of the directors of Aon UK (who have taken all reasonable care to ensure such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of Willis Towers Watson accept responsibility for the information contained in this document relating to Willis Towers Watson and the directors of Willis Towers Watson and members of their immediate families, related trusts and persons connected with them, except for the statements made by Aon UK in respect of Willis Towers Watson. To the best of the knowledge and belief of the directors of Willis Towers Watson (who have taken all reasonable care to ensure such is the case), the information contained in this document for which they respectively accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Panel Act, 1997, Takeover Rules, 2013 (the "Irish Takeover Rules"), if, during an "offer period," any person is, or becomes "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Aon UK, Aon Ireland or Willis Towers Watson, all "dealings" in any "relevant securities" of Aon UK, Aon Ireland or Willis Towers Watson (including by means of an option in respect of, or a derivative referenced to, any such relevant securities) must be publicly disclosed by no later than 3:30 p.m. (Eastern time) in respect of the relevant securities of Aon UK, Aon Ireland and Willis Towers Watson on the business day following the date of the relevant transaction. The requirement will continue until this offer period ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an interest in relevant securities of Aon UK, Aon Ireland or Willis Towers Watson, they will be deemed to be a single person for the purposes of Rule 8.3 of the Irish Takeover Rules. Under Rule 8.1 of the Irish Takeover Rules, all dealings in relevant securities of Willis Towers Watson by Aon UK or Aon Ireland, or relevant securities of Aon UK or Aon Ireland by Willis Towers Watson, or by any party acting in concert with either of them must also be disclosed by no later than 12 noon (Eastern time) in respect of the relevant securities of Aon UK, Aon Ireland and Willis Towers Watson on the business day following the date of the relevant transaction. Interests in securities arise, in summary, when a person has a long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an interest by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities. Terms used in this paragraph should be read in light of the meanings given to those terms in the Irish Takeover Rules. If you are in any doubt as to whether or not you are required to disclose dealings under Rule 8 of the Irish Takeover Rules, consult with the Irish Takeover Panel's website at www.irishtakeoverpanel.ie or contact the Irish Takeover Panel by telephone on +353 1 678 9020.

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¹ This statement should not be construed as a profit forecast or interpreted to mean that Willis Towers Watson, Aon UK or Aon Ireland's profits or earnings in the first full year following the Proposed Combination, or in any subsequent period, will necessarily match or be greater than or be less than those of Willis Towers Watson, Aon UK and/or Aon Ireland for the relevant preceding financial period or any other period.

² Statements in this document that the Proposed Combination is accretive to adjusted EPS should not be interpreted to mean that Aon UK, Aon Ireland or Willis Towers Watson earnings per share in the current or any future financial period will necessarily match or be greater than or be less than those for the relevant preceding financial period.

³ There are various material assumptions underlying the synergies and other cost reduction statements in this document which may result in the synergies and other cost reductions being materially greater or less than estimated. The estimates should therefore be read in conjunction with the bases and assumptions for these synergy numbers which are set out in Appendix I of the Rule 2.5 Announcement. The synergies and other cost reductions have been reported on in accordance with Rule 19.3(b) of the Irish Takeover Rules by (i) Ernst & Young and (ii) Credit Suisse International. Copies of their respective reports are included in Appendix 4 and Appendix 5 to the Rule 2.5 Announcement. The synergies estimates exclude any potential revenue synergies.

None of the synergies or other cost reductions statements or the EPS or cash flow accretion statements should be construed as a profit forecast or interpreted to mean that Willis Towers Watson, Aon UK or Aon Ireland's profits or earnings in the first full year following the Proposed Combination, or in any subsequent period, will necessarily match or be greater than or be less than those of Willis Towers Watson, Aon UK and/or Aon Ireland for the relevant preceding financial period or any other period.

⁴ Calculated as the sum of the market capitalization of Aon UK, based on the closing price of Aon ordinary shares of \$214.81 on 6 March 2020, and the equity value of Willis Towers Watson as implied by the Proposed Combination.

⁵ Aon anticipates the cost to achieve expected synergies will be \$1.4 billion, excluding transaction costs of approximately \$200 million and retention costs of up to \$400 million. Retention costs are subject to Irish Takeover Panel approval.



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