

## Willis Towers Watson Reports Strong Second Quarter 2021 Earnings

August 3, 2021

- **Total revenue<sup>1</sup> increased 8% to \$2.3 billion with constant currency growth of 4% and organic growth of 8%**
- **Diluted Earnings per Share were \$1.41 for the quarter, up 96% over prior year**
- **Adjusted Diluted Earnings per Share were \$2.66 for the quarter, up 48% over prior year**
- **Income from Operations was \$260 million or 11.4% of revenue, up 370 basis points over the prior-year quarter**
- **Adjusted Operating Income was \$409 million or 17.9% of revenue, up 390 basis points compared to the prior-year quarter**
- **Announced 13% increase in the regular quarterly cash dividend from \$0.71 per common share to \$0.80 per common share**

ARLINGTON, Va. and LONDON, Aug. 03, 2021 (GLOBE NEWSWIRE) -- Willis Towers Watson (NASDAQ: WLTW) (the "Company"), a leading global advisory, broking and solutions company, today announced financial results for the second quarter ended June 30, 2021.

"We delivered very strong quarterly financial results, and I am proud of our results for the first half of 2021," said John Haley, Willis Towers Watson's chief executive officer. "In the second quarter we delivered broad-based revenue growth, continued margin expansion, and had significant earnings per share growth. I am encouraged by our growth momentum and the improving macroeconomic outlook. Our financial results reflect our talented colleague base, their perseverance, the strength of our client relationships and our compelling value proposition. We are focused on moving forward independently, with confidence in our ability to continue delivering significant value for all of our stakeholders. We are well-positioned to compete vigorously and independently across our businesses around the world and will continue to innovate and adapt to address evolving client needs."

### Second Quarter Company Highlights

Revenue was \$2.29 billion for the second quarter of 2021, an increase of 8% (4% increase constant currency and 8% increase organic) as compared to \$2.11 billion for the same period in the prior year.

For the first half of 2021, revenue was \$4.88 billion, an increase of 6% (3% increase constant currency and 6% increase organic) as compared to \$4.58 billion for the same period in the prior year.

Income from operations for the second quarter of 2021 was \$260 million, or 11.4% of revenue, an increase of 370 basis points compared to the second quarter of the prior year. Adjusted operating income was \$409 million, or 17.9% of revenue, an increase of 390 basis points compared to the second quarter of the prior year. Net income attributable to Willis Towers Watson for the second quarter of 2021 was \$184 million, an increase of 96% from \$94 million for the prior-year second quarter. For the quarter, diluted earnings per share were \$1.41 and adjusted diluted earnings per share were \$2.66. Net income attributable to Willis Towers Watson and diluted earnings per share for the second quarter of 2021 included pre-tax \$51 million of transaction and integration expenses mostly related to the proposed Aon combination prior to its termination. The U.S. GAAP tax rate for the quarter was 33.8%, and the adjusted income tax rate for the quarter used in calculating adjusted diluted earnings per share was 19.3%.

Income from operations for the first half of 2021 was \$712 million, or 14.6% of revenue, an increase of 320 basis points compared to the first half of the prior year. Adjusted operating income was \$988 million, or 20.3% of revenue, an increase of 240 basis points compared to the first half of the prior year. Net income attributable to Willis Towers Watson for the first half of 2021 was \$917 million, an increase of 130% from \$399 million for the same period in the prior year. For the first half of 2021, diluted earnings per share were \$7.04 and adjusted diluted earnings per share were \$6.30. Net income attributable to Willis Towers Watson and diluted earnings per share for the first half of 2021 included pre-tax \$75 million of transaction and integration expenses mostly related to the proposed Aon combination prior to its termination. For the first half of 2021, the U.S. GAAP tax rate was 17.2%, and the adjusted income tax rate used in calculating adjusted diluted earnings per share was 20.0%.

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<sup>1</sup> The revenue amounts included in this release are presented on a U.S. GAAP basis except where stated otherwise. The segment discussion is on an organic basis.

Net income for the second quarter of 2021 was \$186 million, or 8.1% of revenue, an increase from net income of \$102 million, or 4.8% of revenue for the prior-year second quarter. Adjusted EBITDA for the second quarter of 2021 was \$557 million, or 24.4% of revenue, an increase from Adjusted EBITDA of \$441 million, or 20.9% of revenue.

Net income for the first half of 2021 was \$922 million, or 18.9% of revenue, an increase from net income of \$415 million, or 9.1% of revenue for the same period in the prior year. Adjusted EBITDA for the first half of 2021 was \$1.29 billion, or 26.4% of revenue, an increase from Adjusted EBITDA of \$1.12 billion, or 24.5% of revenue.

Cash flows from operating activities for the six months ended June 30, 2021 were \$366 million, down 47% compared to \$685 million for the prior-year first half. Free cash flow for the six months ended June 30, 2021 was \$287 million, down 48% compared to \$550 million for the prior-year first half. The decrease in year-over-year free cash flow was due to net legal settlement payments of approximately \$185 million for the previously-announced Stanford and Willis/Towers Watson merger settlements, higher incentive compensation and benefit-related items of approximately \$249 million. Absent these items, free cash flow on an adjusted basis would have been \$721 million or up 31% versus the prior year. During the six months ended

June 30, 2021, the Company had no share repurchase activity.

## **Risks and Uncertainties Related to the COVID-19 Pandemic**

The extent to which COVID-19 continues to impact our business and financial position will depend on future developments, which are difficult to predict, including the severity and scope of the COVID-19 pandemic as well as the types of measures imposed by governmental authorities to contain the virus or address its impact and the duration of those actions and measures. During 2020 and through the first half of 2021, the COVID-19 pandemic had a negative impact on revenue growth, particularly in our businesses that are discretionary in nature, but otherwise it generally did not have a material impact on our overall results. We saw an increased demand for these services, which improved revenue growth, in the second quarter of 2021. We believe this positive trend could continue for the remainder of the year but may vary based on further disruptions to the supply chain, workforce availability, vaccination rates and further social-distancing orders in jurisdictions where we do business. In light of 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 on our business, taking into account our business resilience and continuity plans, financial modeling and stress testing of liquidity and financial resources. For additional information on the risks posed by COVID-19, see additional disclosures in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.

## **Segment Highlights**

### **Human Capital & Benefits**

The Human Capital & Benefits (HCB) segment had revenue of \$836 million, an increase of 9% (4% increase constant currency and 5% increase organic) from \$767 million in the prior-year second quarter. On an organic basis, Talent and Rewards returned to revenue growth, led by a sharp increase in demand for advisory work from employers navigating the challenging labor market. Retirement revenue increased with growth in Great Britain driven by funding and Guaranteed Minimum Pension ('GMP') equalization work while increased consulting projects drove revenue growth in North America. 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. Technology and Administrative Solutions revenue increased due to new project and client activity in Great Britain. The HCB segment had an operating margin of 23.0%, as compared to 20.9% for the prior-year second quarter.

### **Corporate Risk & Broking**

The Corporate Risk & Broking (CRB) segment had revenue of \$788 million, an increase of 12% (8% increase constant currency and 8% increase organic) from \$701 million in the prior-year second quarter. North America benefited from gains in connection with settlements and book-of-business sales in the quarter. On an organic basis North America led the segment followed by International, Western Europe and Great Britain with new business generation and strong renewals across several insurance lines, most notably, in FINEX and Construction. The CRB segment had an operating margin of 22.9%, as compared to 19.2% for the prior-year second quarter.

### **Investment, Risk & Reinsurance**

The Investment, Risk & Reinsurance (IRR) segment had revenue of \$400 million, a decrease of 3% (7% decrease constant currency and 15% increase organic) from \$413 million in the prior-year second quarter. On an organic basis, most lines of business contributed to the growth. Reinsurance growth was driven by new business wins and favorable renewal factors. Advisory-related fees led the revenue growth in both our Investment business and Insurance Consulting and Technology business, which was further aided by increased contingent performance fees. The IRR segment had an operating margin of 33.3%, as compared to 28.7% for the prior-year second quarter.

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 additional disclosures in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).

### **Benefits Delivery & Administration**

The Benefits Delivery & Administration (BDA) segment had revenue of \$242 million, an increase of 16% (16% increase constant currency and 14% increase organic) from \$209 million in the prior-year second quarter. BDA's organic revenue increase was led by Individual Marketplace, primarily by TRANZACT, which generated revenue of \$116 million in the second quarter with strong growth in Medicare Advantage sales. The BDA segment had an operating margin of negative 4.3%, as compared to negative 4.2% for the prior-year second quarter.

### **Dividend Increase and Quarterly Dividend**

The Board of Directors of Willis Towers Watson approved a 13% increase in its regular quarterly cash dividend from \$0.71 per common share to \$0.80 per common share. The company's next dividend is payable on or around October 15, 2021 to shareholders of record at the close of business on September 30, 2021.

### **Conference Call**

The Company will host a live webcast and conference call to discuss the financial results for the second quarter. It will be held on Tuesday, August 3, 2021, beginning at 9:00 a.m. Eastern Time, and can be accessed via the Internet at [www.willistowerswatson.com](http://www.willistowerswatson.com). The replay of the call will be available shortly after the live call for a period of three months. A telephonic replay of the call will also be available for 24 hours at 404-537-3406, conference ID 1985274.

### **About Willis Towers Watson**

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson 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 unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).

## Willis Towers Watson Non-GAAP Measures

In order to assist readers of our consolidated financial statements in understanding the core operating results that Willis Towers Watson's management uses to evaluate the business and for financial planning, we present the following non-GAAP measures: (1) Constant Currency Change, (2) Organic Change, (3) Adjusted Operating Income/Margin, (4) Adjusted EBITDA/Margin, (5) Adjusted Net Income, (6) Adjusted Diluted Earnings Per Share, (7) Adjusted Income Before Taxes, (8) Adjusted Income Taxes/Tax Rate and (9) Free Cash Flow.

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

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

- Restructuring costs and transaction and integration expenses – Management believes it is appropriate to adjust for restructuring costs and transaction and integration expenses when they relate to a specific significant program with a defined set of activities and costs that are not expected to continue beyond a defined period of time, or significant acquisition-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when the incurrence of these costs will have concluded.
- Gains and losses on disposals of operations – Adjustment to remove the gain or loss resulting from disposed operations.
- Pension settlement and curtailment gains and losses – Adjustment to remove significant pension settlement and curtailment gains and losses to better present how the Company is performing.
- 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 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 Coronavirus Aid, Relief, and Economic Security ('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.

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.

We consider Constant Currency Change, Organic Change, Adjusted Operating Income/Margin, Adjusted EBITDA/Margin, Adjusted Net Income, Adjusted Diluted Earnings Per Share, Adjusted Income Before Taxes, Adjusted Income Taxes/Tax Rate and Free Cash Flow to be important financial measures, which are used to internally evaluate and assess our core operations and to benchmark our operating and liquidity results against our competitors. These non-GAAP measures are important in illustrating what our comparable operating and liquidity results would have been had we not incurred transaction-related and non-recurring items. Our non-GAAP measures and their accompanying definitions are presented as follows:

**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 translation-related items can vary from period to period.

**Adjusted Operating Income/Margin** – Income from operations adjusted for amortization, restructuring costs, transaction and integration expenses and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted operating income margin is calculated by dividing adjusted operating income by revenue. 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 EBITDA/Margin** – Net Income adjusted for provision for income taxes, interest expense, depreciation and amortization, restructuring costs,

transaction and integration expenses, 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. 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 Net Income – Net Income Attributable to Willis Towers Watson adjusted for amortization, restructuring costs, transaction and integration expenses, 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 – 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.

Adjusted Income Before Taxes – Income from operations before income taxes adjusted for amortization, restructuring costs, transaction and integration expenses, 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 – Provision for income taxes adjusted for taxes on certain items of amortization, restructuring costs, transaction and integration expenses, 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.

Free Cash Flow – 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.

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.

Reconciliations of these measures are included in the accompanying tables with the following exception.

The Company does not reconcile its forward-looking non-GAAP financial measures to the corresponding U.S. GAAP measures, due to variability and difficulty in making accurate forecasts and projections and/or certain information not being ascertainable or accessible; and because not all of the information, such as foreign currency impacts necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure, is available to the Company without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The Company provides non-GAAP financial measures that it believes will be achieved, however it cannot accurately predict all of the components of the adjusted calculations and the U.S. GAAP measures may be materially different than the non-GAAP measures.

### **Willis Towers Watson 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", "would", "expect", "anticipate", "believe", "estimate", "plan", "intend", "continue", or similar words, expressions or the negative of such terms or other comparable terminology. These statements include, but are not limited to, 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 and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Willis Towers Watson'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 herein, 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 payment of the termination fee; significant competition that we face and the potential for loss of market share and/or profitability; the impact of seasonality and differences in timing of renewals; the 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 and 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](http://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.

## Contact

## INVESTORS

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**WILLIS TOWERS WATSON**  
**Supplemental Segment Information**  
(In millions of U.S. dollars)  
(Unaudited)

## REVENUE

	Three Months Ended June 30,		As Reported % Change	Components of Revenue Change <sup>(i)</sup>			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
Human Capital & Benefits	\$ 836	\$ 767	9%	5%	4%	0%	5%
Corporate Risk & Broking	788	701	12%	4%	8%	0%	8%
Investment, Risk & Reinsurance	400	413	(3)%	4%	(7)%	(23)%	15%
Benefits Delivery & Administration	242	209	16%	0%	16%	2%	14%
<b>Segment Revenue</b>	<b>2,266</b>	<b>2,090</b>	<b>8%</b>	<b>4%</b>	<b>4%</b>	<b>(4)%</b>	<b>9%</b>
Reimbursable expenses and other	20	23					
<b>Revenue</b>	<b>\$ 2,286</b>	<b>\$ 2,113</b>	<b>8%</b>	<b>4%</b>	<b>4%</b>	<b>(4)%</b>	<b>8%</b>

	Six Months Ended June 30,		As Reported % Change	Components of Revenue Change <sup>(i)</sup>			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
Human Capital & Benefits	\$ 1,711	\$ 1,617	6%	4%	2%	0%	2%
Corporate Risk & Broking	1,598	1,440	11%	4%	7%	0%	6%
Investment, Risk & Reinsurance	1,005	1,028	(2)%	4%	(6)%	(14)%	8%
Benefits Delivery & Administration	529	440	20%	0%	20%	2%	19%
<b>Segment Revenue</b>	<b>4,843</b>	<b>4,525</b>	<b>7%</b>	<b>4%</b>	<b>3%</b>	<b>(3)%</b>	<b>6%</b>

Reimbursable expenses and other	33	54						
<b>Revenue</b>	\$ 4,876	\$ 4,579	6%	4%	3%	(3)%	6%	

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

#### SEGMENT OPERATING INCOME/(LOSS) <sup>(i)</sup>

	Three Months Ended June 30,	
	2021	2020
Human Capital & Benefits	\$ 192	\$ 160
Corporate Risk & Broking	181	135
Investment, Risk & Reinsurance	133	119
Benefits Delivery & Administration	(10)	(9)
<b>Segment Operating Income</b>	<b>\$ 496</b>	<b>\$ 405</b>

	Six Months Ended June 30,	
	2021	2020
Human Capital & Benefits	\$ 412	\$ 373
Corporate Risk & Broking	343	262
Investment, Risk & Reinsurance	423	396
Benefits Delivery & Administration	(3)	(20)
<b>Segment Operating Income</b>	<b>\$ 1,175</b>	<b>\$ 1,011</b>

(i) Segment operating income/(loss) excludes certain costs, including amortization of intangibles, restructuring costs, transaction and integration expenses, certain litigation provisions, and to the extent that the actual expense based upon which allocations are made differs from the forecast/budget amount, a reconciling item will be created between internally-allocated expenses and the actual expenses reported for U.S. GAAP purposes.

#### SEGMENT OPERATING MARGINS

	Three Months Ended June 30,	
	2021	2020
Human Capital & Benefits	23.0%	20.9%
Corporate Risk & Broking	22.9%	19.2%
Investment, Risk & Reinsurance	33.3%	28.7%
Benefits Delivery & Administration	(4.3)%	(4.2)%

	Six Months Ended June 30,	
	2021	2020
Human Capital & Benefits	24.1%	23.1%
Corporate Risk & Broking	21.5%	18.2%
Investment, Risk & Reinsurance	42.1%	38.5%
Benefits Delivery & Administration	(0.6)%	(4.4)%

#### RECONCILIATIONS OF SEGMENT OPERATING INCOME TO INCOME FROM OPERATIONS BEFORE INCOME TAXES

	Three Months Ended June 30,	
	2021	2020
Segment Operating Income	\$ 496	\$ 405
Amortization	(98)	(119)
Transaction and integration expenses <sup>(i)</sup>	(51)	(14)
Unallocated, net <sup>(ii)</sup>	(87)	(109)
Income from Operations	260	163
Interest expense	(52)	(62)

Other income, net	74	76
Income from operations before income taxes	\$ 282	\$ 177

	Six Months Ended June 30,	
	2021	2020
Segment Operating Income	\$ 1,175	\$ 1,011
Amortization	(201)	(240)
Transaction and integration expenses <sup>(i)</sup>	(75)	(23)
Unallocated, net <sup>(ii)</sup>	(187)	(225)
Income from Operations	712	523
Interest expense	(111)	(123)
Other income, net	513	168
Income from operations before income taxes	\$ 1,114	\$ 568

(i) Includes mainly transaction costs related to the proposed Aon combination prior to its termination.

(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.

**WILLIS TOWERS WATSON**  
**Reconciliations of Non-GAAP Measures**  
(In millions of U.S. dollars, except per share data)  
(Unaudited)

**RECONCILIATIONS OF NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON TO ADJUSTED DILUTED EARNINGS PER SHARE**

	Three Months Ended June 30,	
	2021	2020
<b>Net Income attributable to Willis Towers Watson</b>	\$ 184	\$ 94
Adjusted for certain items:		
Amortization	98	119
Transaction and integration expenses	51	14
Loss on disposal of operations	2	2
Tax effect on certain items listed above <sup>(i)</sup>	(28)	(30)
Tax effect of statutory rate change	40	—
Tax effect of the CARES Act	—	35
<b>Adjusted Net Income</b>	<b>\$ 347</b>	<b>\$ 234</b>
Weighted-average shares of common stock, diluted	130	130
<b>Diluted Earnings Per Share</b>	<b>\$ 1.41</b>	<b>\$ 0.72</b>
Adjusted for certain items: <sup>(ii)</sup>		
Amortization	0.75	0.91
Transaction and integration expenses	0.39	0.11
Loss on disposal of operations	0.02	0.02
Tax effect on certain items listed above <sup>(i)</sup>	(0.21)	(0.23)
Tax effect of statutory rate change	0.31	—
Tax effect of the CARES Act	—	0.27
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 2.66</b>	<b>\$ 1.80</b>

	Six Months Ended June 30,	
	2021	2020
<b>Net Income attributable to Willis Towers Watson</b>	\$ 917	\$ 399
Adjusted for certain items:		
Abandonment of long-lived asset	—	35
Amortization	201	240
Transaction and integration expenses	75	23
Gain/(loss) on disposal of operations	(357)	2

Tax effect on certain items listed above <sup>(i)</sup>	(55)	(65)
Tax effect of statutory rate change	40	—
Tax effect of the CARES Act	—	35
<b>Adjusted Net Income</b>	<b>\$ 821</b>	<b>\$ 669</b>
Weighted-average shares of common stock, diluted	130	130
<b>Diluted Earnings Per Share</b>	<b>\$ 7.04</b>	<b>\$ 3.07</b>
Adjusted for certain items: <sup>(ii)</sup>		
Abandonment of long-lived asset	—	0.27
Amortization	1.54	1.84
Transaction and integration expenses	0.58	0.18
Gain/(loss) on disposal of operations	(2.74)	0.02
Tax effect on certain items listed above <sup>(i)</sup>	(0.42)	(0.50)
Tax effect of statutory rate change	0.31	—
Tax effect of the CARES Act	—	0.27
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 6.30</b>	<b>\$ 5.14</b>

(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 TO ADJUSTED EBITDA

	Three Months Ended June 30,			
	2021		2020	
<b>Net Income</b>	\$ 186	8.1 %	\$ 102	4.8 %
Provision for income taxes	96		75	
Interest expense	52		62	
Depreciation	72		67	
Amortization	98		119	
Transaction and integration expenses	51		14	
Loss on disposal of operations	2		2	
<b>Adjusted EBITDA and Adjusted EBITDA Margin</b>	<b>\$ 557</b>	<b>24.4 %</b>	<b>\$ 441</b>	<b>20.9 %</b>

	Six Months Ended June 30,			
	2021		2020	
<b>Net Income</b>	\$ 922	18.9 %	\$ 415	9.1 %
Provision for income taxes	192		153	
Interest expense	111		123	
Depreciation <sup>(i)</sup>	143		165	
Amortization	201		240	
Transaction and integration expenses	75		23	
Gain/(loss) on disposal of operations	(357)		2	
<b>Adjusted EBITDA and Adjusted EBITDA Margin</b>	<b>\$ 1,287</b>	<b>26.4 %</b>	<b>\$ 1,121</b>	<b>24.5 %</b>

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

#### RECONCILIATIONS OF INCOME FROM OPERATIONS TO ADJUSTED OPERATING INCOME

	Three Months Ended June 30,			
	2021		2020	
<b>Income from operations</b>	\$ 260	11.4 %	\$ 163	7.7 %
Adjusted for certain items:				
Amortization	98		119	
Transaction and integration expenses	51		14	
<b>Adjusted operating income</b>	<b>\$ 409</b>	<b>17.9 %</b>	<b>\$ 296</b>	<b>14.0 %</b>



	Six Months Ended June 30,			
	2021		2020	
<b>Income from operations</b>	\$ 712	14.6 %	\$ 523	11.4 %
Adjusted for certain items:				
Abandonment of long-lived asset	—		35	
Amortization	201		240	
Transaction and integration expenses	75		23	
<b>Adjusted operating income</b>	\$ 988	20.3 %	\$ 821	17.9 %

#### RECONCILIATIONS OF GAAP INCOME TAXES/TAX RATE TO ADJUSTED INCOME TAXES/TAX RATE

	Three Months Ended June 30,	
	2021	2020
<b>Income from operations before income taxes</b>	\$ 282	\$ 177
Adjusted for certain items:		
Amortization	98	119
Transaction and integration expenses	51	14
Loss on disposal of operations	2	2
<b>Adjusted income before taxes</b>	\$ 433	\$ 312
<b>Provision for income taxes</b>	\$ 96	\$ 75
Tax effect on certain items listed above <sup>(i)</sup>	28	30
Tax effect of statutory rate change	(40)	—
Tax effect of the CARES Act	—	(35)
<b>Adjusted income taxes</b>	\$ 84	\$ 70
<b>U.S. GAAP tax rate</b>	<b>33.8 %</b>	<b>42.2 %</b>
<b>Adjusted income tax rate</b>	<b>19.3 %</b>	<b>22.2 %</b>

	Six Months Ended June 30,	
	2021	2020
<b>Income from operations before income taxes</b>	\$ 1,114	\$ 568
Adjusted for certain items:		
Abandonment of long-lived asset	—	35
Amortization	201	240
Transaction and integration expenses	75	23
Gain/(loss) on disposal of operations	(357)	2
<b>Adjusted income before taxes</b>	\$ 1,033	\$ 868
<b>Provision for income taxes</b>	\$ 192	\$ 153
Tax effect on certain items listed above <sup>(i)</sup>	55	65
Tax effect of statutory rate change	(40)	—
Tax effect of the CARES Act	—	(35)
<b>Adjusted income taxes</b>	\$ 207	\$ 183
<b>U.S. GAAP tax rate</b>	<b>17.2 %</b>	<b>26.9 %</b>
<b>Adjusted income tax rate</b>	<b>20.0 %</b>	<b>21.1 %</b>

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

#### RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO FREE CASH FLOW

Six Months Ended June 30,

	2021	2020
<b>Cash flows from operating activities</b>	\$ 366	\$ 685
Less: Additions to fixed assets and software for internal use	(79)	(135)
<b>Free Cash Flow</b>	\$ 287	\$ 550

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 2,286	\$ 2,113	\$ 4,876	\$ 4,579
Costs of providing services				
Salaries and benefits	1,407	1,363	2,930	2,757
Other operating expenses	398	387	815	871
Depreciation	72	67	143	165
Amortization	98	119	201	240
Transaction and integration expenses	51	14	75	23
Total costs of providing services	2,026	1,950	4,164	4,056
Income from operations	260	163	712	523
Interest expense	(52)	(62)	(111)	(123)
Other income, net	74	76	513	168
<b>INCOME FROM OPERATIONS BEFORE INCOME TAXES</b>	282	177	1,114	568
Provision for income taxes	(96)	(75)	(192)	(153)
<b>NET INCOME</b>	186	102	922	415
Income attributable to non-controlling interests	(2)	(8)	(5)	(16)
<b>NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON</b>	\$ 184	\$ 94	\$ 917	\$ 399
<b>EARNINGS PER SHARE</b>				
Basic earnings per share	\$ 1.42	\$ 0.73	\$ 7.06	\$ 3.08
Diluted earnings per share	\$ 1.41	\$ 0.72	\$ 7.04	\$ 3.07
Weighted-average shares of common stock, basic	130	129	130	130
Weighted-average shares of common stock, diluted	130	130	130	130

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

	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,217	\$ 2,089
Fiduciary assets	15,379	15,160
Accounts receivable, net	2,507	2,555
Prepaid and other current assets	465	497
Total current assets	20,568	20,301
Fixed assets, net	927	1,014
Goodwill	10,995	11,204

Other intangible assets, net	2,786	3,043
Right-of-use assets	830	902
Pension benefits assets	1,026	971
Other non-current assets	1,135	1,096
Total non-current assets	17,699	18,230
<b>TOTAL ASSETS</b>	<b>\$ 38,267</b>	<b>\$ 38,531</b>
<b>LIABILITIES AND EQUITY</b>		
Fiduciary liabilities	\$ 15,379	\$ 15,160
Deferred revenue and accrued expenses	1,782	2,161
Current debt	1,110	971
Current lease liabilities	152	152
Other current liabilities	751	888
Total current liabilities	19,174	19,332
Long-term debt	3,995	4,664
Liability for pension benefits	1,238	1,405
Deferred tax liabilities	628	561
Provision for liabilities	399	407
Long-term lease liabilities	838	918
Other non-current liabilities	280	312
Total non-current liabilities	7,378	8,267
<b>TOTAL LIABILITIES</b>	<b>26,552</b>	<b>27,599</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY<sup>(i)</sup></b>		
Additional paid-in capital	10,785	10,748
Retained earnings	3,166	2,434
Accumulated other comprehensive loss, net of tax	(2,278)	(2,359)
Treasury shares, at cost, 17,519 shares in 2021 and 2020	(3)	(3)
<b>Total Willis Towers Watson shareholders' equity</b>	<b>11,670</b>	<b>10,820</b>
Non-controlling interests	45	112
<b>Total Equity</b>	<b>11,715</b>	<b>10,932</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 38,267</b>	<b>\$ 38,531</b>

(i) Equity includes (a) Ordinary shares \$0.000304635 nominal value; Authorized 1,510,003,775; Issued 128,987,616 (2021) and 128,964,579 (2020); Outstanding 128,987,616 (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.

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

	Six Months Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>NET INCOME</b>	<b>\$ 922</b>	<b>\$ 415</b>
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	143	165
Amortization	201	240
Non-cash lease expense	73	74
Net periodic benefit of defined benefit pension plans	(81)	(92)
Provision for doubtful receivables from clients	8	28
Provision for deferred income taxes	56	40
Share-based compensation	52	28
Net (gain)/loss on disposal of operations	(357)	2
Non-cash foreign exchange gain	(4)	(12)
Other, net	(12)	1
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	(39)	128
Fiduciary assets	(1,198)	(3,200)
Fiduciary liabilities	1,198	3,200

Other assets	(91)	82
Other liabilities	(506)	(417)
Provisions	1	3
Net cash from operating activities	<u>366</u>	<u>685</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Additions to fixed assets and software for internal use	(79)	(135)
Capitalized software costs	(27)	(33)
Acquisitions of operations, net of cash acquired	—	(66)
Net proceeds from sale of operations	696	2
Other, net	—	(17)
Net cash from/(used in) investing activities	<u>590</u>	<u>(249)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Senior notes issued	—	282
Debt issuance costs	—	(2)
Repayments of debt	(515)	(311)
Proceeds from issuance of shares	2	5
Payments of deferred and contingent consideration related to acquisitions	(17)	—
Cash paid for employee taxes on withholding shares	(1)	(1)
Dividends paid	(269)	(171)
Acquisitions of and dividends paid to non-controlling interests	(21)	(14)
Other, net	—	(3)
Net cash used in financing activities	<u>(821)</u>	<u>(215)</u>
INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	135	221
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(10)	(22)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD <sup>(i)</sup>	<u>2,096</u>	<u>895</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD <sup>(i)</sup>	\$ 2,221	\$ 1,094

(i) As a result of the acquired TRANZACT collateralized facility, cash, cash equivalents and restricted cash included \$4 million and \$7 million of restricted cash at June 30, 2021 and December 31, 2020, respectively, which is included within prepaid and other current assets on our condensed consolidated balance sheets. There was \$7 million and \$8 million of restricted cash held at June 30, 2020 and December 31, 2019, respectively.

WillisTowersWatson 

Source: Willis Towers Watson Public Limited Company