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Towers Watson & Co.
Form 425
November 09, 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 November 9, 2015.

1
Investor Presentation Update
Merger with Willis Group Holdings
November 9, 2015

2

The benefits to Towers Watson shareholders are clear: This merger is the right deal

with the right partner to drive significant shareholder value.

The Towers Watson Board of Directors urges shareholders to vote FOR the transaction at our upcoming meeting on November 18, 2015

Unique opportunity to accelerate TW's long-term growth strategy

Right management team in place to execute on the integration and strategic plan

Clear, compelling synergies

Result of extensive evaluation and negotiation by an engaged,

independent board

Exchange ratio that is favorable to TW shareholders

3

Unique Opportunity to Accelerate Long-Term Strategy

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

»

Expanded client reach provides opportunity to realize growth across other areas, such as large market P&C brokerage and Global Health and Group Benefits
Global platform across 120+ countries, expanding TW's reach by 80+ countries

»

Leverages Willis' strong relationships with large companies internationally
Optimal mix of client offerings, with higher percentage of solutions

»

The transaction creates a comprehensive portfolio of advisory services, solutions and technology
Brings together the top industry talent while enhancing our ability to invest in innovation

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

[W]e believe the strategic rationale underpinning the proposed merger is

sound. We believe the merger would enhance the overall competitive position of the companies, improve their ability to serve a broader range of clients, create an extensive offering of products and solutions and establish a stronger platform for growth and future investments.

Glass Lewis

November 5, 2015

[W]e recognize the strategic merit of the merger and the potential to achieve greater financial performance than either company could on its

own
in
the
long term.

Glass Lewis

November 5, 2015

[T]he potential long-term benefits of the deal appear compelling
ISS

November 5, 2015

[I]ntegrating
the [exchange] product with a powerful distribution system is
more critical than a backward-looking analysis of growth rates can convey.
ISS

November 5, 2015

We believe the combination of the two firms will create strong long-term
strategic value that outpaces what either firm on a standalone basis can
achieve, including generation of material revenue, cost and tax synergies.

Piper Jaffray

November 6, 2015

Analysts & Proxy Advisors Views

(1)

Permission to used quoted material was neither sought nor obtained; emphasis added.

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4

Projected to Generate Substantial Growth and Shareholder Value

Merger expected to generate \$4.7 billion in value
from highly-achievable synergies

Clearly identified cost, revenue and tax synergies

»

\$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 (\$75 million estimated impact)

Synergy estimates are a result of deep diligence by TW, Willis, and third-party consultants based on our detailed understanding of the businesses Substantially accretive to TW shareholders

»

Cash Net Income accretion expected to be >25% for CY 2016 and increase to 45% for CY 2018

We believe the pending merger with Willis has the potential to unlock significant shareholder value, including an accelerated adoption curve for private exchange solutions leveraging channel synergies from Willis' middle market strength. Additionally, we identify strategic value from the combination in the form of enhanced TW international growth and expanded Willis U.S. P&C growth. We

view

the

\$125M

in

cost

synergies

and

\$75M

in

tax savings as highly achievable, and potentially conservative.

Piper Jaffray

November 2, 2015

Acquisition cost synergies are probably understated by \$50M-\$75M. Company is guiding to \$100M-\$125M in 2-3 years. We note that it achieved about

\$110M

in

synergies

from

the

Towers

Perrin

acquisition

which

was

half

the size of this deal.

Stifel

July 1, 2015

[W]e recognize the strategic merit of the merger and the potential to achieve greater financial performance than either company could on its own in the long term.

Glass Lewis

November 6, 2015

[A] combined entity would benefit from certain factors, including cost synergies and the potential revenue opportunity of better mating Towers' healthcare exchange with Willis' distribution network.

ISS

November 6, 2015

[W]e re more focused at this point on the bigger prize. The material accretion associated with the WSH deal, where CY16 EPS of \$8.25.

Citi

August 12, 2015

Analysts & Proxy Advisors Views

(1)

Permission to used quoted material was neither sought nor obtained; emphasis added.

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5

Balanced Ownership Stake for TW Shareholders

TW ownership split is favorable when viewed against historical trading and internal earnings projections.

Source: Towers Watson and Willis Group standalone projections per S-4 filing and FactSet.

Note:

Market

data

from

FactSet

as

of

June

29,

2015.

(1)

Based

on

Pro

Forma

Fully

Diluted

Ownership.

Towers

Watson

pro

forma

market

capitalization

adjusted

for

special

one-time

dividend

of

\$337mm

(2)

Operational Improvement Spending of \$124mm in 2016E, \$128mm in 2017E and \$0mm in 2018E per projections by Willis m

Implied TW

Equity

Ownership

Implied WSH Equity

Ownership

Final Pro Forma

Ownership -

Higher/(Lower)

Market Cap Basis

Market Cap (60-day Average Ended 6/05/15)

(1)

49.9%

50.1%

-

Market Cap (180-Day Average Ended 6/05/15)

(1)

49.4%

50.6%

+ 0.5%

Market Cap (1-year average Ended 6/05/15)

(1)

48.9%

51.1%

+ 1.0%

Market Cap (Based on 6/29/15)

(1)

52.7%

47.3%

(2.8)%

Cash Net Income -

Excluding Willis Operational Improvement Expense

CY2016E Cash Net Income

43.5%

56.5%

+ 6.4%

CY2017E Cash Net Income

41.5%

58.5%

+ 8.4%

CY2018E Cash Net Income

40.7%

59.3%

+ 9.2%

Cash

Net

Income

-

Including

Willis

Operational Improvement Expense

(2)

CY 2016E

(2)

47.6%

52.4%

+ 2.3%

CY 2017E

(2)

45.1%

54.9%

+ 4.8%

CY 2018E

(2)

40.7%

59.3%

+ 9.2%

Final

Pro Forma Ownership

49.9%

50.1%

-

Contribution Analysis

6
TW has Outperformed Industry Peers Since Announcement
Purported underperformance relative to peers is driven solely by Marsh & McLennan Companies
(MMC)
the broader peer group represents a more accurate benchmark for performance
»
MMC is significantly larger than Towers Watson and does not represent a pure-play comparable
TW has actually outperformed peers
(
1
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since announcement

demonstrating investor support

»

TW management has spent significant time with its shareholders since announcement providing additional detail on the strategic fit and value creation potential of the transaction

»

We believe this engagement has generated significant shareholder support and driven recent outperformance relative to our peers

In
mergers,
initial
market
reaction
to
a
value-creating
transaction
may
be
negative

for
instance,
there
was
a
~8%
decline
in
stock
price
on
announcement
of
the
2009
Towers
Perrin
/
Watson
Wyatt
transaction,
although
this
transaction
drove
TW
returns
>20%

in
excess
of
peers
post-transaction
to
date

(1)

Peers include Accenture, Advisory Board Company, Aon, The Corporate Executive Board, FTI, Huron Consulting, and MMC

(2)

Market data per FactSet; represents stock price performance from indicated start date through November 6, 2015

Indexed Share Price Performance

(1)

80

85

90

95

100

105

6/29/15

7/25/15

8/20/15

9/15/15

10/11/15

11/6/15

TW

AON

MMC

Peer Average

Day Prior

to Announcement

(6/29

to Present)

(2)

Day of

Announcement to

Present

(6/30

to Present)

(2)

Average

TW Peers

(1)

(6.5%)

(11.4%)

Median

TW Peers

(1)

(6.5%)

(14.1%)

Towers
Watson
(6.2%)
(1.8%)
vs. Peer Average
0.3%
9.6%
vs. Median Average
0.3%
12.3%

7

Proven Ability to Realize Benefits of the Merger

Strong continuing management team increases the likelihood of successfully integrating and capturing synergies

»

The Chief Executive Officer, Chief Financial Officer, most of the business leaders and independent directors will continue to have important roles with the combined company

TW has a proven record of delivering shareholder

value in highly successful Towers Perrin/Watson
Wyatt merger

»
Towers Watson shares up 214.4%
since
announcement

»
Achieved \$110 million in pretax annual cost synergies
\$30 million in excess of the initially anticipated amount
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

»
Properly aligned management incentives with
shareholder's interest

Analysts & Proxy Advisors Views

[W]e

also
acknowledge
that
Towers
Watson
management
has
a
track

record of delivering shareholder value following a transformative
transaction.

Glass Lewis

November 5, 2015

No one has questioned the wisdom of making Towers' CEO the head of the
combined entity. In fact, several equity analysts have praised Haley's
acquisition track record

noting that the market has at first underestimated
certain transactions he has overseen.

ISS

November 5, 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

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

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

(1)
Permission to used quoted material was neither sought nor obtained; emphasis added.

(2)
Source:
FactSet
dates
from
June
28,
2009
to
November
6,
2015.

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(2)

8

Transaction was a Result of a Thorough, Independent Process

Extensive Evaluation by an Engaged, Independent Board

Independent Directors played a significant role in evaluating the transaction and oversaw multiple meetings and executive sessions throughout the evaluation and negotiation process

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 considered alternative transaction structures, but determined that the merger-of-equals structure was the optimal way to leverage the strengths of both businesses

No market check was run due to Board, management and advisor judgment regarding lack of strategic interest, which has been validated post-announcement given that no other interested party has indicated

interest or submitted a proposal

Board concluded the potential value of the combined company is more compelling than standalone plan, since it provides a unique opportunity for TW to benefit from the upside created through broadened product offerings, client reach, and geographic scope

In our opinion, the proposed merger is the result of a thorough review of strategic alternatives. Towers Watson's evaluation of a potential combination with Willis involved various members of management, independent directors and external business, financial and legal advisors, all of whom assessed aspects of the potential value creation opportunities, the cultural compatibility and the strategic and financial implications of the proposed transaction.

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Glass Lewis, November 5, 2015

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The Towers Watson Board of Directors urges shareholders to vote FOR the transaction at our upcoming meeting on November 18, 2015

Compelling strategic rationale

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

Favorable MOE transaction structure

Rigorous Board evaluation of merger

Strong continuing leadership, with proven MOE execution and integration experience

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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 relevant information concerning the proposed transaction. The registration statement on Form S-4 was declared effective by the SEC on October 13, 2011. Towers Watson and Willis Group mailed the joint proxy statement/prospectus to its respective stockholders on or around October 13, 2011. **YOU ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND THE OTHER RELEVANT DOCUMENTS FILED WITH THE COMMISSION AS THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT TOWERS WATSON, WILLIS GROUP AND THE PROPOSED TRANSACTION.** You may obtain the joint proxy statement/prospectus and the other documents filed with the Commission free of charge at the Commission's website, www.sec.gov. In addition, you may obtain the joint proxy statement/prospectus and the other documents filed by Towers Watson and Willis Group with the Commission by requesting them from the

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in writing from Towers Watson, 901 N. Glebe Road, Arlington, VA 22203, Attention: Investor Relations, or by telephone at (703) 901-1000, or by email at investorrelations@tw.com, or from Willis Group, Brookfield Place, 200 Liberty Street, 7th Floor, New York, NY 10281-1003, Attention: Matt Rohrman, Investor Relations, or by telephone at (212) 915-8084.

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Forward Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We identify these statements and other forward-looking statements in this document by words such as may, will, would, anticipate, believe, estimate, plan, intend, continue, or similar words, expressions or the negative of such terms and 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, 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 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 with employees, suppliers, customers and competitors; changes in general economic, business and political conditions; changes in the financial markets; significant competition; compliance with extensive government regulation; the combined companies' ability to make acquisitions and its ability to integrate or manage such acquired businesses. Additional risks and factors are identified in Towers Watson's Annual Report on Form 10-K filed on August 14, 2015, which is on file with the Commission, and under 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 forward-looking information included in this document, whether as a result of new information, future events, changed expectations or otherwise.