JUPITER SATURN HOLDING CO
Form S-4
September 03, 2009
Table of Contents

As filed with the Securities and Exchange Commission on September 3, 2009

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

JUPITER SATURN HOLDING COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**6719**	**27-0676603**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

c/o Watson Wyatt Worldwide, Inc.

875 Third Avenue

New York, NY 10022

(212) 725-7550

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

John J. Haley

Chairman of the Board of Directors and Chief Executive Officer

Jupiter Saturn Holding Company

c/o Watson Wyatt Worldwide, Inc.

875 Third Avenue

New York, NY 10022

(212) 725-7550

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Neil D. Falis, Esq.

Towers, Perrin, Forster & Crosby, Inc.

One Stamford Plaza

263 Tresser Boulevard

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Washington, D.C. 20036

(202) 955-8500

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

Table of Contents

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (*Do not check if a smaller reporting company*)	Smaller reporting company	¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	¨
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	***Amount to be Registered***(1)	***Proposed Maximum Offering Price Per Share***	***Proposed Maximum Aggregate Offering Price***(2)	***Amount of Registration Fee***
Class A common stock, $0.01 par value per share Class B-1 common stock, $0.01 par value per share Class B-2 common stock, $0.01 par value per share Class B-3 common stock, $0.01 par value per share Class B-4 common stock, $0.01 par value per share Class R common stock, $0.01 par value per share Class S common stock, $0.01 par value per share Subordinated notes	(1)	N/A	$ 2,066,368,874.45(3)	$ 115,303.38(3)

(1) In accordance with Rule 457(o), the registration fee is calculated upon the basis of the maximum aggregate offering price of all securities listed in the table above, and the table does not include the number of shares of each class of Jupiter Saturn Holding Company common stock and the aggregate principal amount of the subordinated notes issuable in connection with the transaction described herein being registered.

(2) In accordance with Rule 457(f), the registration fee is calculated upon the basis of the sum of (i) the aggregate book value of Towers, Perrin, Forster & Crosby, Inc. equity securities to be exchanged in the transaction described herein as of June 30, 2009, the latest practicable date prior to the date of filing of this registration statement (based on 70,319.76 shares outstanding with a book value per share of $2,095.36), plus (ii) the aggregate market value of Watson

Wyatt Worldwide, Inc. Class A common stock to be exchanged in the transaction described herein as of August 28, 2009 (based on 42,692,411 shares outstanding and an average of the high and low price per share of $44.95). Towers, Perrin, Forster & Crosby, Inc. is a private company and no market exists for its equity securities.

(3) Pursuant to Rule 457(i) under the Securities Act, there is no filing fee payable with respect to shares of Class A common stock issuable upon conversion of the Class B-1 common stock, Class B-2 common stock, Class B-3 common stock or Class B-4 common stock of Jupiter Saturn Holding Company, or with respect to the Subordinated Notes issuable upon redemption of the Class R common stock of Jupiter Saturn Holding Company because no additional consideration will be received in connection with the conversion or redemption, as applicable.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a) may determine.

Table of Contents

The information in this joint proxy statement/prospectus is not complete and may be changed. Towers Watson may not issue the securities to be issued in the merger until the registration statement filed with the Securities and Exchange Commission is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated September 3, 2009

Joint Proxy Statement/Prospectus

Dear Towers Perrin Shareholders and Watson Wyatt Stockholders:

On June 26, 2009, Towers, Perrin, Forster & Crosby, Inc. and Watson Wyatt Worldwide, Inc. agreed to combine in a merger of equals . We believe the combined company, Towers Watson & Co., will be one of the world s leading professional services firms, and create value for its owners based on:

Strengthened Organizational Capabilities: Towers Watson will be stronger than the sum of its parts, positioned for industry leadership long into the future and a more effective competitor that can provide additional services to our existing and prospective clients.

Expanded Global Presence with Geographically Diverse Revenue Base: The merger will expand our global footprint to optimize service, global reach, and seamless delivery for our clients.

Increased Growth & Revenue: We expect the merger will enable us to realize economies of scale, diversify current businesses, and increase growth and investment potential.

Greater Opportunities for Our People: For our people, there will be an expanded set of career opportunities, a stronger brand, greater access to resources, and a broader network of employees.

Immediately following the merger, Towers Perrin security holders, on the one hand, and Watson Wyatt security holders, on the other hand, will each be entitled to receive, in the aggregate, 50% of Towers Watson s voting common stock.

Towers Perrin and Watson Wyatt have each scheduled a special stockholder meeting to vote on, among other things, the merger agreement proposal. We ask for your support in voting **FOR** the merger agreement proposal at your respective special meeting. Voting instructions are included in this document.

Towers Perrin s board of directors unanimously approved the merger agreement and determined that the merger agreement is advisable and in the best interests of Towers Perrin, its shareholders and other constituencies. Towers Perrin s board of directors recommends that Towers Perrin shareholders vote FOR approval and adoption of the merger agreement.

Watson Wyatt s board of directors unanimously approved the merger agreement and determined that the merger agreement is advisable and in the best interests of Watson Wyatt and its stockholders. Watson Wyatt s board of directors recommends that Watson Wyatt stockholders vote FOR approval and adoption of the merger agreement.

For a discussion of risk factors which you should consider in evaluating the merger, see Risk Factors beginning on page 25 of the attached document.

We expect the Towers Watson Class A common stock to be listed on the New York Stock Exchange and the NASDAQ Global Select Market under the symbol TW . Towers Perrin s common stock is not publicly traded. Watson Wyatt s Class A common stock is currently traded on the New York Stock Exchange and the NASDAQ Global Select Market under the symbol WW .

John J. Haley	Mark V. Mactas
President, CEO and Chairman of the Board	President, CEO and Chairman of the Board
Watson Wyatt Worldwide, Inc.	Towers, Perrin, Forster & Crosby, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities of Towers Watson to be issued in the merger, or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [______], 2009 and is expected to be first mailed to Towers Perrin shareholders and Watson Wyatt stockholders on or about [______], 2009.

Table of Contents

Reference to Additional Information

This document incorporates important business and financial information about Watson Wyatt Worldwide, Inc. from other documents that are not included in or delivered with this document. These documents are available to you without charge upon your written or oral request, including any exhibits that are incorporated by reference into these documents. To obtain documents incorporated by reference in this document, you can request them in writing or by telephone from Watson Wyatt at the following address and telephone number:

Investor Relations

Watson Wyatt Worldwide, Inc.

901 N. Glebe Road

Arlington, Virginia 22203

Telephone: 703-258-8000

If you would like to request documents, please do so by [DATE] in order to receive them before your special meeting.

See Additional Information Where You Can Find Additional Information beginning on page 226 for more information about the documents referenced in this joint proxy statement/prospectus.

Cautionary Statement Concerning Forward-Looking Statements

This document and the information incorporated by reference in this document contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. These statements are forward-looking statements and include, but are not limited to, statements in the following sections of this document: Summary , Risk Factors , Towers Perrin s Management s Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this document. You can identify these statements and other forward-looking statements in this document by the use of forward-looking words such as may , will , would , expect , anticipate , believe , estimate , plan continue , potential or similar words, expressions or the negative of such terms or other comparable terminology. You should read these statements carefully because they contain information about the synergies and the benefits that are expected to be achieved in the merger, the combined company s plans, objectives and expectations, projections of future results of operations or financial condition, or other forward-looking information. These statements are only predictions based on the current expectations and projections about future events of Towers Watson, Towers Perrin and Watson Wyatt. There are important factors that could cause actual results, performance or achievements of Towers Watson, Towers Perrin and Watson Wyatt to differ materially from the results, performance or achievements expressed or implied by the forward-looking statements. **In particular, you should consider the risks and uncertainties described under Risk Factors beginning on page 25.** The following factors, among others, could also cause actual results to differ from those set forth in the forward-looking statements:

- The ability to obtain governmental approvals of the merger on the proposed terms and schedule;
- The failure to obtain the requisite approval of Towers Perrin shareholders or Watson Wyatt stockholders;
- The failure to satisfy all other conditions to the closing of the merger;
- The risk that the combined businesses will not be integrated successfully;
- The risk that anticipated cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected;
- The ability to recruit and retain qualified employees and to retain client relationships;
- The impact of acquisition accounting for the merger on Towers Watson s consolidated financial statements;
- Declines in demand for Towers Watson s services;
- The combined company s ability to make acquisitions, on which its growth will depend in part, and its ability to integrate and manage such acquired businesses;
- Legislative and regulatory developments that impact Towers Watson s business; and
- The risk that a significant or prolonged economic downturn could have a material adverse effect on the combined company s business, financial condition and results of operations.

Table of Contents

These risks and uncertainties are not exhaustive. Other sections of this document describe additional factors that could adversely impact the business and financial performance of Towers Watson, Towers Perrin and Watson Wyatt. Moreover, Towers Watson will operate, and Towers Perrin and Watson Wyatt currently operate, in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can the Holding Company, Towers Perrin or Watson Wyatt assess the impact of all factors on their business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although the Holding Company, Towers Perrin and Watson Wyatt believe the expectations reflected in the forward-looking statements are reasonable, they cannot guarantee future results, performance or achievements. Moreover, none of the Holding Company, Towers Perrin or Watson Wyatt assumes responsibility for the accuracy or completeness of any of these forward-looking statements. 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. None of the Holding Company, Towers Perrin or Watson Wyatt undertakes an obligation to update any of the forward-looking information included in this document, whether as a result of new information, future events, changed expectations or otherwise.

Forward-looking statements include, but are not limited to, statements about:

- Estimates of anticipated synergies and cost savings from the merger, as well as costs of the merger;
- Estimated timing of the merger;
- Future results of operations and operating cash flows;
- Strategies and investment policies;
- Financing plans and the availability of capital;
- Foreign currency exchange and interest rate fluctuations;
- Competitive position;
- Potential growth opportunities available to Towers Watson, Towers Perrin or Watson Wyatt;
- The risks associated with potential acquisitions or alliances;
- The recruitment and retention of officers and employees;
- Future performance, achievements, productivity improvements and efficiency and cost reduction efforts;
- Demand for consulting, actuarial and other services;
- Protection or enforcement of intellectual property rights;
- Expectations with respect to securities markets;
- Expectations with respect to general economic conditions;
- Effects of competition;
- Future legislation and regulatory changes; and
- Technological developments.

The Holding Company, Towers Perrin and Watson Wyatt caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this document in the case of forward-looking statements contained in this document, or the dates of the documents incorporated by reference into this document in the case of forward-looking statements made in those incorporated documents.

The Holding Company, Towers Perrin and Watson Wyatt expressly qualify in their entirety all forward-looking statements attributable to the Holding Company, Towers Perrin and Watson Wyatt, or any person acting on their behalf, by the cautionary statements contained or referred to in this section.

Table of Contents

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Towers Perrin shareholders of record on [__________], 2009:

A special meeting of shareholders of Towers, Perrin, Forster & Crosby, Inc., a Pennsylvania corporation (Towers Perrin), will be held on [DATE], 2009 at [ADDRESS], [__________] [a/p].m., local time, for the following purposes:

1. To consider and vote upon the approval and adoption of the Agreement and Plan of Merger, dated as of June 26, 2009, by and among Towers Perrin, Watson Wyatt Worldwide, Inc., Jupiter Saturn Holding Company, Jupiter Saturn Delaware Inc. and Jupiter Saturn Pennsylvania Inc., a copy of which is attached as Annex A to this document.

2. To consider and vote on the amendment of Article VI of the Amended and Restated Bylaws of Towers Perrin, which contains transfer and ownership restrictions on shares of Towers Perrin common stock that must be amended to consummate the transactions contemplated by the Agreement and Plan of Merger.

3. To consider and vote upon adjournment(s) of the special meeting to permit further solicitation of proxies to vote in favor of the foregoing proposals.

4. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Your vote on the matters listed above is important. The approval and adoption of Proposal No. 1 and Proposal No. 2 above requires the affirmative vote of the holders of at least two-thirds of the issued and outstanding shares of Towers Perrin common stock at the special meeting. The approval and adoption of any other proposal at the special meeting requires the affirmative vote of the holders of a majority of the votes cast at the special meeting.

Only Towers Perrin shareholders of record at the close of business on [DATE], 2009 are entitled to notice of and to vote at Towers Perrin s special meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

Kevin C. Young
Vice President, General Counsel and Secretary

Stamford, Connecticut

[DATE]

Table of Contents

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

A special meeting of stockholders of Watson Wyatt Worldwide, Inc., a Delaware corporation (Watson Wyatt), will be held on [DATE], at Westin Arlington Gateway, 801 N. Glebe Road, Arlington, Virginia 22203, [______] [a/p].m., local time, for the following purposes:

1. To consider and vote upon the approval and adoption of the Agreement and Plan of Merger, dated as of June 26, 2009, by and among Watson Wyatt, Towers, Perrin, Forster & Crosby, Inc., Jupiter Saturn Holding Company, Jupiter Saturn Delaware Inc. and Jupiter Saturn Pennsylvania Inc., a copy of which is attached as Annex A to this document.

2. To approve the Towers Watson & Co. 2009 Long Term Incentive Plan, a copy of which is attached as Annex G to this document.

3. To consider and vote upon adjournment(s) of the special meeting to permit further solicitation of proxies to vote in favor of the foregoing proposals.

4. To transact such other business as may properly come before the special meeting and any adjournment(s) or postponement(s) thereof.

Stockholders of record of Watson Wyatt Class A common stock at the close of business on [DATE], 2009 are entitled to notice of and to vote at Watson Wyatt s special meeting or any adjournment or postponement thereof. At the close of business on the record date, Watson Wyatt had outstanding and entitled to vote [______] shares of common stock. Watson Wyatt will keep at its offices in Arlington, Virginia a list of stockholders entitled to vote at the special meeting available for inspection for any purpose relevant to the special meeting during normal business hours for the 10 days before the special meeting. All Watson Wyatt stockholders are cordially invited to attend Watson Wyatt s special meeting.

By Order of the Board of Directors,

Walter W. Bardenwerper

Vice President, General Counsel and Secretary

Arlington, Virginia

[DATE]

Your vote is important. Whether or not you plan to attend the Watson Wyatt special meeting, please vote in advance by submitting a proxy by telephone, over the Internet or by mail. The affirmative vote of the holders of a majority of the shares of Watson Wyatt Class A common stock entitled to vote at the special meeting is required for approval of Proposal No. 1 regarding the adoption and approval of the merger agreement. The affirmative vote of the holders of a majority of the shares represented and entitled to vote on the subject matter is required to approve all other proposals at the Watson Wyatt special meeting.

Please do not send any certificates representing your Watson Wyatt shares at this time.

Watson Wyatt stockholders are cordially invited to attend the special meeting in person. Whether or not you expect to attend the special meeting in person, please submit a proxy by telephone or over the Internet as instructed in these materials, or complete, date, sign and return the enclosed proxy card, as promptly as possible in order to ensure we receive your proxy with respect to your shares. A return envelope (which is postage pre-paid if mailed in the United States) is enclosed for your convenience. If you sign, date and mail your proxy card without indicating how you wish to have your shares voted, the shares represented by the proxy will be voted **FOR** each of the foregoing proposals at the special meeting. If you fail to submit your proxy by telephone or over the Internet or return your proxy card, or if your shares are held in street name and you do not instruct your broker how to vote your shares, the effect will be as though you cast a vote **AGAINST** the adoption of the merger agreement. If you attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person prior to the close of voting at the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must obtain a proxy issued in your name from the record holder.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

ANNEXES:

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

The questions and answers below highlight only selected information from this document. They do not contain all of the information that may be important to you. We urge you to read carefully this entire document, including its Annexes, to fully understand the proposed merger and the voting procedures for the Towers Perrin and Watson Wyatt special meetings. Additional important information is also contained in the Annexes to this document and the documents incorporated by reference in this document.

Q: Why am I receiving these materials?

A: On June 26, 2009, Towers Perrin and Watson Wyatt agreed to combine in a merger of equals . In order to complete this combination, each of Towers Perrin and Watson Wyatt will merge with a wholly owned subsidiary of the Holding Company, an entity that is a newly formed Delaware corporation and jointly owned by Towers Perrin and Watson Wyatt. The Holding Company will change its name to Towers Watson & Co. upon completion of the merger. At the effective time, Towers Perrin security holders, on the one hand, and Watson Wyatt security holders, on the other hand, will each be entitled to receive, in the aggregate, 50% of Towers Watson s voting common stock then outstanding.

References to:

The effective time of the merger mean the time at which the merger is deemed to be effective, which time will be no later than the second business day after the merger s closing date but at least one minute after the Holding Company s amended and restated certificate of incorporation becomes effective;

The Holding Company mean Jupiter Saturn Holding Company;

The merger refer to the Towers Perrin merger and the Watson Wyatt merger collectively;

The merger agreement mean the Agreement and Plan of Merger, dated as of June 26, 2009, by and among Towers Perrin, Watson Wyatt, the Holding Company, Jupiter Saturn Delaware Inc. and Jupiter Saturn Pennsylvania Inc., a copy of which is attached as Annex A to this document;

Towers Perrin mean Towers, Perrin, Forster & Crosby, Inc.;

The Towers Perrin merger mean the merger of Towers Perrin Merger Corp. with and into Towers Perrin, with Towers Perrin as the surviving corporation;

Towers Perrin Merger Corp. mean Jupiter Saturn Pennsylvania Inc.;

Towers Perrin RSUs mean Towers Perrin restricted stock units;

Towers Perrin security holders mean the holders of shares of Towers Perrin common stock together with the holders of Towers Perrin RSUs;

Towers Perrin shareholders solely refer to holders of shares of Towers Perrin common stock;

Towers Watson mean Towers Watson & Co.;

Watson Wyatt mean Watson Wyatt Worldwide, Inc.;

Watson Wyatt DSUs mean Watson Wyatt deferred stock units outstanding under the 2001 Watson Wyatt Deferred Stock Unit Plan;

The Watson Wyatt merger mean the merger of Watson Wyatt Merger Corp. with and into Watson Wyatt, with Watson Wyatt as the surviving corporation;

Watson Wyatt Merger Corp. mean Jupiter Saturn Delaware Inc.;

Watson Wyatt security holders mean the holders of shares of Watson Wyatt Class A common stock together with the holders of Watson Wyatt DSUs; and

Watson Wyatt stockholders solely refer to holders of shares of Watson Wyatt Class A common stock.

The stockholders of both Towers Perrin and Watson Wyatt must approve and adopt the merger agreement. We are sending you these materials to help you decide whether to approve and adopt the merger agreement at your upcoming special meeting, among other things.

Table of Contents

Q: When and where are the special meetings?

A: The Towers Perrin special meeting will be held at [LOCATION], on [DATE], 2009 at [TIME], local time.

The Watson Wyatt special meeting will be held at Westin Arlington Gateway, 801 N. Glebe Road, Arlington, Virginia 22203, on [DATE], 2009 at [TIME], local time.

Q: What will I receive in the merger?

A: Towers Perrin security holders will receive the consideration described in The Merger Agreement Conversion of Stock, Stock Options and Other Awards . The shares of Towers Watson common stock received by Towers Perrin security holders will be subject to vesting, forfeiture, transfer and reallocation provisions as described in The Merger Agreement Vesting, Forfeiture, Transfer and Reallocation Provisions . In addition, certain Towers Perrin shareholders who meet defined service plus age criteria may elect to designate between 50% and 100% of their shares of Towers Perrin common stock to be converted into shares of Towers Watson Class R common stock, which in turn will be automatically redeemed by Towers Watson on the first business day following the effective time for an amount consisting of equal amounts of cash and one-year subordinated promissory notes issued by Towers Watson, as described in The Merger Agreement The Class R and Class S Elections . Alternatively, dissenting holders of shares of Towers Perrin common stock who follow the procedures of Subchapter 15D of the Pennsylvania Business Corporation Law will be entitled to receive from Towers Perrin the fair value of their shares calculated as of immediately before the completion of the merger.

Watson Wyatt stockholders will receive one share of Towers Watson Class A common stock for each share they own of Watson Wyatt Class A common stock. Holders of Watson Wyatt DSUs will receive one share of Towers Watson Class A common stock for each Watson Wyatt DSU whose performance conditions (if any) have been satisfied or deemed satisfied by the compensation committee of Watson Wyatt s board of directors. The Towers Watson Class A common stock received by Watson Wyatt security holders will not be subject to transfer restrictions unless the Watson Wyatt security holder is or becomes an affiliate of Towers Watson, in which case the shares received will be subject to transfer restrictions under U.S. federal securities laws. Watson Wyatt security holders will not have the right to elect to receive a different form of consideration in exchange for their Watson Wyatt shares.

The Towers Watson Class A common stock is expected to be listed on the New York Stock Exchange (or NYSE) and the NASDAQ Global Select Market (or NASDAQ) under the symbol TW .

Q: Will I be taxed on the consideration that I receive in exchange for my shares?

A: ***Towers Perrin security holders:***

The exchange of Towers Perrin common stock solely for Towers Watson Class B common stock by holders of Towers Perrin common stock should generally be nontaxable to such holders for U.S. federal income tax purposes. However, under certain circumstances, tax may be imposed on the receipt of merger consideration.

For U.S. federal income tax purposes, Towers Perrin shareholders who make a Class R or Class S election generally will recognize gain, but not loss, on the exchange and will be taxable on the lesser of (1) the amount of cash and the fair market value of Towers Watson Notes treated as received in exchange for their Towers Perrin common stock and (2) the amount of gain realized in the exchange. In addition, a portion of the consideration payable to a shareholder who makes a Class R election will be treated as compensation income and taxable at ordinary income tax rates.

A Towers Perrin employee who is a U.S. person who receives Towers Perrin RSUs should generally be subject to U.S. federal income tax at ordinary income rates when he or she receives vested Towers Watson restricted Class A common stock.

Table of Contents

Watson Wyatt stockholders:

The exchange of Watson Wyatt Class A common stock solely for Towers Watson Class A common stock by holders of Watson Wyatt Class A common stock should generally be nontaxable to such holders for U.S. federal income tax purposes.

Tax matters are very complicated. The tax consequences of the merger to you will depend on your specific situation. You should consult your tax advisor for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger to you. See Material Income Tax Considerations for a description of the tax consequences of the merger.

Q: What shareholder approvals are needed to approve the merger agreement?
A: For adoption of the merger agreement:

Holders of two-thirds of Towers Perrin s outstanding common stock entitled to vote at the Towers Perrin special meeting must be voted FOR the approval and adoption of the merger agreement and the proposal to amend Article VI of Towers Perrin s Amended and Restated Bylaws (which we refer to as Towers Perrin s bylaws).
Holders of a majority of Watson Wyatt s Class A common stock outstanding and entitled to vote at the Watson Wyatt special meeting must be voted FOR the approval and adoption of the merger agreement.

Q: What do I need to do now? How do I vote?
A: After carefully reading this document, please vote by submitting a proxy for your shares of common stock as soon as possible in the following manner.

Towers Perrin shareholders: Complete and submit electronically the proxy card you receive by following the instructions provided on the proxy card.
Watson Wyatt stockholders: (1) Use the toll-free phone number listed on your proxy card and follow the recorded instructions, (2) go to the Internet website listed on your proxy card and follow the instructions provided, or (3) complete and return the enclosed proxy card.

Q: Can I change my vote after I have submitted my proxy?
A: Yes. You can change your vote at any time before your proxy is voted at your special meeting, as follows:

If you are a Towers Perrin shareholder, you may revoke your proxy at any time prior to its exercise by:
Properly completing and submitting a later-dated proxy electronically prior to midnight eastern time on the day prior to the Towers Perrin special meeting; or
Attending the Towers Perrin special meeting and voting in person.
If you are a Watson Wyatt stockholder, you may revoke your proxy at any time prior to its exercise by:
Sending a written notice to the corporate secretary of Watson Wyatt before the Watson Wyatt special meeting stating that you would like to revoke your proxy;
Completing, signing and returning another later-dated proxy card prior to the Watson Wyatt special meeting;
Using the toll-free phone number or Internet website listed on the proxy card and following the instructions provided prior to midnight eastern time on the day prior to your special meeting; or
Attending the Watson Wyatt special meeting and voting in person.

Table of Contents

Q: If my shares of Watson Wyatt Class A common stock are held in street name by my broker, will my broker vote my shares for me?

A: No. Your broker is not permitted to vote your shares of Watson Wyatt Class A common stock unless you tell the broker how to vote. To do so, you should follow the directions that your broker provides to you.

Q: Whom do I call if I have further questions about voting, my special meeting or the merger?

A: Towers Perrin security holders may call Kevin C. Young at (215) 246-6000.

Watson Wyatt stockholders may call [ ] at [ ] or Walter W. Bardenwerper at (703) 258-8000.

vii

SUMMARY

This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger agreement, you should read carefully this entire document and the documents to which we have referred you, including the merger agreement attached to this document as Annex A. See the section entitled Additional Information Where You Can Find Additional Information beginning on page 226. We have included page references directing you to a more complete description of each item presented in this summary.

The Companies (See page 46)

Towers, Perrin, Forster & Crosby, Inc.

One Stamford Plaza

263 Tresser Boulevard

Stamford, Connecticut 06901

(203) 326-5400

Towers Perrin was incorporated in Pennsylvania in 1934 as Towers, Perrin, Forster & Crosby, Inc. Towers Perrin is a global professional services firm that helps organizations improve performance through effective people, risk and financial management. The firm provides innovative solutions in the areas of human capital strategy, program design and management, and in the areas of risk and capital management, insurance and reinsurance intermediary services, and actuarial consulting.

Towers Perrin s services help clients solve many of the most pressing issues facing organizations worldwide today, including increasingly complex human capital challenges and a growing need for sophisticated risk and capital management. Towers Perrin believes it has developed many of the most innovative services and products in the areas in which it delivers solutions, including several types of managed care and consumer-based health plans that have evolved to meet changing client needs; a prescription drug collaborative purchasing program to help employers control costs; state-of-the-art financial modeling software; and the development of a comprehensive portfolio of services to help insurance organizations understand the links between risk and capital and manage these risks on an enterprise-wide basis. In addition, Towers Perrin s ability to respond rapidly to emerging issues has allowed it to help clients react to both risks and opportunities in practical ways. Recent examples include Towers Perrin s work on managing businesses in turbulent times, its white papers on the costs and risks inherent in specific natural disasters and its work helping clients manage escalating health care costs.

Towers Perrin s clients include many of the world s largest corporations, public and private institutions and non-profit organizations. In 2008, Towers Perrin provided its services to over 75% of the Fortune Global 500 companies, over 60% of the Fortune 1000 companies, and over 85% of the world s 50 largest insurance companies, as ranked by a recent Forbes 2000 list. Towers Perrin believes that it has been able to maintain many of its key client relationships for several decades because of its outstanding service and its reputation for being a trusted advisor to its clients.

Table of Contents

Watson Wyatt Worldwide, Inc.

901 North Glebe Road

Arlington, Virginia 22203

(703) 258-8000

Watson Wyatt is a global consulting firm focusing on providing human capital and financial management consulting services. Including predecessors, Watson Wyatt has been in business since 1878. In the United States, Watson Wyatt was founded in 1946, and conducted business as The Wyatt Company until changing its name to Watson Wyatt & Company in connection with the establishment of the Watson Wyatt Worldwide alliance in 1995 with R. Watson & Sons, which we refer to as Watson Wyatt LLP , a leading United Kingdom-based actuarial, benefits and human resources consulting partnership founded in 1878. In 2000, the firm incorporated Watson Wyatt & Company Holdings to serve as a holding company with operations conducted by its subsidiaries. To better serve the increasingly global needs of clients, on July 31, 2005, the firm acquired substantially all of the assets and assumed liabilities of Watson Wyatt LLP. The company s name was changed to Watson Wyatt Worldwide, Inc. on January 1, 2006 to reflect the company s global capabilities and identity in the marketplace.

Watson Wyatt helps its clients enhance business performance by improving their ability to attract, retain and motivate qualified employees. Watson Wyatt focuses on delivering consulting services that help its clients anticipate, identify and capitalize on emerging opportunities in human capital management. The firm also provides independent financial advice regarding all aspects of life assurance and general insurance, as well as investment advice to assist clients in developing disciplined and efficient investment strategies to meet investment goals. Its target market clients include companies in the Fortune 1000, Pension & Investments (P&I) 1000, FTSE 1000, and equivalent organizations in markets around the world. As of June 30, 2009, Watson Wyatt provided services through approximately 7,700 associates in 107 offices located in 33 countries.

Watson Wyatt s Class A common stock is currently traded on the NYSE and NASDAQ under the symbol WW .

Jupiter Saturn Holding Company

c/o Watson Wyatt Worldwide, Inc.

875 Third Avenue

New York, NY 10022

(212) 725-7550

The Holding Company is a newly formed Delaware corporation that has not conducted any activities other than those incident to its formation, the matters contemplated by the merger agreement and the preparation of this document. Upon completion of the merger, the Holding Company will change its name to Towers Watson & Co. The business of Towers Watson will be the combined businesses currently conducted by Towers Perrin and Watson Wyatt.

Structure of the Merger (See page 99)

To combine the businesses of Towers Perrin and Watson Wyatt, Towers Perrin and Watson Wyatt formed the Holding Company, which is jointly owned by Towers Perrin and Watson Wyatt. The Holding Company formed two new, wholly owned subsidiaries, Towers Perrin Merger Corp. and Watson Wyatt Merger Corp. At the effective time:

- Towers Perrin Merger Corp. will merge with and into Towers Perrin, and Towers Perrin will be the surviving corporation.
- Watson Wyatt Merger Corp. will merge with and into Watson Wyatt, and Watson Wyatt will be the surviving corporation.

The Holding Company will then change its name to Towers Watson & Co. As a result of the Towers Perrin merger and the Watson Wyatt merger, Towers Perrin and Watson Wyatt will each become a wholly owned subsidiary of Towers Watson, and the current security holders of Towers Perrin and Watson Wyatt will become stockholders of Towers Watson.

2

Table of Contents

The following diagram illustrates the structure of the merger:

The Merger

Immediately Following the Effective Time

3

Table of Contents

What You Will Receive in the Merger (See page 101)

Towers Perrin Security Holders

The merger agreement provides that each:

- Share of Towers Perrin common stock (other than shares that will be converted into shares of Towers Watson Class R common stock or Towers Watson Class S common stock as detailed below) that is issued and outstanding immediately prior to the effective time will be converted into the right to receive a number of fully paid and nonassessable shares of Towers Watson Class B common stock (in various subclasses); and
- Towers Perrin RSU that is issued and outstanding immediately prior to the effective time will be converted into the right to receive a number of fully paid and nonassessable shares of Towers Watson restricted Class A common stock, subject to certain contractual restrictions as discussed more fully in this document (we refer to these restricted shares as the Towers Watson restricted Class A common stock).

The number of shares to be received by the Towers Perrin security holders (including shares of Towers Watson Class R common stock and Towers Watson Class S common stock, as discussed below) will be determined at the merger s closing based on the Towers Perrin final exchange ratio. The Towers Perrin final exchange ratio will be calculated so that Towers Perrin security holders will receive, in the aggregate, a number of shares equal to 50% of Towers Watson s voting common stock then outstanding.

The shares of Towers Watson Class B common stock received by Towers Perrin shareholders (other than shareholders who make a valid Class R or Class S election for some or all of their shares) will be issued as follows:

- 25% will be shares of Towers Watson Class B-1 common stock, par value $0.01 per share;
- 25% will be shares of Towers Watson Class B-2 common stock, par value $0.01 per share;
- 25% will be shares of Towers Watson Class B-3 common stock, par value $0.01 per share; and
- 25% will be shares of Towers Watson Class B-4 common stock, par value $0.01 per share.

Towers Watson s Amended and Restated Certificate of Incorporation (which we refer to as Towers Watson s certificate of incorporation) provides that Towers Watson Class B common stock will automatically convert into shares of Towers Watson Class A common stock on the following schedule:

- Towers Watson Class B-1 common stock: First anniversary of the effective time;
- Towers Watson Class B-2 common stock: Second anniversary of the effective time;
- Towers Watson Class B-3 common stock: Third anniversary of the effective time; and
- Towers Watson Class B-4 common stock: Fourth anniversary of the effective time.

The Towers Watson restricted Class A common stock to be received by a holder of Towers Perrin RSUs will vest over a three-year period; one-third will vest automatically on each of the first three anniversaries of the effective time so long as the holder of these shares remains an employee of Towers Watson or one of its subsidiaries as of each such anniversary (subject to acceleration as discussed more fully in this document). In addition, the number of fully paid and nonassessable shares of Towers Watson restricted Class A common stock to be received by a holder of Towers Perrin RSUs is subject to pro rata adjustment as discussed more fully in the section The Merger Agreement Vesting, Forfeiture, Transfer and Reallocation Provisions .

Shares of Towers Watson Class B common stock and Towers Watson restricted Class A common stock will be restricted and not freely transferable, as detailed more fully in this document.

Table of Contents

Watson Wyatt Security Holders

The merger agreement provides that each:

- Share of Watson Wyatt Class A common stock that is issued and outstanding immediately prior to the effective time will be converted into the right to receive one fully paid and nonassessable share of Towers Watson Class A common stock; and
- Watson Wyatt DSU that is issued and outstanding immediately prior to the effective time whose performance conditions (if any) have been satisfied or deemed satisfied by the compensation committee of Watson Wyatt s board of directors will be settled with one share of Towers Watson Class A common stock.

Watson Wyatt s security holders will receive, in the aggregate, a number of shares equal to 50% of Towers Watson s voting common stock then outstanding.

Towers Watson Class A common stock issued to Watson Wyatt security holders will not be subject to any contractual transfer restrictions and is expected to be listed on the NYSE and NASDAQ under the symbol TW .

Description of Class R and Class S Elections (See page 107)

Subject to proration as described more fully in this document, a select number of Towers Perrin shareholders to be designated by Towers Perrin who meet defined service plus age criteria may elect to designate between 50% and 100% of their Towers Perrin shares to be converted into shares of Towers Watson Class R common stock. In this document, we refer to the Towers Perrin shareholders who are eligible to make this designation as the Class R Eligible Participants and those Class R Eligible Participants who make a valid Class R election as Class R Participants . Towers Watson Class R common stock will be automatically redeemed by Towers Watson on the first business day following the effective time for an amount comprised of equal amounts of cash and one-year subordinated promissory notes issued by Towers Watson. In this document, we refer to these subordinated notes as the Towers Watson Notes .

The aggregate maximum number of shares of Towers Perrin common stock held by Class R Participants that may be converted into Towers Watson Class R common stock is equal to the number of shares obtained by dividing (1) $200 million (which amount may be increased as agreed by the parties or decreased if the Class R and Class S elections are undersubscribed) by (2) the final transaction value per Towers Perrin share , which value depends on the closing price of Watson Wyatt Class A common stock for the 10 consecutive trading days ending on the second trading day immediately prior to the closing of the merger. This information (and therefore the exact amount of consideration that the Class R Participants will receive) will not be available at the time Towers Perrin shareholders vote on the merger agreement proposal or when Class R Participants make their Class R election.

A Class R Eligible Participant will be required to make a Class R election by [__________], 2009. In order to make a valid Class R election, a Class R Eligible Participant must, among other things, agree to terminate his or her employment with Towers Perrin as of the effective time (unless another time is agreed to by Towers Perrin and Watson Wyatt) and enter into a confidentiality and non-solicitation agreement. As a result, a Class R Eligible Participant who makes a valid Class R election will not be employed with Towers Watson, Towers Perrin, or Watson Wyatt following the effective time.

If a Class R Eligible Participant makes a valid Class R election, the shares of Towers Perrin common stock held by such shareholder that are not subject to the Class R election (because the Class R Eligible Participant designated less than 100% of his or her shares) or not converted into shares of Towers Watson Class R common stock (because the Class R election is oversubscribed) will be converted instead into Towers

Table of Contents

Watson Class B-1 common stock as described more fully in this document. If a Class R Eligible Participant does not make a valid Class R election, then this shareholder will receive shares of Towers Watson Class B common stock (consisting of the various subclasses) in the same manner as any other Towers Perrin shareholder would receive as merger consideration.

In the event that the Class R election is undersubscribed by Class R Participants, then Watson Wyatt may elect no later than [__________], 2009 to cause Towers Perrin to offer to all other Towers Perrin shareholders who are not Class R Eligible Participants the right to make a Class S election. These shareholders would be entitled to designate, subject to proration, up to 20% of their shares of Towers Perrin common stock to be converted into shares of Towers Watson Class S common stock. Each share of Towers Watson Class S common stock will be automatically redeemed by Towers Watson on the first business day following the effective time for an amount of cash equal to the final transaction value per Towers Perrin share , which value depends on the closing price of Watson Wyatt Class A common stock for the 10 consecutive trading days ending on the second trading day immediately prior to the merger s closing. As noted above, this information (and therefore the exact amount of consideration that a Towers Perrin shareholder will receive if they make a valid Class S election) will not be available at the time Towers Perrin shareholders vote on the merger agreement proposal or when such Towers Perrin shareholders make a Class S election. If the Class R election is undersubscribed and Watson Wyatt determines to pursue a Class S election, Towers Perrin will promptly provide additional information to Towers Perrin shareholders eligible to make a Class S election.

For a more detailed description on how a Class R Eligible Participant makes or revokes a Class R election, the specific consideration to be received if a Class R Eligible Participant makes or fails to make a Class R election, and other matters related to making valid Class R and Class S elections, please see The Merger Agreement The Class R and Class S Elections beginning on page 107 of this document.

Table of Contents

Type of Consideration to be Received: The following diagram reflects the consideration to be received by the Towers Perrin and Watson Wyatt security holders in the merger (assuming that no Class S election is made available):

* In addition to the following consideration, after the third anniversary of the effective time, Towers Perrin shareholders (including those making a valid Class R or Class S election) will receive the shares of Towers Watson Class A common stock forfeited, if any, by holders of Towers Perrin RSUs, as described in The Merger Agreement Conversion of Stock, Stock Options and Other Awards .

** See The Merger Agreement Conversion of Stock, Stock Options and Other Awards for a description of Guaranteed RSU Holders.

Market Prices on Important Dates

Towers Perrin

Towers Perrin common stock is not publicly traded.

Article VI of Towers Perrin s bylaws contains various provisions requiring a shareholder who ceases to be a Towers Perrin employee (whether because of retirement, death, termination of employment, or otherwise) to

Table of Contents

sell his or her shares of common stock back to Towers Perrin for a consideration per share equal to the redemption value per share, which payment will be made by Towers Perrin pursuant to a specified payment plan over time. In general, Article VI defines redemption value per share as the total shareholder investment on the preceding December 31st, as reflected in Towers Perrin s audited financial statements, less the liquidation value of preferred shares then outstanding (and subject to certain pension related adjustments), divided by the number of common shares (net of treasury shares) then outstanding. Please note that the actual term used in Article VI is book value per share , but for purposes of this document this term is referred to as redemption value per share . As of December 31, 2008, the redemption value per share was $3,642.00 and a Towers Perrin shareholder who ceases to be a Towers Perrin employee in 2009 would receive this amount (paid in installment payments, with interest) for each share of Towers Perrin common stock repurchased by Towers Perrin.

There are approximately 650 holders of Towers Perrin common stock. Towers Perrin does not currently pay dividends on its common stock.

There are approximately [______] holders of Towers Perrin RSUs.

Watson Wyatt

Watson Wyatt Class A common stock is traded on the NYSE and NASDAQ under the symbol WW . The closing price per share of Watson Wyatt Class A common stock was as follows:

$41.18 on June 26, 2009, which was the last full trading day before Towers Perrin and Watson Wyatt announced the merger; and

$[____] on [__________], 2009, which was the last full trading day before the date of this document.

The Special Meetings (See page 50)

Towers Perrin Special Meeting

Where and when: The Towers Perrin special meeting will take place at [LOCATION], on [DATE] at [TIME], local time.

What you are being asked to vote on: At the Towers Perrin special meeting, Towers Perrin shareholders will vote on the:

Approval and adoption of the merger agreement;

Amendment of Article VI of Towers Perrin s bylaws, which contains transfer and ownership restrictions on shares of Towers Perrin common stock that must be amended to complete the merger; and

Adjournment(s) of the Towers Perrin special meeting to solicit additional proxies.

Towers Perrin shareholders also may be asked to consider other matters that may properly come before the Towers Perrin special meeting. At the present time, Towers Perrin knows of no other matters that will be presented for consideration at the Towers Perrin special meeting.

Who may vote: A Towers Perrin shareholder may vote at the Towers Perrin special meeting if he or she was a record holder of Towers Perrin common stock at the close of business on [__________], 2009. On that date, there were [__________] shares of Towers Perrin common stock outstanding. Towers Perrin shareholders may cast one vote (or fraction of a vote) for each share (or fraction of a share) of Towers Perrin common stock that they owned on that date. ***For the avoidance of doubt, holders of any other Towers Perrin security, such as Towers Perrin RSUs or warrants, do not have voting rights and will not be entitled to vote at the Towers Perrin special meeting on any matter.***

Table of Contents

What vote is needed: The affirmative vote of the holders of at least two-thirds of the issued and outstanding shares of Towers Perrin common stock is required to approve and adopt the merger agreement and to amend Article VI of Towers Perrin s bylaws. The affirmative vote of the holders of a majority of the votes cast at the Towers Perrin special meeting is required to approve any other proposal at Towers Perrin s special meeting.

It is important to note that the merger will not be completed unless the holders of two-thirds of the issued and outstanding shares of Towers Perrin common stock vote FOR both the proposal to approve and adopt the merger agreement and the proposal to amend Article VI of Towers Perrin s bylaws.

Watson Wyatt Special Meeting

Where and when: The Watson Wyatt special meeting will take place at Westin Arlington Gateway, 801 N. Glebe Road, Arlington, Virginia 22203, on [DATE], 2009 at [TIME], local time. Watson Wyatt stockholders who are entitled to vote may attend the Watson Wyatt special meeting.

What you are being asked to vote on: At the Watson Wyatt special meeting, Watson Wyatt stockholders will be asked to consider and vote on the:

- Approval and adoption of the merger agreement;
- Approval of the Towers Watson & Co. 2009 Long Term Incentive Plan, which we refer to as the Towers Watson Incentive Plan . Towers Watson intends to implement the Towers Watson Incentive Plan so it can make equity incentive compensation awards to directors, officers and employees of Towers Watson following the consummation of the merger. The completion of the merger is not conditioned upon the approval of the Towers Watson Incentive Plan proposal. However, under the NYSE and NASDAQ rules, the implementation of the Towers Watson Incentive Plan is subject to approval by only the stockholders of Watson Wyatt (*i.e.*, Towers Perrin shareholders are not required to vote on this proposal) and the consummation of the merger. If the proposals to approve and adopt the merger agreement do not receive the requisite stockholder approvals or if the merger agreement is terminated for any reason, then the Towers Watson Incentive Plan will not be implemented; and
- Adjournment(s) of the Watson Wyatt special meeting to solicit additional proxies.

Watson Wyatt stockholders may be asked to consider other matters that properly come before the Watson Wyatt special meeting. At the present time, Watson Wyatt knows of no other matters that will be presented for consideration at the Watson Wyatt special meeting.

Who may vote: Watson Wyatt stockholders are entitled to receive this notice and to vote at the Watson Wyatt special meeting if they were a record holder of Watson Wyatt Class A common stock at the close of business on the Watson Wyatt record date, [______], 2009. On that date, there were [______] shares of Watson Wyatt Class A common stock outstanding and entitled to vote. Watson Wyatt stockholders may cast one vote for each share of Watson Wyatt Class A common stock that they owned on the Watson Wyatt record date.

What vote is needed: The affirmative vote, cast in person or by proxy, of the holders of at least a majority of the outstanding shares of Watson Wyatt Class A common stock entitled to vote is required to approve and adopt the merger agreement. The affirmative vote of the holders of a majority of the shares represented and entitled to vote on the subject matter at the Watson Wyatt special meeting is required to approve all other proposals at the Watson Wyatt special meeting.

Table of Contents

Recommendations to Stockholders (See pages 67 and 71)

To Towers Perrin Shareholders

After careful consideration of numerous factors, Towers Perrin s board of directors unanimously approved the merger agreement and determined that the merger agreement is advisable and in the best interests of Towers Perrin, its shareholders and other constituencies. Accordingly, the Towers Perrin board of directors recommends that Towers Perrin shareholders vote **FOR** the proposals to (1) approve and adopt the merger agreement, and (2) amend Article VI of Towers Perrin s bylaws.

On June 26, 2009, concurrently with the execution of the merger agreement and as a condition of and inducement to Watson Wyatt s willingness to enter into the merger agreement, each of Towers Perrin s executive officers and directors entered into a voting agreement with Watson Wyatt and agreed to, among other things, vote his or her shares of Towers Perrin common stock in favor of the foregoing proposals. A form of this voting agreement is attached as Annex B-1 to this document. Accordingly, holders of approximately [______]% of the outstanding shares of Towers Perrin common stock as of [______], 2009, the Towers Perrin record date, are contractually obligated to vote to approve and adopt the merger agreement. See Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Voting Agreements . The affirmative vote of the holders of at least two-thirds of the issued and outstanding shares of Towers Perrin common stock is required to approve and adopt the merger agreement.

To Watson Wyatt Stockholders

After careful consideration of numerous factors, Watson Wyatt s board of directors unanimously approved the merger agreement and determined that the merger agreement is advisable and in the best interests of Watson Wyatt and its stockholders. Accordingly, the Watson Wyatt board of directors recommends that Watson Wyatt stockholders vote **FOR** the proposals to (1) approve and adopt the merger agreement, and to (2) approve the Towers Watson Incentive Plan.

On June 26, 2009, concurrently with the execution of the merger agreement and as a condition of and inducement to Towers Perrin s willingness to enter into the merger agreement, certain executive officers and all directors of Watson Wyatt entered into a voting agreement with Towers Perrin and agreed, among other things, to vote his or her shares of Watson Wyatt Class A common stock in favor of the adoption of the merger agreement. A form of this voting agreement is attached as Annex B-2 to this document. Accordingly, holders of approximately [________]% of the outstanding shares of Watson Wyatt Class A common stock as of [____________], 2009, the Watson Wyatt record date, are contractually obligated to vote to approve and adopt the merger agreement. See Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Voting Agreements . The affirmative vote, cast in person or by proxy, of the holders of at least a majority of the outstanding shares of Watson Wyatt Class A common stock entitled to vote is required to approve and adopt the merger agreement.

Towers Perrin s Reasons for the Merger (See page 67)

The Towers Perrin board of directors believes that the merger will create one of the world s leading professional services firms, well positioned for sustained growth and profitability across its geographies and business segments. Towers Perrin s board of directors considered, in consultation with its legal and financial advisors, various factors in approving the merger agreement, including the opportunity of Towers Perrin s shareholders to become stockholders of a company with greater financial and market strength than Towers Perrin on its own, the increased market liquidity expected to result from exchanging stock in a private company for publicly traded securities of Towers Watson, the strategic fit between Towers Perrin and Watson Wyatt, the complementary nature of their businesses and client bases, the fact that the combined company would be led by a strong, experienced management team, assuring the continuity of the mission, vision and values that drove Towers Perrin as a stand-alone company, and the other matters referred to under Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Recommendation of Towers Perrin s Board of Directors and Reasons for the Merger .

Watson Wyatt s Reasons for the Merger (See page 71)

The Watson Wyatt board of directors believes that the merger presents a strategic opportunity to expand through a combination with the complementary human capital and risk management business of Towers Perrin. In reaching its decision to adopt the merger agreement and recommend the approval and adoption of the merger agreement to its stockholders, Watson Wyatt s board of directors consulted with management, as well as its legal and financial advisors, and considered a number of factors, including each of Watson Wyatt s and Towers Perrin s business, operations, financial condition, asset quality and earnings, Watson Wyatt s stock performance and the other matters referred to under Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Recommendation of Watson Wyatt s Board of Directors and Reasons for the Merger . In reviewing these factors, including information obtained through due diligence, the board of directors considered that Towers Perrin s business and operations complement those of Watson Wyatt, and the synergies potentially available in the merger, create the opportunity for the combined company to have superior future earnings and prospects compared to Watson Wyatt s earnings and prospects on a stand-alone basis.

Opinion of Towers Perrin s Financial Advisor (See page 74)

Goldman, Sachs & Co., which we refer to as Goldman Sachs , delivered its opinion to Towers Perrin s board of directors that, as of June 26, 2009 and based upon and subject to factors and assumptions set forth in its opinion, the Towers Perrin final exchange ratio of Towers Watson Class B common stock pursuant to the merger agreement was fair from a financial point of view to the shareholders of Towers Perrin common stock.

The full text of the written opinion of Goldman Sachs, dated June 26, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C. **Goldman Sachs provided its opinion for the information and assistance of Towers Perrin s board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of Towers Perrin common stock should vote with respect to the merger agreement proposal or any other matter.**

Opinion of Watson Wyatt s Financial Advisor (See page 83)

In connection with the merger, Banc of America Securities LLC (which we refer to as BofA Merrill Lynch), Watson Wyatt s financial advisor, delivered to Watson Wyatt s board of directors a written opinion, dated June 26, 2009, as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of Watson Wyatt common stock of the exchange ratio provided for in the merger for one share of Towers Watson Class A common stock for each outstanding share of Watson Wyatt common stock (which we refer to as the Watson Wyatt final exchange ratio). The full text of the written opinion, dated June 26, 2009, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex D to this document and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to Watson Wyatt s board of directors for the benefit and use of Watson Wyatt s board of directors in connection with and for purposes of its evaluation of the Watson Wyatt final exchange ratio from a financial point of view. BofA Merrill Lynch s opinion does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed merger.**

Table of Contents

Directors and Executive Officers of Towers Watson After the Merger (See page 135)

Directors After the Merger. Towers Watson s board of directors immediately following completion of the merger will consist of 12 individuals, six of whom will be designated by Towers Perrin and six of whom will be designated by Watson Wyatt. Four of Towers Perrin s designees must be independent, and four of Watson Wyatt s designees must be independent.

One of Watson Wyatt s designees to the Towers Watson board of directors will be John J. Haley, who will serve as Chairman of the Board of Directors. One of Towers Perrin s designees to the Towers Watson board of directors will be Mark V. Mactas, who will serve as Deputy Chairman of the Board of Directors. See Directors and Executive Officers of Towers Watson After the Merger Directors After the Merger for additional information regarding the remaining directors.

The initial term of these twelve directors will end upon the earlier of their resignation or removal or until their respective successors are duly elected and qualified pursuant to the terms of Towers Watson s certificate of incorporation and Towers Watson s Amended and Restated Bylaws (which we refer to as Towers Watson s bylaws). After the first annual meeting, directors will serve for one-year terms. Towers Watson s bylaws provide that in any election of directors, each director will be elected by the vote of a majority of the votes cast. However, if as of a date that is five business days before the filing of Towers Watson s definitive proxy statement with the SEC the number of director nominees exceeds the number of directors to be elected, the directors will be elected by a plurality of the shares represented at any such meeting and entitled to vote on the election of directors.

Executive Officers After the Merger. Following completion of the merger, John J. Haley, currently the President, Chief Executive Officer and Chairman of the Board of Watson Wyatt will serve as Chairman of the Board of Directors and Chief Executive Officer of Towers Watson. Mark V. Mactas, currently President, Chief Executive Officer and Chairman of the Board of Towers Perrin, will serve as Deputy Chairman of the Board of Directors, President and Chief Operating Officer of Towers Watson. For additional information regarding the executive officers of Towers Watson following the effective time, see Directors and Executive Officers of Towers Watson After the Merger Executive Officers After the Merger .

Interests of Directors, Executive Officers and Principal Stockholders of Towers Perrin and Watson Wyatt in the Merger (See pages 90 and 92)

Some of the directors and executive officers of Towers Perrin and Watson Wyatt have interests in the merger that are different from, or are in addition to, the interests of their respective company s stockholders generally. These interests include, as applicable, positions as directors or executive officers of Towers Watson, potential benefits under employment or benefit arrangements that may be available as a result of the merger, payment or accelerated vesting or distribution of rights or benefits under certain of their respective compensation and benefit plans or arrangements as a result of the merger, potential severance and other benefit payments in the event of termination of employment in connection with the merger, and the right to continued indemnification and insurance coverage by Towers Watson for acts or omissions occurring prior to the merger. In addition, two directors and an executive officer of Towers Perrin will be awarded Towers Perrin RSUs, which convert in the merger into Towers Watson restricted Class A common stock.

Finally, upon the closing of the merger, (1) certain Towers Perrin executive officers will be eligible for payments with respect to their transaction based compensation agreements, and (2) certain Watson Wyatt executive officers and directors will be entitled to payments with respect to their equity-based awards and deferred compensation.

In recommending that their respective company s stockholders approve and adopt the merger agreement, the boards of directors of Towers Perrin and Watson Wyatt were aware of these interests and considered them in approving the transactions contemplated by the merger agreement.

The Merger Agreement (See Page 99)

The merger agreement is attached to this document as Annex A. We encourage you to read the merger agreement because it is the legal document that governs the merger.

What We Need to Do to Complete the Merger. Towers Perrin and Watson Wyatt will complete the merger only if the conditions set forth in the merger agreement are satisfied or, in some cases, waived. These conditions include, among others:

- Approval and adoption of the merger agreement by Towers Perrin s shareholders and approval of the amendment to Article VI of Towers Perrin s bylaws by Towers Perrin s shareholders;
- Approval and adoption of the merger agreement by Watson Wyatt s stockholders;
- Expiration of applicable antitrust waiting periods or the receipt of necessary antitrust approvals;
- Absence of legal prohibitions to the merger;
- Continued effectiveness of the registration statement of which this document is a part;
- Approval for listing on the NYSE of the shares of Towers Watson Class A common stock to be issued in the merger;
- Holders of not more than 10% of the outstanding shares of Towers Perrin s common stock at the closing of the merger seek dissenters rights under the Pennsylvania Business Corporation Law, referred to as the PBCL ;
- Accuracy of each company s representations and warranties;
- Performance by each company of its obligations under the merger agreement;
- The absence of a material adverse effect with respect to Towers Perrin or Watson Wyatt, as the case may be, which has not been cured;
- Receipt of a legal opinion from each of counsel for Towers Perrin and Watson Wyatt as to the treatment of the Towers Perrin merger and Watson Wyatt merger, respectively, for U.S. federal income tax purposes; and
- The absence of certain professional liability claims against either Towers Perrin or Watson Wyatt, as the case may be, arising out of or in connection with services or failure to provide services, which claim(s) the board of directors of Towers Perrin or Watson Wyatt, as the case may be, determines in good faith has a reasonable likelihood of success and would reasonably be expected to result in a material adverse effect on Towers Perrin or Watson Wyatt, as the case may be.

No Solicitation. Subject to certain important exceptions, the merger agreement generally restricts the ability of Towers Perrin or Watson Wyatt to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in either entity.

Termination of the Merger Agreement; Fees Payable. Towers Perrin and Watson Wyatt may jointly agree to terminate the merger agreement at any time. Either Towers Perrin or Watson Wyatt may also terminate the merger agreement in various circumstances, including failure to receive necessary stockholder approvals, as applicable, and upon the breach by the other party of certain of its obligations under the merger agreement.

In several circumstances involving a change in the recommendation of the Towers Perrin board of directors or the Watson Wyatt board of directors to vote for the approval and adoption of the merger agreement, certain actions with respect to a third-party acquisition proposal or breach of the merger agreement, either Towers Perrin or Watson Wyatt may become obligated to pay to the other $65 million in termination fees or up to $10 million in expense reimbursement. See The Merger Agreement Termination Fees; Expenses .

Material Income Tax Consequences (See page 125)

Tax matters are very complicated. The tax consequences of the merger to you will depend on your specific situation. You should consult your tax advisor for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger to you. See Material Income Tax Considerations for a description of the U.S. federal income tax consequences of the merger.

For Towers Perrin Shareholders

It is a condition to Towers Perrin s obligation to consummate the merger that it receive an opinion from its counsel, dated as of the closing date of the merger, to the effect that the Towers Perrin merger will be treated for U.S. federal income tax purposes as a transfer of property to Towers Watson by the holders of Towers Perrin common stock, as described in Section 351(a) or Section 351(b) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code) or a reorganization within the meaning of Section 368(a) of the Code, or both. Accordingly, the exchange of Towers Perrin common stock solely for Towers Watson Class B common stock by holders of Towers Perrin common stock should generally be nontaxable to such holders for U.S. federal income tax purposes. However, under certain circumstances, tax may be imposed on the receipt of merger consideration. See Material Income Tax Considerations Consequences of the Merger to U.S. Holders of Towers Perrin Shares .

Towers Perrin shareholders who make a Class R or Class S election generally will recognize gain, but not loss, on the exchange and will be taxable on the lesser of (1) the amount of cash and the fair market value of Towers Watson Notes treated as received in exchange for their Towers Perrin common stock and (2) the amount of gain realized on the exchange. In addition, a portion of the consideration payable to a Class R Participant will be treated as compensation income and taxable at ordinary income tax rates. See Material Income Tax Considerations Consequences of the Merger to U.S. Holders of Towers Perrin Shares Consequences to U.S. Holders Who Make a Class R Election or a Class S Election .

A Towers Perrin employee who is a U.S. person who holds Towers Perrin RSUs should generally be subject to U.S. federal income tax at ordinary income rates only when the Towers Watson restricted Class A common stock received in exchange for his or her Towers Perrin RSUs vests.

For Watson Wyatt Stockholders

It is a condition to Watson Wyatt s obligation to consummate the merger that it receive an opinion of its counsel, dated as of the closing date of the merger, to the effect that the Watson Wyatt merger will be treated for U.S. federal income tax purposes as a transfer of property to Towers Watson by the holders of Watson Wyatt Class A common stock, as described in Section 351(a) or Section 351(b) of the Code or a reorganization within the meaning of Section 368(a) of the Code, or both. Accordingly, the exchange of Watson Wyatt Class A common stock solely for Towers Watson Class A common stock by holders of Watson Wyatt Class A common stock should generally be nontaxable to such holders for U.S. federal income tax purposes. See Material Income Tax Considerations Consequences of the Merger to U.S. Holders of Watson Wyatt Shares .

Comparison of the Rights of Towers Perrin, Watson Wyatt and Towers Watson Stockholders (See page 165)

Some of the rights of Towers Perrin shareholders and Watson Wyatt stockholders are different from the rights of a Towers Watson stockholder. One important difference is that Towers Watson has authorized multiple classes of common stock, some of which have vesting, forfeiture, transfer or reallocation features, while Towers Perrin and Watson Wyatt each have only one authorized class of common stock. In addition, certain important differences derive from the fact that (1) Towers Perrin is incorporated in Pennsylvania, while Watson Wyatt and Towers Watson (currently Jupiter Saturn Holding Company) are each incorporated in Delaware, and (2) Towers

Watson s certificate of incorporation and bylaws, which will be in effect immediately at the effective time and will govern the rights of a Towers Watson stockholder, contain (or omit) certain key provisions found in the governing instruments of Towers Perrin and Watson Wyatt, respectively. Based on the foregoing, please read carefully the summary of the material differences among the rights of Towers Watson stockholders, Towers Perrin shareholders and Watson Wyatt stockholders under Comparison of the Rights of Towers Perrin, Watson Wyatt and Towers Watson Stockholders and the form of the Towers Watson certificate of incorporation and bylaws, copies of which are attached as Annex H to this document.

Other Information

Regulatory Requirements to Complete the Merger (See page 97). Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (referred to as the HSR Act), the merger may not be consummated unless certain filings have been submitted to the Federal Trade Commission (which we refer to as the FTC), and the Antitrust Division of the U.S. Department of Justice (which we refer to as the Antitrust Division), and applicable waiting period requirements have been satisfied. On August 6, 2009, the parties request for early termination of the waiting period under the HSR Act was granted.

In addition, the merger may not be consummated unless certain filings have been submitted and approved by the European Commission pursuant to the EC Merger Regulation or, if required, certain member states of the European Union, and other approval and waiting period requirements have been satisfied. Towers Perrin and Watson Wyatt have filed a submission with the European Commission, and we believe that all approval and waiting period requirements will be satisfied. However, Towers Perrin, Watson Wyatt and the Holding Company cannot assure you whether or when the waiting period requirements will be satisfied or required approvals obtained; nor can the companies assure you that other required regulatory approvals will be obtained and whether any such approval will be conditioned on actions materially adverse to the business or prospects of Towers Watson.

Listing of the Towers Watson Common Stock Issued in the Merger (See page 98). Towers Perrin s common stock is not publicly traded. Watson Wyatt s Class A common stock is currently listed on the NYSE and NASDAQ under the symbol WW . Following completion of the merger, shares of common stock of Watson Wyatt will no longer be listed or traded on either the NYSE or NASDAQ. Shares of Towers Watson Class A common stock will be listed on the NYSE and NASDAQ under the symbol TW , subject to the approval of the respective exchanges. Towers Perrin and Watson Wyatt will use reasonable best efforts to prepare and submit to each of the NYSE and NASDAQ a listing application covering the shares of Towers Watson Class A common stock issuable in the merger; however only the listing of Towers Watson Class A common stock on the NYSE is a condition to the consummation of the merger.

Appraisal Rights (See page 94). Towers Perrin shareholders are entitled to dissent from approval of the merger agreement and demand payment of the fair value of their shares of Towers Perrin common stock in accordance with the procedures under Pennsylvania law. Under the Delaware General Corporation Law (which we refer to as the DGCL), Watson Wyatt stockholders are not entitled to appraisal rights in connection with the merger.

Accounting Treatment (See page 97). Although the business combination of Towers Perrin and Watson Wyatt is a merger of equals , generally accepted accounting principles require that one of the two companies in the merger be designated as the acquirer for accounting purposes based on the available evidence. Watson Wyatt will be treated as the acquiring entity for accounting purposes.

Table of Contents

SELECTED HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following tables present (1) selected historical financial information of Towers Perrin, (2) selected historical financial information of Watson Wyatt, and (3) selected unaudited pro forma consolidated financial information of Towers Watson, reflecting the merger.

Towers Perrin Selected Historical Financial Information

You should read the following selected financial information together with the Towers Perrin consolidated financial statements and related notes included in this document and the section entitled Towers Perrin s Management s Discussion and Analysis of Financial Condition and Results of Operations . The statement of operations data for the years ended December 31, 2008, 2007 and 2006, and the balance sheet data as of December 31, 2008 and 2007, are derived from Towers Perrin s audited financial statements, included elsewhere in this document. The statement of operations data for the years ended December 31, 2005 and 2004, and the balance sheet data as of December 31, 2006, 2005 and 2004, are derived from Towers Perrin s audited financial statements that are not included in this document. Such financial data has been adjusted for the adoption of EITF Topic No. D-98, *Classification and Measurement of Redeemable Securities*, which Towers Perrin had not adopted in the audited financial statements for these periods. The statement of operations data for the six months ended June 30, 2009 and 2008 and the balance sheet data as of June 30, 2009 are derived from Towers Perrin s unaudited interim financial statements, included elsewhere in this document. Towers Perrin s unaudited interim financial statements have been prepared on the same basis as its audited statements and, in the opinion of management, include all adjustments, consisting of normal recurring adjustments, necessary to present fairly Towers Perrin s consolidated results of operations and financial position for the periods presented. Results for interim periods are not necessarily indicative of results for the remainder of the full fiscal year or for any future period.

Table of Contents

	Year Ended December 31,					Six Months Ended June 30,	
	2008	2007	2006	2005	2004	2009	2008
				(in thousands)			
Statement of Operations Data:							
Total revenue	**$ 1,719,769**	**$ 1,641,135**	**$ 1,460,034**	**$ 1,366,873**	**$ 1,603,137**	**$ 758,661**	**$ 892,131**
Expenses:							
Compensation and benefits	1,206,637	1,129,185	1,080,915	934,205	1,100,053	537,529	636,612
General and administrative	256,334	323,026	194,292	210,537	275,821	113,596	123,810
Occupancy-related costs	68,561	61,873	58,217	68,450	97,287	34,626	34,872
Professional and subcontracted services	122,379	120,981	89,990	80,223	44,128	63,992	59,361
Depreciation and amortization	36,986	34,711	31,021	31,502	56,082	18,364	16,592
Restructuring (benefit) expense	(351)	(5,229)	(7,274)	34,929			
Total expenses	1,690,546	1,664,547	1,447,161	1,359,846	1,573,371	768,107	871,247
Operating income (loss)	29,223	(23,412)	12,873	7,027	29,766	(9,446)	20,884
Gain (loss) on sale of businesses(1)	1,237	1,751	2,756	372,616			
Other non-operating income							
Investment and other income (expense), net	23,879	25,850	24,104	23,873	(1,311)	7,832	10,187
Equity in (loss) income of unconsolidated affiliates	(14,949)	(23,909)	(14,570)	(3,746)	1,621	7,588	(5,960)
Income (loss) before income taxes	**39,390**	**(19,720)**	**25,163**	**399,770**	**30,076**	**5,974**	**25,111**
Income tax expense	(34,450)	(3,785)	(44,258)	(168,453)	(18,267)	(11,880)	(6,107)
Net income (loss) attributable to mandatorily redeemable common shares	**$ 4,940**	**$ (23,505)**	**$ (19,095)**	**$ 231,317**	**$ 11,809**	**$ (5,906)**	**$ 19,004**

	As of December 31,					As of June 30,
	2008	2007	2006	2005	2004	2009
			(in thousands)			
Balance Sheet Data:						
Cash and cash equivalents	$ 486,864	$ 503,373	$ 580,978	$ 551,200	$ 424,626	$ 459,875
Total assets	1,683,286	1,866,567	1,591,169	1,528,231	1,326,318	1,618,915
Mandatorily redeemable common shares	257,688	301,435	301,804	305,954	43,662	264,390
Redeemable preferred stock					66,631	
Other shareholders deficit	(117,045)	(37,621)	(74,928)	(68,132)	(66,068)	(117,045)

(1) In 2005 Towers Perrin transferred certain assets and liabilities of the Towers Perrin Administration Solutions (or TPAS) line of business with a net book value of approximately $38.0 million to Electronic Data Systems, Inc. and affiliates (or EDS) and ExcellerateHRO, a limited liability partnership 85% owned and controlled by EDS (or eHRO), for proceeds of approximately $471.3 million, which included cash of $381.4 million and a 15% interest in the limited liability partnership. After transaction related expenses of $12.3 million, Towers Perrin recorded a pre-tax gain of $372.6 million upon closing of the transaction, which is included in gain on sale of businesses in the above statement of operations data.

Table of Contents

Watson Wyatt Selected Historical Financial Information

The following selected historical financial information for the five fiscal years ended June 30, 2009, which are presented in accordance with U.S. generally accepted accounting principles (or GAAP), has been derived from Watson Wyatt s audited annual financial statements. This historical data is only a summary. You should read this information in conjunction with Watson Wyatt s historical audited financial statements and related notes and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations included in Watson Wyatt s annual reports and other information on file with the U.S. Securities and Exchange Commission (or SEC), which are incorporated by reference into this document and from which this information is derived. For more information, see Additional Information Where You Can Find Additional Information on page 226.

	As of and for the Year Ended June 30,				
(In thousands, except per share amounts)	**2009**	**2008**	**2007**	**2006**	**2005**
Consolidated Statement of Operations Information:					
Revenue	$ 1,676,029	$ 1,760,055	$ 1,486,523	$ 1,271,811	$ 737,421
Income from operations	209,383	226,773	179,305	132,417	80,785
Net income	$ 146,458	$ 155,441	$ 116,275	$ 87,191	$ 52,162
Per Share Information:					
Earnings per share:					
Basic	$ 3.43	$ 3.65	$ 2.74	$ 2.11	$ 1.60
Diluted[1]	$ 3.42	$ 3.50	$ 2.60	$ 2.01	$ 1.58
Dividends declared per share	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30
Weighted average shares of common stock:					
Basic (000)	42,690	42,577	42,413	41,393	32,541
Diluted (000)	42,861	44,381	44,684	43,297	32,845
Balance Sheet Information:					
Cash and cash equivalents	$ 209,832	$ 124,632	$ 248,186	$ 165,345	$ 168,076
Working capital	228,460	172,241	326,354	197,312	236,658
Goodwill and intangible assets	728,987	870,943	594,651	511,116	22,664
Total assets	$ 1,626,319	$ 1,715,976	$ 1,529,709	$ 1,240,359	$ 618,679
Revolving credit facility			105,000	30,000	
Other long-term obligations[2]	435,541	346,335	326,782	265,263	256,924
Total stockholders equity	$ 853,638	$ 984,395	$ 787,519	$ 648,761	$ 234,203

(1) The diluted earnings per share calculation for the years ended June 30, 2008, 2007 and 2006 assumes that 1,950,000 contingent shares related to the Watson Wyatt LLP business combination were issued and outstanding since July 31, 2005. The diluted earnings per share calculation for the year ended June 30, 2008 also assumes that 218,089 contingent shares related to the business combination with Watson Wyatt Brans & Co. were issued and outstanding at July 1, 2007. All of these shares were issued during the three months ended June 30, 2008.

(2) Other long-term obligations includes accrued retirement benefits, deferred rent and accrued lease losses, deferred income taxes and other long-term tax liabilities, contingency stock payable and other non-current liabilities.

Table of Contents

Selected Pro Forma Condensed Combined Financial and Other Information

The following unaudited pro forma condensed combined financial information for the Holding Company gives effect to the merger as if it occurred as of June 30, 2009, for purposes of the balance sheet data, and as of July 1, 2008 for purposes of the statement of operations data. The pro forma balance sheet data combines Watson Wyatt s historical audited consolidated balance sheet data as of June 30, 2009 with Towers Perrin s historical unaudited consolidated balance sheet data as of June 30, 2009. The pro forma condensed combined statement of operations data combines Watson Wyatt s historical audited consolidated statement of operations data for the fiscal year ended June 30, 2009 with Towers Perrin s historical unaudited consolidated statement of operations data for the twelve months ended June 30, 2009. Watson Wyatt s fiscal year ends on June 30 while Towers Perrin s fiscal year ends on December 31. Towers Perrin s financial information has been recast to conform with Watson Wyatt s fiscal year end. The unaudited pro forma financial information below should be read together with the respective historical financial statements and related notes and sections entitled Towers Perrin s Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this document and of Watson Wyatt incorporated by reference in this document. For more information, including a description of the assumptions on which this pro forma financial information is based, and other details, see the sections entitled Additional Information Where You Can Find Additional Information beginning on page 226 and Unaudited Pro Forma Condensed Combined Financial Information beginning on page 184.

We believe Towers Watson will be one of the world s leading professional services firms, well positioned for sustained growth and profitability across diversified geographies and business segments. We anticipate that the proposed transaction will provide Towers Watson with financial benefits that include increased revenue opportunities and reduced operating expenses, which are not reflected in the pro forma information, including:

- The revenue growth that we expect Towers Watson to achieve from strengthening core services and expanding the existing portfolio of services.
- Anticipated pretax annual operational cost savings of approximately $80 million due to management headcount reductions and general and administrative savings, with full realization of these savings expected to take three years to achieve.
- Estimated annual savings of $41 million in compensation, benefits and other direct costs expected to result from the retirement of Class R eligible participants as of the effective time (these savings are not included in the estimated $80 million in annual operational costs savings described above).

We expect to incur certain costs in connection with the merger that are not reflected in the following pro forma information, including:

- Expected one-time severance and information technology integration costs of approximately $80 million and expected additional charges as a result of integration.
- Other expected costs, such as rebranding costs, lease termination costs, facilities consolidation costs, tax restructuring, potential pension plan curtailment costs, potential increases in reserves associated with the restructuring of professional liability insurance and other integration costs.

Pro forma earnings per share, in addition to excluding the financial benefits, reduced operating expenses and costs mentioned above, reflects the impact of significant non-cash, non-recurring expenses resulting from the merger, including compensation expense incurred as a result of the issuance of Towers Watson restricted Class A common stock to Towers Perrin RSU holders and the incremental amortization of acquired intangible assets.

Towers Perrin is a private, employee-owned corporation. As a result, Towers Perrin s historical unaudited consolidated statement of operations for the twelve months ended June 30, 2009 does not reflect the level of net income that Towers Perrin expects to contribute to Towers Watson, as a public company.

Table of Contents

The following pro forma information is provided for informational purposes only. Pro forma information does not purport to represent what Towers Watson s results of operation and financial position would have been had the merger been completed as of the dates indicated or be indicative of the results of operation or financial position that Towers Watson may achieve in the future.

	As of and for the Year Ended June 30, 2009 (In thousands, except per share data)	
Pro forma Statement of Operations Data		
Revenue	$	3,279,715
Income from operations	$	225,747
Net income attributable to controlling interests	$	119,472
Basic and diluted earnings per common share	$	1.47
Basic and diluted weighted-average shares of common stock		81,342
Pro forma Balance Sheet Data		
Cash and cash equivalents and short-term investments	$	750,383
Goodwill and intangible assets, net	$	2,859,449
Total assets	$	5,015,743
Long-term debt	$	
Total stockholders equity	$	2,521,600

20

Table of Contents

Comparative Historical and Pro Forma Per Share Data

The following table presents historical per share data for Towers Perrin and Watson Wyatt and pro forma per share data of Towers Watson. The pro forma per share data gives effect to the merger as if the merger had occurred on June 30, 2009, in the case of book value data presented, and as if the merger had occurred on July 1, 2008, in the case of earnings and dividend data. Towers Watson pro forma per share data was derived by combining information from the historical consolidated financial statements of Towers Perrin and Watson Wyatt giving effect to the merger under the acquisition method of accounting for business combinations. As a result, the pro forma combined per share data has been based upon certain assumptions and adjustments as discussed in the section entitled Unaudited Pro Forma Condensed Combined Financial Information . You should read this table in conjunction with the historical audited and unaudited consolidated financial statements of Towers Perrin contained elsewhere in this document and the historical audited consolidated financial statements of Watson Wyatt that are filed with the SEC and incorporated by reference in this document. See Additional Information Where You Can Find Additional Information and Towers Perrin s Management s Discussion and Analysis of Financial Condition and Results of Operations . The pro forma data below is presented for informational purposes only and you should not rely on the pro forma per share data as indicative of actual results had the merger occurred in the past, or of future results Towers Watson will achieve after the merger.

	Year ended June 30, 2009
Watson Wyatt Historical Data	
Earnings per share:	
Basic	$ 3.43
Diluted	$ 3.42
Cash dividends per share	$ 0.30
Book value per share as of June 30, 2009	$ 20.01

	Six months ended June 30, 2009	Year ended December 31, 2008
Towers Perrin Historical Data(1)		
Redemption value per share during the period(2)	$ 3,642.00	$ 4,149.00

	Year ended June 30, 2009
Towers Watson Pro Forma Data(3)	
Earnings per share:	
Basic	$ 1.47
Diluted	$ 1.47
Cash dividends per share	$ 0.30
Book value per share at the end of the period	$ 31.00

(1) Towers Perrin is not a publicly traded company and, accordingly, no information is presented regarding its earnings (loss) per share.
(2) Article VI of the Towers Perrin bylaws sets forth the redemption value per share of Towers Perrin common stock, which for calendar year 2009 is $3,642.00 (*i.e.*, the price at which a share of Towers Perrin common stock would be repurchased by Towers Perrin from shareholders who cease to be employees of Towers Perrin).
(3) Towers Watson s pro forma data includes the effect of the merger on the basis described in the notes to the unaudited pro forma combined condensed financial information included elsewhere in this document.

Table of Contents

Comparative Value of Securities

Towers Watson Class A and Class B Common Stock

There is no trading market for Towers Perrin common stock, which is non-transferable and may only be repurchased by Towers Perrin. The following table sets forth the redemption value per share of Towers Perrin common stock (*i.e.*, the price at which a share of Towers Perrin common stock would be repurchased by Towers Perrin from shareholders who cease to be employees of Towers Perrin pursuant to Article VI of the Towers Perrin bylaws) and the closing market price per share of Watson Wyatt Class A common stock, each as of June 26, 2009 (the last business day prior to the date of public announcement of the merger) and [____________], 2009 (the last business day prior to the date of this document). Although redemption value per share should not be considered indicative of what the market value of Towers Perrin common stock would be if a trading market existed, comparative information based on redemption value per share may be useful to investors because it represents the amount a Towers Perrin shareholder would receive if his or her employment with Towers Perrin ceased in 2009 before the effective time.

You are urged to obtain current market quotations for shares of Watson Wyatt Class A common stock before making your decision with respect to the approval and adoption of the merger agreement. Watson Wyatt s Class A common stock is traded on the NYSE and NASDAQ under the symbol WW . The market price of Watson Wyatt Class A common stock could change significantly before the effective time and such price along with the redemption value per share of Towers Perrin common stock, will not be indicative of the value of shares of Towers Watson Class A common stock once they start trading. Because the exchange ratios will be calculated as the ratio that will result in Towers Perrin security holders, on the one hand, and Watson Wyatt security holders, on the other hand, each receiving, in the aggregate, 50% of Towers Watson s voting common stock then outstanding immediately following the merger, the value of the shares of Towers Watson common stock that you will receive at the effective time may vary significantly from the market value of the shares of Towers Watson common stock that you would have received if the merger were consummated on the date of the merger agreement or on the date of this document.

The following table presents the implied equivalent value of each share of Towers Perrin common stock as of the dates shown below, based on the number of shares of Towers Watson Class B common stock that would be received for each share of Towers Perrin common stock if the merger had closed on such dates. In addition, this table presents the implied value of each share of Watson Wyatt Class A common stock as of the dates shown below, based on the implied value of Towers Watson Class A common stock and the one-for-one Watson Wyatt exchange ratio, as if the merger had closed on such dates.

For purposes of calculating the implied equivalent values below, the following assumptions were made:

- The fully diluted Watson Wyatt shares equals 42,657,431 shares as of June 26, 2009 and [ ] as of [ ], 2009 (this term is defined in the The Merger Agreement Conversion of Stock, Stock Options and Other Awards);
- The total outstanding shares of Towers Perrin common stock for purposes of calculating the Towers Perrin final exchange ratio is 70,319.76 shares as of June 26, 2009 and [______] shares as of [______], 2009, which does not include any Towers Perrin RSUs or any shares issuable upon conversion of any Towers Perrin RSUs (as explained more fully in the The Merger Agreement Conversion of Stock, Stock Options and Other Awards); and

Table of Contents

Based on the foregoing assumptions, the Towers Perrin final exchange ratio equals 545.958744740 for June 26, 2009 and [__________] for [__________], 2009 (which was calculated, in each case, by dividing the fully diluted Watson Wyatt shares by the total outstanding shares of Towers Perrin common stock as of the relevant date, and multiplying the result by 0.9).

	Towers Perrin redemption value per share	Market Value of Watson Wyatt Class A common stock	Implied Equivalent Value of Towers Perrin common stock	Implied Equivalent Value of Watson Wyatt common stock
June 26, 2009	$ 3,642.00	$ 41.18	$ 22,490.58[(1)]	$ 41.18[(2)]
[______], 2009	$ 3,642.00	[_______]	[________][(3)]	[__________][(4)]

(1) Represents the product of the applicable Towers Perrin final exchange ratio (545.958744740) multiplied by the applicable final Watson Wyatt stock price ($41.18), each as of June 26, 2009.
(2) Represents the product of the Watson Wyatt final exchange ratio (1 share of Towers Watson Class A common stock for each share of Watson Wyatt Class A common stock) multiplied by the applicable closing market price per share ($41.18), each as of June 26, 2009.
(3) Represents the product of the applicable Towers Perrin final exchange ratio ([__________]) multiplied by the applicable final Watson Wyatt stock price ($[______]), each as of [______], 2009.
(4) Represents the product of the Watson Wyatt final exchange ratio (1 share of Towers Watson Class A common stock for each share of Watson Wyatt Class A common stock) multiplied by the applicable closing market price per share ($[______]), each as of [______], 2009.

Towers Watson Class R Common Stock

The following table presents (1) the implied equivalent value of each share of Towers Perrin common stock as of the dates shown below based on the number of shares of Towers Watson Class R common stock and Towers Watson Class B-1 common stock that would be received (based on the assumptions below) for each share of Towers Perrin common stock held by a Class R Participant if the merger had closed on such dates and (2) the impact of a hypothetical Class R election on the total number of outstanding shares of Towers Watson common stock immediately following the mandatory redemption of all outstanding shares of Towers Watson Class R common stock on the first business day following the effective time. For purposes of this table, the following assumptions were made:

The amounts for fully diluted Watson Wyatt shares , Towers Perrin final exchange ratio and the total outstanding shares of Towers Perrin common stock will be the same as used to calculate the implied equivalent values in the immediately preceding table.

The final Watson Wyatt stock price equals $41.18 as of June 26, 2009 (the last business day prior to the date of public announcement of the merger) and $[______] as of [______], 2009 (the last business day prior to the date of this document) (the term final Watson Wyatt stock price is defined in the The Merger Agreement The Class R and Class S Elections and means the average closing price per share of Watson Wyatt Class A common stock (rounded to the nearest cent) for the 10 consecutive trading days ending on the second trading day immediately prior to the merger s closing).

Class R Eligible Participants, who collectively own approximately 53% of the 70,319.76 total shares of Towers Perrin common stock outstanding as of June 26, 2009, make valid Class R elections as to 20% of the 70,319.76 total shares outstanding, or 14,063.95 shares.

Every Class R Eligible Participant who makes a valid Class R election elects to tender 100% of his or her shares of Towers Perrin common stock.

The total amount of cash and Towers Watson Notes available to repurchase all shares from the Class R Eligible Participants equals $200,000,000 (which amount may be increased as agreed by the parties or decreased if the Class R and Class S elections are undersubscribed).

The number of Towers Perrin RSUs outstanding immediately prior to the effective time is equal to 10% of the sum of such number of Towers Perrin RSUs plus the total shares of Towers Perrin common stock outstanding immediately prior to the effective time.

			Aggregate Issuance of Shares Pursuant to Class R Election			Impact of Redemption of Class R Shares	
	Towers Perrin redemption value per share	Market Value of Watson Wyatt Class A common stock	Total shares of Towers Watson Class R common stock to be issued	Total shares of Towers Watson Class B-1 common stock to be issued as a result of proration	Implied Equivalent Value of Towers Perrin common stock	Overall reduction in shares of Towers Watson common stock	Adjusted ownership of Towers Watson common stock by former Towers Perrin security holders
June 26, 2009	$ 3,642.00	$ 41.18	4,856,726.57	2,821,611.01	$ 22,482.58(1)	5.69%	46.98%
[______], 2009	$ 3,642.00	[_____]	[_______]	[________]	$ [______](2)	[__________]	

(1) Represents the aggregate value received by a Class R Participant, which consists of cash, Towers Watson Notes and Towers Watson Class B-1 common stock (which aggregate value is calculated by the product of the applicable Towers Perrin final exchange ratio (545.958744740) multiplied by the applicable final Watson Wyatt stock price ($41.18), each as of June 26, 2009). The aggregate value shown does not include any interest payable on the Towers Watson Notes.

(2) Represents the aggregate value received by a Class R Participant, which consists of cash, Towers Watson Notes and Towers Watson Class B-1 common stock (which aggregate value is calculated by the product of the applicable Towers Perrin final exchange ratio ([__________]) multiplied by the applicable final Watson Wyatt stock price ($[_____]), each as of [_____], 2009). The aggregate value shown does not include any interest payable on the Towers Watson Notes.

RISK FACTORS

In addition to reading and considering the other information we have included or incorporated by reference in this document, you should carefully read and consider the following factors in evaluating the merger.

Risks Relating to the Merger

Because the merger consideration exchange ratios are fixed, the market value of the Towers Watson common stock issued to you may be less than the value of your current Towers Perrin or Watson Wyatt securities.

Towers Perrin security holders who receive shares in the merger will receive a fixed number of shares of Towers Watson common stock to be calculated at the merger s closing based on the number of Towers Perrin and Watson Wyatt shares outstanding on a fully diluted basis, rather than a number of shares with a particular fixed market value (other than Guaranteed RSU Holders as defined and discussed in The Merger Agreement Conversion of Stock, Stock Options and Other Awards). Similarly, Watson Wyatt stockholders will receive a fixed number of shares of Towers Watson Class A common stock (on a one-for-one basis) in the merger. Because the merger consideration exchange ratios will not be adjusted to reflect any changes in the relative values of Towers Perrin and Watson Wyatt, the values of Towers Watson common stock issued in the merger as compared to the Towers Perrin and Watson Wyatt securities held before the merger may be higher or lower than the values of these securities on earlier dates. The market price of Watson Wyatt Class A common stock at the effective time may vary significantly from its price on the date the merger agreement was executed, the date of this document or the date of the Watson Wyatt special meeting. If the merger is consummated after December 31, 2009, the redemption value per share of Towers Perrin common stock at the effective time may also vary significantly from the redemption value per share on the date the merger agreement was executed, the date of this document and the date of the Towers Perrin special meeting. You are urged to obtain up-to-date prices for Watson Wyatt Class A common stock. See Selected Historical and Unaudited Pro Forma Financial Information for ranges of historic prices of Towers Perrin common stock and Watson Wyatt Class A common stock.

Changes in stock price may result from a variety of factors, many of which are beyond the control of Towers Perrin and Watson Wyatt, including changes in their businesses, operations and prospects, regulatory considerations, governmental actions and legal proceedings. Market assessments of the benefits of the merger and of the likelihood that the merger will be completed, as well as general and industry-specific market and economic conditions, may also affect prices of Watson Wyatt Class A common stock. Neither Towers Perrin nor Watson Wyatt is permitted to terminate the merger agreement solely because of changes in the market price of Watson Wyatt s Class A common stock.

Your special meeting will be held before the merger is completed, and the shares of Towers Watson Class A common stock will not trade publicly until after completion of the merger. As a result, at the time of your special meeting, you will not know the market value of Towers Watson common stock that you will receive upon completion of the merger.

The exact consideration to be received in the merger by the Class R Participants will not be known when Towers Perrin shareholders vote on the merger agreement or Class R Participants make their Class R election.

The Class R election available to Class R Eligible Participants is subject to proration as described in The Merger Agreement The Class R and Class S Elections . The maximum number of shares of Towers Watson Class R common stock that may be issued in the merger and the exact consideration that the Class R Participants will receive will not be available at the time Towers Perrin shareholders vote on the merger agreement or when Class R Participants make their Class R election. In addition, the consideration that any particular Class R Participant will receive if he or she makes a Class R election will also not be known at the time

Table of Contents

that he or she makes the Class R election because the consideration will depend on the total number of shares of Towers Perrin common stock that Class R Participants elect to convert into shares of Towers Watson Class R common stock. If the Class R election is oversubscribed, Class R Participants will receive fewer shares of Towers Watson Class R common stock, and more shares of Towers Watson Class B-1 common stock, in exchange for their shares of Towers Perrin common stock than such Class R Participants elected to receive, which could result in, among other things, tax consequences that differ from those that would have resulted if the Class R election was not oversubscribed. See Material Income Tax Considerations for a description of the U.S. federal income tax consequences of the merger to Class R Participants.

Obtaining required approvals may delay or prevent completion of the merger or reduce the anticipated benefits of the merger.

Completion of the merger is conditioned upon, among other things, the receipt of material governmental authorizations, consents, orders and approvals, including approvals under competition laws within the European Union. In connection with granting these approvals, governmental authorities may impose conditions on, or require divestitures or other changes relating to, the divisions, operations or assets of Towers Perrin and Watson Wyatt. Such conditions, divestitures or other changes may jeopardize or delay completion of the merger or may reduce the anticipated benefits of the merger. See The Merger Agreement Conditions to the Merger for a discussion of the conditions to the completion of the merger and Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Regulatory Requirements for a description of the regulatory approvals necessary in connection with the merger.

If we are not able to successfully integrate the operations of Towers Perrin and Watson Wyatt, the combined company may fail to realize the anticipated growth opportunities, cost savings and other anticipated benefits of the merger.

Towers Perrin and Watson Wyatt operate as separate and independent companies, and will continue to do so until the completion of the merger. Following the effective time, Towers Watson management may face significant challenges in integrating the two companies technologies, organizations, procedures, policies and operations, as well as in addressing any differences in the business cultures of the two companies, and retaining key Towers Perrin and Watson Wyatt personnel. The integration process may be complex and time consuming and require substantial resources and effort. These efforts could divert management s focus and resources from other strategic opportunities and from business operations during the integration process. Difficulties may occur during the integration process, including:

- Loss of key officers and employees;
- Loss of key clients;
- Loss of revenues; and
- Increases in operating, tax or other costs.

The success of the merger will depend in part on our ability to realize the anticipated growth opportunities and cost savings from integrating the businesses of Towers Perrin and Watson Wyatt, while minimizing or eliminating any difficulties that may occur. Even if the integration of the businesses of Towers Perrin and Watson Wyatt is successful, it may not result in the realization of the full benefits of the growth opportunities and cost savings that we currently expect or these benefits may not be achieved within the anticipated time frame. Any failure to timely realize these anticipated benefits could have a material adverse effect on the revenues, expenses and operating results of Towers Watson.

In addition, Towers Watson must also integrate Watson Wyatt s and Towers Perrin s financial reporting systems, including their respective internal control over financial reporting. This process may pose challenges because Towers Perrin has not previously been subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and the rules promulgated thereunder by the SEC. If Towers Watson cannot successfully integrate the two companies internal control over financial reporting, the reliability of

Table of Contents

Towers Watson s financial statements may be impaired and Towers Watson may not be able to meet its reporting obligations under applicable law. Any such impairment or failure could cause investor confidence and, in turn, the market price of the Towers Watson Class A common stock, to be materially adversely affected.

The estimates of operational cost savings resulting from the merger and costs required to achieve such savings are inherently uncertain and may not be accurate.

We anticipate that the merger will ultimately result in approximately $80 million in pretax annual operational costs savings, primarily as a result of reductions in management headcount and general and

administrative expenses. While we expect to realize significant savings during the first two years following completion of the merger, we anticipate that full realization of these pretax annual operational cost savings will take three years to achieve. This figure does not include other potential cost savings, including, in general, annual savings of approximately $41 million in compensation, benefits and other direct costs expected to result from retirement of Class R Eligible Participants at the effective time. We also expect to incur approximately $80 million in one-time severance and IT integration costs in order to realize $80 million in annual operational costs savings. These operational cost savings estimates are based on a number of assumptions, including that Towers Watson will be able to implement cost saving programs such as personnel reductions and consolidation of operations, technologies, and administrative functions. In addition, our estimated expenses required to achieve operational costs savings do not include certain other costs we expect Towers Watson to incur, including those relating to rebranding, lease termination costs and facilities consolidation, among others. We may not be able to achieve the operational cost savings that we anticipate in the expected timeframe, based on the expected costs or at all. Failure to successfully implement cost savings programs on a timely basis, or the need to spend more than anticipated to implement such programs, will result in lower than expected cost savings in connection with the merger and could have a material adverse effect on the operating results of Towers Watson.

The merger may cause dilution to Towers Watson s earnings per share as compared with Watson Wyatt s earnings per share, which may negatively affect the market price of Towers Watson s Class A common stock.

Towers Perrin and Watson Wyatt currently anticipate that the merger will be accretive to Towers Watson s diluted earnings per share within three years following the effective time, when compared with Watson Wyatt s earnings per share. This expectation is based on preliminary estimates which may materially change. In particular, due to legal restrictions, Towers Perrin and Watson Wyatt have not been able to share certain competitively sensitive information regarding the integration of the two companies. Towers Watson, Towers Perrin and Watson Wyatt could encounter additional transaction and integration-related costs or other factors such as the failure to realize all of the benefits anticipated in the merger. All of these factors could cause dilution to Towers Watson s earnings per share compared with Watson Wyatt s earnings per share, or decrease or delay the expected accretive effect of the merger and cause a decrease in the price of Towers Watson s Class A common stock.

Failure to complete the merger could negatively impact Towers Perrin and Watson Wyatt and their future operations.

If the merger is not completed for any reason, Towers Perrin and Watson Wyatt may be subjected to a number of material risks. The price of Watson Wyatt Class A common stock may decline to the extent that the current market price of Watson Wyatt Class A common stock reflects a market assumption that the merger will be completed. If the board of directors of Towers Perrin or Watson Wyatt determines to seek another business combination or the merger is not completed for any other reason, the parties may risk losing key clients and employees. In addition, some costs related to the merger, such as legal, accounting, filing, printing and mailing, must be paid by Towers Perrin and Watson Wyatt whether or not the merger is completed.

Table of Contents

A portion of the merger consideration received by Towers Perrin shareholders who make a valid Class R election will be treated as ordinary compensation income.

Towers Perrin and Watson Wyatt have determined that a portion of the merger consideration received by a Class R Participant who makes a valid Class R election should be treated as ordinary compensation income to that Class R Participant and such portion will be taxable to such holder at ordinary income rates and will be subject to applicable withholding taxes. The amount treated as ordinary compensation income will be determined based on the difference in value between the merger consideration that will be received by a Class R Participant who makes a valid Class R election (i.e., cash, notes and Towers Watson Class B-1 common stock) and the merger consideration that will be received by a Towers Perrin shareholder who is not a Class R Participant who makes a valid Class R election. The Internal Revenue Service (which we refer to as the IRS) may disagree with the determination of the portion treated as ordinary compensation income, in which case a Class R Participant may be subject to increased tax.

For other reasons, a portion of the merger consideration received by certain Towers Perrin shareholders (not limited to Towers Perrin shareholders who make a Class R election) may be treated as ordinary compensation income.

The Towers Perrin bylaws include a requirement that Towers Perrin purchase a Towers Perrin shareholder s shares following the individual s termination of employment. Milbank, Tweed, Hadley & McCloy LLP (or Milbank), counsel to Towers Perrin, will provide its opinion dated as of the closing date that the elimination of the requirement that Towers Perrin common stock be repurchased by Towers Perrin is not a compensatory cancellation of a nonlapse restriction. Such opinion is not binding on the IRS and, accordingly, the IRS could take a contrary position. In addition, compensation income could arise if some or all of a U.S. Holder s (as defined in Material Income Tax Considerations) Towers Perrin shares were treated as not substantially vested within the meaning of Code Section 83 prior to the merger and such holder did not make a timely Section 83(b) election with respect to such shares. In general, shares would not be treated as substantially vested for this purpose if the shares were subject to a substantial risk of forfeiture . The determination of whether any U.S. Holder s Towers Perrin shares are subject to a substantial risk of forfeiture as a result of the restrictions contained in the Towers Perrin bylaws or otherwise is based on all the facts and circumstances applicable to such holder at the time that such shares were acquired.

If some or all of a U.S. Holder s Towers Perrin shares were not treated as substantially vested prior to the merger and the U.S. Holder did not make a timely Section 83(b) election with respect to those shares, the U.S. Holder would recognize compensation income with respect to such shares at the time of the Towers Perrin merger. The amount of the compensation income recognized could be substantial for individual holders. Any compensation income would be subject to U.S. federal income tax at ordinary income tax rates in the year that the merger closes. Towers Perrin intends to take the position that none of the consideration received in the Towers Perrin merger constitutes ordinary compensation income (except with respect to a portion of the merger consideration received by a Class R Participant). See Material Income Tax Considerations Consequences of the Merger to U.S. Holders of Towers Perrin Shares Potential Alternative Tax Characterization for Towers Perrin Shares Issued in Connection with the Performance of Services for additional information.

Directors, executive officers and stockholders of Towers Perrin and Watson Wyatt may have potential conflicts of interest in connection with the merger.

Some of the directors and executive officers of Towers Perrin and Watson Wyatt have interests in the merger that are different from, or are in addition to, the interests of their respective company s stockholders generally. These interests may create potential conflicts of interest. These interests include positions as directors or executive officers of Towers Watson, potential benefits under employment or benefit arrangements that may be available as a result of the merger, payment or accelerated vesting of or distribution of rights or benefits under certain of their respective compensation and benefit plans or arrangements as a result of the merger, potential severance and other benefit payments in the event of termination of employment in connection with the merger, and the right to continued indemnification and insurance coverage by Towers Watson for acts or omissions occurring prior to the merger. See Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Interests of Towers Perrin s Directors, Executive Officers and Principal Shareholders in the Merger and Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Interests of Watson Wyatt s Directors, Executive Officers and Principal Stockholders in the Merger .

In recommending that their respective company s stockholders approve and adopt the merger agreement, the boards of directors of Towers Perrin and Watson Wyatt were aware of these interests and considered them in approving the transactions contemplated by the merger agreement.

The unaudited pro forma financial data included in this document are illustrative and the actual financial position and results of operations of Towers Watson after the merger may differ materially from the unaudited pro forma financial data included in this document.

The unaudited pro forma financial data included in this document are presented solely for illustrative purposes and are not necessarily indicative of what Towers Watson s actual financial position or results of operations would have been had the merger been completed on the dates indicated. The pro forma financial data reflect adjustments that were developed using preliminary estimates based on currently available information and certain assumptions, and may be revised as additional information becomes available. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. In addition, the pro forma financial data have not been adjusted to give effect to certain expected financial benefits of the merger, such as operational cost savings or the anticipated costs to achieve these benefits, including, among others, charges against earnings or increases in tax expense resulting from integration or restructuring activities after the merger closes, the final application of purchase accounting and annual savings of approximately $41 million in compensation, benefits and other direct costs expected to result from the retirement of Class R Eligible Participants at the effective time. Neither the pro forma financial data, nor any interim period financial data included in this document upon which the pro forma financial data are based, have been audited.

There will be material differences between the current rights of Towers Perrin security holders and Watson Wyatt security holders and the rights they can expect to have as Towers Watson stockholders.

Towers Perrin security holders and Watson Wyatt security holders who receive Towers Watson common stock in the merger will become Towers Watson stockholders, and their rights as stockholders will be governed by Towers Watson s certificate of incorporation and bylaws. In addition, while Towers Perrin is currently a Pennsylvania corporation governed by the PBCL, Towers Watson will be a Delaware corporation governed by the DGCL. There will be material differences among the current rights of Towers Perrin security holders and Watson Wyatt stockholders and the rights they will have as Towers Watson stockholders. For a discussion of other material differences, see Comparison of the Rights of Towers Perrin, Watson Wyatt and Towers Watson Stockholders .

Towers Perrin shareholders and Watson Wyatt stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

After the completion of the merger, all Towers Perrin shareholders and Watson Wyatt stockholders will own a smaller percentage of Towers Watson as compared to the percentage they currently own of Towers Perrin and Watson Wyatt, respectively. At the effective time, the Towers Perrin security holders, on one hand, and the Watson Wyatt security holders, on the other hand, each will be entitled to receive, in the aggregate, 50% of Towers Watson s voting common stock then outstanding. Consequently, the Towers Perrin shareholders, as a group, and Watson Wyatt stockholders, as a group, will each have reduced ownership and voting power in the combined company as compared to their current ownership and voting power in Towers Perrin and Watson Wyatt, respectively.

Table of Contents

Significant transaction costs will be incurred as a result of the merger.

Towers Perrin and Watson Wyatt expect to incur significant one-time transaction costs related to the merger. These transaction costs include investment banking, legal and accounting fees and expenses and filing fees, printing expenses and other related charges. The companies may also incur additional unanticipated transaction costs in connection with the merger. A portion of the transaction costs related to the merger will be incurred regardless of whether the merger is completed. Additional costs will be incurred in connection with integrating the two companies businesses, such as severance and IT integration expenses, which we expect will total approximately $80 million, as well as other expenses, such as rebranding, facilities consolidation and lease termination costs. Costs in connection with the merger and integration may be higher than expected.

Failure to complete the merger in certain circumstances could require Towers Perrin or Watson Wyatt to pay a termination fee or expenses.

If the merger agreement is terminated under certain circumstances discussed more fully in The Merger Agreement Termination Fees; Expenses , Towers Perrin or Watson Wyatt, as the case may be, could be obligated to pay the other party a $65 million termination fee, or reimburse the other for expenses up to a maximum amount of $10 million. Payment of the termination fee could materially adversely affect such company s results of operations or financial condition.

Risks Relating to Towers Watson s Business

The loss of key employees could damage or result in the loss of client relationships and could result in such employees competing against Towers Watson.

Towers Watson s success will depend on its ability to attract, retain and motivate qualified personnel generally, including key management personnel and employees. In addition, Towers Watson s success will largely depend upon the business generation capabilities of, and quality of services provided by, its employees. In particular, Towers Watson s employees personal relationships with its clients will be a critical element of obtaining and maintaining client engagements. Losing employees who manage substantial client relationships or possess substantial experience or expertise could materially adversely affect Towers Watson s ability to secure and complete engagements, which would materially adversely affect Towers Watson s results of operations and prospects. In addition, if any of Towers Watson s key employees were to join an existing competitor or form a competing company, existing and potential clients could choose to use the services of that competitor instead of Towers Watson s services.

There can be no assurance that confidentiality and non-solicitation/non-competition agreements signed by senior employees who were former Towers Perrin or Watson Wyatt employees before the merger, or agreements signed by Towers Watson employees in the future, will be effective in preventing a loss of business.

Towers Perrin shareholders are subject to covenants contained in Section 6.18 of Towers Perrin s bylaws regarding the solicitation of Towers Perrin clients. Currently, if a Towers Perrin shareholder does not comply with these restrictions after his or her employment terminates, Towers Perrin has the right to withhold payment of a portion of the redemption price owed to the shareholder for his or her Towers Perrin shares. After the merger, Towers Perrin will no longer have this right as Towers Perrin employees who become Towers Watson stockholders will not be required to sell their Towers Watson shares to Towers Watson if they cease to be employed by Towers Perrin. Without the deterrent effect of the risk of forfeiting their right to such cash payments, Towers Perrin shareholder employees may be more likely to breach these non-solicitation covenants following the merger. If any key employees breach these non-solicitation covenants and join an existing competitor or form a competing company, existing and potential clients could choose to use the services of a competitor instead of Towers Watson s services. Although we believe the non-solicitation covenant will continue to bind the former Towers Perrin shareholders for two years after the effective time, there is a risk, as is currently the case, that the Towers Perrin bylaw provisions, as well as Watson Wyatt s non-compete agreements, could be

Table of Contents

held unenforceable in particular situations and jurisdictions. If such provisions were held to be unenforceable and former Towers Perrin and Watson Wyatt employees were permitted to compete with Towers Watson, such events could have a material adverse effect on Towers Watson s business.

As a condition to making a valid Class R election, a Class R Participant must agree to terminate his or her employment with Towers Perrin as of the effective time (unless another time is agreed to by Towers Perrin and Watson Wyatt) and enter into a confidentiality and non-solicitation agreement that prevents such shareholder from soliciting employees or clients of Towers Perrin, Watson Wyatt or Towers Watson for [__] years following termination of employment. Clients who worked with these Class R Participants may choose to use the services of a competitor instead of Towers Watson s services. In addition, if any of the Class R Participants were to join an existing competitor or form a competing company, existing and potential clients could choose to use the services of that competitor instead of Towers Watson s services.

Changes in Towers Watson s compensation structure relative to each of Towers Perrin s and Watson Wyatt s current compensation structures could impair Towers Watson s ability to retain certain current employees of each of Towers Perrin and Watson Wyatt.

In order to meet Towers Watson s operating margin goals and increase its level of retained earnings, following the merger, Towers Watson may change Towers Perrin s and Watson Wyatt s respective compensation structures. For example, Towers Perrin, as a private company, has not retained a significant amount of annual earnings, resulting in significant flexibility to vary its levels of cash compensation. We expect Towers Watson s compensation practices after the effective time to be different than Towers Perrin s current practices, because a larger proportion of earnings will be retained compared to Towers Perrin s historical practice. Any changes in compensation structure could materially adversely affect Towers Watson s ability to retain current Towers Perrin and Watson Wyatt employees if they do not perceive Towers Watson s total compensation program to be competitive with those of other firms.

Towers Watson s clients could terminate or reduce its services at any time, which could decrease employee utilization, adversely impacting Towers Watson s profitability and results of operation.

Towers Watson s clients generally will be able to terminate or reduce Towers Watson s engagements at any time. If a client reduces the scope of, or terminates the use of, Towers Watson s services with little or no notice, Towers Watson s employee utilization will decline. In such cases, Towers Watson will have to rapidly re-deploy its employees to other engagements (if possible) in order to minimize the potential negative impact on Towers Watson s financial performance. In addition, because it is expected that a sizeable portion of Towers Watson s work will be project-based rather than recurring in nature, Towers Watson s employees utilization will depend on Towers Watson s ability to continually secure additional engagements.

Current clients of Towers Perrin and Watson Wyatt may terminate the services of Towers Perrin or Watson Wyatt, which could adversely impact Towers Watson s profitability and results of operation.

Current clients of Towers Perrin and Watson Wyatt, who are expected to become clients of Towers Watson, may terminate the services of Towers Perrin or Watson Wyatt prior to the effective time for various reasons, including as a result of the announcement of the merger or because of perceived conflicts resulting from the combination of the two companies. If a sufficient number of clients reduce the scope of, or terminate the use of, Towers Perrin s or Watson Wyatt s services prior to the effective time, these terminations could adversely impact Towers Watson s profitability and results of operation.

Improper management of Towers Watson s engagements could hurt Towers Watson s financial results.

If Towers Watson does not properly negotiate the price and manage the performance of its engagements, Towers Watson might incur losses on individual engagements and experience lower profit margins and, as a result, Towers Watson s overall financial results could be materially adversely affected.

Table of Contents

The trend of employers shifting from defined benefit plans to defined contribution plans could materially adversely affect Towers Watson s business and its operating results.

Towers Watson will provide clients with actuarial and consulting services relating to both defined benefit and defined contribution plans. Defined benefit pension plans generally require more actuarial services than defined contribution plans because defined benefit plans typically involve large asset pools, complex calculations to determine employer costs, funding requirements and sophisticated analysis to match liabilities and assets over long periods of time. If organizations shift to defined contribution plans more rapidly than we anticipate, Towers Watson s business operations and related operating results will be materially adversely affected.

Towers Watson s business will be negatively affected if it is not able to anticipate and keep pace with rapid changes in government regulations or if government regulations decrease the need for Towers Watson s services.

A material portion of Towers Watson s revenue will be affected by statutory changes. Many areas in which Towers Watson will provide services are the subject of government regulation which is constantly evolving. Changes in government and accounting regulations in the United States and the United Kingdom, two of Towers Watson s principal geographic markets, affecting the value, use or delivery of benefits and human capital programs, including changes in regulations relating to health care (such as medical plans), defined contribution plans (such as 401(k) plans), defined benefit plans (such as pension plans) or executive compensation, may materially adversely affect the demand for Towers Watson s services. Changes to insurance regulatory schemes, or Towers Watson s failure to keep pace with such changes, could negatively affect demand for services in Towers Watson s Risk and Financial Services business group. For example, Towers Watson s continuing ability to provide reinsurance intermediary services depends on compliance with the rules and regulations in each of these jurisdictions. Any failure to comply with these regulations could lead to disciplinary action, including compensating clients for loss, the imposition of fines or the revocation of the authorization to operate as well as damage to Towers Watson s reputation.

In addition, Towers Watson will have significant operations throughout the world, which will further subject it to applicable laws and regulations of countries outside the United States and the United Kingdom. Changes in legislation or regulations and actions by regulators in particular countries, including changes in administration and enforcement policies, could require operational improvements or modifications, which may result in higher costs or hinder Towers Watson s ability to operate its business in those countries.

If Towers Watson is unable to adapt its services to applicable laws and regulations, its ability to provide effective services in these areas will be substantially diminished.

Towers Watson s business could be negatively affected by currently proposed or future legislative or regulatory activity concerning compensation consultants.

Recent legislative and regulatory activity in the United States has focused on the independence of compensation consultants retained to provide advice to compensation committees of publicly-traded companies. For example, on July 31, 2009, the U.S. House of Representatives passed H.R. 3269, the *Corporate and Financial Institution Compensation Fairness Act of 2009*, which requires any compensation consultant or other similar advisor to the compensation committee of a listed company to meet standards for independence to be established by SEC regulation. Companies that violate this requirement would be prohibited from listing any class of equity security with the national securities exchanges and associations. In addition, the SEC recently proposed rules that, if adopted, would result in a number of changes to required proxy disclosures, including enhanced disclosure relating to compensation consultants and potential conflicts of interest. The SEC proposed rules that require disclosure of fees paid to compensation consultants as well as a description of any additional services provided to the issuer by the compensation consultant or its affiliates and the aggregate fees paid for such additional services. Due in part to these legislative and regulatory changes, some clients of Towers Perrin and Watson Wyatt have decided to terminate their relationships with the respective company (either with respect to compensation consulting services or with respect to other consulting services) to avoid perceived or potential conflicts of interest. Additional clients of Towers Perrin and Watson Wyatt may decide to terminate their relationship with the respective company and, as a result, Towers Watson s business, financial condition and results of operations could be materially adversely affected. Such legislative and regulatory activities may also result in certain Towers Watson consultants terminating their employment and competing with Towers Watson for the business of clients that have or may terminate their executive compensation consulting relationships with Towers Perrin and/or Watson Wyatt, or may terminate their relationships with Towers Watson. Any such talent migration could have a material adverse effect on Towers Watson s business.

Competition from firms with greater resources could result in loss of Towers Watson s market share and reduced profitability.

The markets for Towers Watson s principal services are highly competitive. Towers Watson s competitors will include other human capital and risk management consulting and actuarial firms, as well as the human capital and risk management divisions of diversified professional services, insurance, brokerage and accounting firms. Some of Towers Watson s competitors have greater financial, technical and marketing resources than Towers Watson will have, which could enhance their ability to finance acquisitions, fund internal growth and respond more quickly to professional and technological changes. Some competitors may have or may develop a lower cost structure. New competitors or alliances among competitors could emerge, creating additional competition and gaining significant market share. In order to respond to increased competition and pricing pressure, Towers Watson might have to lower its prices, which would have an adverse effect on Towers Watson s revenues and profit margin.

Consolidation in the industries that Towers Watson is expected to serve could materially adversely affect its business.

Companies in the industries that Towers Watson is expected to serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of Towers Watson s clients merge or consolidate and combine their operations, Towers Watson may experience a decrease in the amount of services it performs for these clients. If one of Towers Watson s clients merges or consolidates with a company that relies on another provider for its services, Towers Watson may lose work from that client or lose the opportunity to gain additional work. The increased market power of larger companies could also increase pricing and competitive pressures on Towers Watson. Any of these possible results of industry consolidation could materially adversely affect Towers Watson s revenues and profits. Towers Watson s reinsurance intermediary business is especially susceptible to this risk given the limited number of insurance companies seeking reinsurance and reinsurance providers in the marketplace.

Towers Watson will be subject to risks of doing business internationally.

A sizeable portion of Towers Watson s business will be located outside of the United States. As a result, a significant portion of Towers Watson s business operations will be subject to foreign financial, tax and business risks, which could arise in the event of:

- Currency exchange rate fluctuations;
- Unexpected increases in taxes or changes in U.S. or foreign tax laws;
- Compliance with a variety of international laws, such as data privacy, employment, trade barriers and restrictions on the import and export of technologies, as well as U.S. laws affecting the activities of U.S. companies abroad, including the Foreign Corrupt Practices Act of 1977 and sanctions programs administered by the U.S. Department of Treasury Office of Foreign Assets Control;
- Absence in some jurisdictions of effective laws to protect Towers Watson s intellectual property rights;

- New regulatory requirements or changes in policies and local laws that materially affect the demand for Towers Watson s services or directly affect Towers Watson s foreign operations;
- Local economic and political conditions, including unusual, severe, or protracted recessions in foreign economies;
- The length of payment cycles and potential difficulties in collecting accounts receivable, particularly in light of the increasing number of insolvencies in the current economic environment and the numerous bankruptcy laws to which they are subject;
- Unusual and unexpected monetary exchange controls; or
- Civil disturbance or other catastrophic events that reduce business activity in other parts of the world.

These factors may lead to decreased sales or profits and therefore may have a material adverse effect on Towers Watson s business, financial condition and operating results.

Towers Watson s inability to successfully recover should it experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

Should Towers Watson experience a disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breach, power loss, telecommunications failure or other natural or man-made disaster, Towers Watson s continued success will depend, in part, on the availability of its personnel, its office facilities, and the proper functioning of its computer, telecommunication and other related systems and operations. In such an event, Towers Watson s operational size and the multiple locations from which it will operate could provide Towers Watson with an important advantage. Nevertheless, Towers Watson could still experience near term operational challenges with regard to particular areas of its operations.

Towers Watson s ability to recover from any disaster or other business continuity problem will depend on its ability to protect its technology infrastructure against damage from business continuity events that could have a significant disruptive effect on Towers Watson s operations. Towers Watson could potentially lose client data or experience material adverse interruptions to its operations or delivery of services to its clients in a disaster.

Towers Watson will regularly assess and take steps to improve upon its business continuity plans and key management succession. However, a disaster on a significant scale or affecting certain of Towers Watson s key operating areas within or across regions, or its inability to successfully recover should Towers Watson experience a disaster or other business continuity problem, could materially interrupt Towers Watson s business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability.

Demand for Towers Watson s services could decrease for various reasons, including a continued general economic downturn, a decline in a client s or an industry s financial condition or prospects, or a decline in defined benefit pension plans that could materially adversely affect Towers Watson s operating results.

Towers Watson can give no assurance that the demand for its services will grow or that Towers Watson will compete successfully with its existing competitors, new competitors or its clients internal capabilities. Towers Watson s clients demand for its services may change based on their own needs and financial conditions.

Towers Watson s results of operations will be affected directly by the level of business activity of Towers Watson s clients, which in turn will be affected by the level of economic activity in the industries and markets that they serve. Economic slowdowns in some markets, particularly in the United States, have caused and may continue to cause reduction in discretionary spending by Towers Watson s clients, result in longer client

Table of Contents

payment terms, an increase in late payments by clients and an increase in uncollectible accounts receivable, each of which may reduce the demand for Towers Watson s services, increase price competition and adversely impact Towers Watson s growth and profit margins. If Towers Watson s clients enter bankruptcy or liquidate their operations (which has already happened with some of the current clients of Towers Perrin and Watson Wyatt), Towers Watson s revenues could be materially adversely affected.

The current economic conditions have adversely impacted Towers Perrin s and Watson Wyatt s results of operations, cash flow and financial position, which are lower than previously anticipated. For example, on August 13, 2009, Watson Wyatt announced that its revenues for the fourth quarter of fiscal 2009 were $396.5 million, a decrease of 13% (a decrease of 4% constant currency) compared to revenues of $435.8 million for the fourth quarter of fiscal 2008. Similarly, Towers Perrin s revenues for the six months ended June 30, 2009 were $758.7 million, a decrease of 15.0% (a decrease of 7.5% constant currency) compared to revenues of $892.1 million for the six months ended June 30, 2008. There can be no assurance that continuing weakening economic conditions throughout the world will not adversely impact Towers Watson s results of operations, cash flow, financial position or prospects.

In addition, the demand for many of Towers Watson s core benefit services, including compliance-related services will be affected by government regulation and taxation of employee benefit plans. Significant changes in tax or social welfare policy or regulations could lead some employers to discontinue their employee benefit plans, including defined benefit pension plans, thereby reducing the demand for Towers Watson s services. A simplification of regulations or tax policy also could reduce the need for Towers Watson s services.

Demand for Towers Watson s services could also be negatively impacted by harm to its reputation, which could occur for a variety of reasons, many of which will be outside Towers Watson s control.

Towers Watson s quarterly revenues could fluctuate while Towers Watson s expenses are expected to be relatively fixed.

Quarterly variations in Towers Watson s revenues and operating results could occur as a result of a number of factors, such as:

- The significance of client engagements commenced and completed during a quarter;
- The seasonality of certain types of services. For example, Watson Wyatt s retirement revenues typically are more heavily weighted toward the first and fourth quarters of the calendar year, when annual actuarial valuations are required to be completed for calendar year end companies and the related services are performed;
- The number of business days in a quarter, employee hiring and utilization rates and clients ability to terminate engagements without penalty;
- The size and scope of assignments; and
- General economic conditions.

A sizeable portion of Towers Watson s total operating expenses are expected to be relatively fixed, encompassing the majority of administrative, occupancy, communications and other expenses, depreciation and amortization, and salaries and employee benefits excluding fiscal year end incentive bonuses. Therefore, a variation in the number of client assignments or in the timing of the initiation or the completion of client assignments can cause significant variations in quarterly operating results and could result in losses.

Reinsurance intermediary revenue is influenced by factors that will be beyond Towers Watson s control, and volatility or declines in premiums or other trends in the insurance and reinsurance markets could significantly undermine the profitability of Towers Watson s reinsurance intermediary business.

Towers Watson is expected to derive approximately 5% of its consolidated revenue from its reinsurance intermediary business, which in turn will derive a majority of its revenue from commissions.

Table of Contents

Revenue earned in Towers Watson s capacity as a reinsurance intermediary will be based in large part on the rates that the global reinsurance marketplace prices for risks. For example, Towers Watson will not determine reinsurance premiums on which commissions are generally based.

Premiums are cyclical in nature and may vary widely based on market conditions. When premium rates decline, the commission and fees earned for placing certain reinsurance contracts and programs also tend to decrease. When premium rates rise, Towers Watson may not be able to earn increased revenue from providing intermediary services because clients may purchase less reinsurance, there may be less reinsurance capacity available, or clients may negotiate a reduction to the compensation rate or a reduced fee for Towers Watson s services.

To the extent Towers Watson s clients are or become materially adversely affected by declining business conditions in the current economic environment, they may choose to limit their purchases of insurance and reinsurance coverage, as applicable, which would inhibit Towers Watson s ability to generate commission revenue, and may decide not to utilize Towers Watson s risk management services, which would inhibit Towers Watson s ability to generate fee revenue.

Towers Watson will advise or act on behalf of clients regarding investments whose results are not guaranteed.

Towers Watson will provide advice on both asset allocation and selection of investment managers. For some clients, Towers Watson will be responsible for making decisions on both these matters. Asset classes may experience poor absolute performance, and investment managers may underperform their benchmarks; in both cases the investment return shortfall can be significant. Clients experiencing this underperformance may assert claims against Towers Watson and claims may be for significant amounts. Defending against these claims can involve potentially significant costs, including legal defense costs. Towers Watson s ability to limit its potential liability may be limited in certain jurisdictions or in connection with claims involving breaches of fiduciary duties or other alleged errors or omissions.

Towers Watson investment activities may require specialized operational competencies.

For certain clients, Towers Watson will be responsible for some portions of cash and investment management including rebalancing of investment portfolios and guidance to third parties on structure of derivatives and securities transactions. Failure of Towers Watson to properly execute its role can cause monetary damage to such third parties for which Towers Watson might be found liable and claims may be for significant amounts. Defending against these claims can involve potentially significant costs, including legal defense costs. Towers Watson s ability to limit its potential liability may be constrained in certain jurisdictions.

Towers Watson s growth strategy will depend, in part, on its ability to make acquisitions, and if Towers Watson has difficulty in acquiring, overpays for, or is unable to acquire other businesses, its business may be materially adversely affected.

Towers Watson s growth will depend in part on its ability to make acquisitions. Towers Watson may not be successful in identifying appropriate acquisition candidates or consummating acquisitions on terms acceptable or favorable to it, on the proposed timetables, or at all. Towers Watson also will face additional risks related to acquisitions, including that it could overpay for acquired businesses and that any acquired business could significantly underperform relative to its expectations. If Towers Watson is unable to identify and successfully make acquisitions, its business could be materially adversely affected.

Table of Contents

Towers Watson will face risks when it acquires businesses, and may have difficulty integrating or managing acquired businesses, which may harm Towers Watson s business, financial condition, results of operations or reputation.

Towers Watson may acquire other companies in the future.

Towers Watson cannot be certain that its acquisitions will be accretive to earnings or otherwise meet its operational or strategic expectations. Acquisitions involve special risks, including the potential assumption of unanticipated liabilities and contingencies and difficulties in integrating acquired businesses, and acquired businesses may not achieve the levels of revenue, profit or productivity Towers Watson anticipates or otherwise perform as Towers Watson expects. In addition, if the operating performance of an acquired business deteriorates significantly, Towers Watson may need to write down the value of the goodwill and other acquisition-related intangible assets recorded on its balance sheet.

Towers Watson may be unable to effectively integrate an acquired business into its organization, and may not succeed in managing such acquired businesses or the larger company that results from such acquisitions. The process of integration of an acquired business may subject Towers Watson to a number of risks, including:

- Diversion of management attention;
- Amortization of intangible assets, adversely affecting Towers Watson s reported results of operations;
- Inability to retain the management, key personnel and other employees of the acquired business;
- Inability to establish uniform standards, controls, systems, procedures and policies;
- Inability to retain the acquired company s clients;
- Exposure to legal claims for activities of the acquired business prior to acquisition; and
- Incurrence of additional expenses in connection with the integration process.

If acquisitions are not successfully integrated, Towers Watson s business, financial condition and results of operations could be materially adversely affected, as well as its professional reputation.

Damage to Towers Watson s reputation could damage its businesses.

Maintaining a positive reputation will be critical to Towers Watson s ability to attract and maintain relationships with clients and employees. Damage to Towers Watson s reputation could therefore cause significant harm to its business and prospects. Harm to Towers Watson s reputation can arise from numerous sources, including, among others, employee misconduct, litigation or regulatory action, failing to deliver minimum standards of service and quality, compliance failures and unethical behavior. Negative publicity regarding Towers Watson, whether or not true, may also result in harm to Towers Watson s prospects.

Towers Watson could also suffer significant reputational harm if Towers Watson fails to properly identify and manage potential conflicts of interest. The failure or perceived failure to adequately address, conflicts of interest could affect the willingness of clients to deal with Towers Watson, or give rise to litigation or enforcement actions. There can be no assurance that conflicts of interest will not arise in the future that could cause material harm to Towers Watson.

Towers Watson could be subject to claims arising from its work, as well as government inquiries and investigations, which could materially adversely affect Towers Watson s reputation and business.

Professional services providers, including those in the human capital and risk management sectors such as Towers Perrin and Watson Wyatt, are subject to claims by their clients. Clients who may become dissatisfied with Towers Watson s services or clients and third parties who claim they suffered damages caused by Towers Watson s services may bring lawsuits against Towers Watson. The nature of Towers Watson s work, particularly its actuarial services, necessarily will involve the use of assumptions and the preparation of estimates relating to

Table of Contents

future and contingent events, the actual outcome of which Towers Watson cannot know in advance. Towers Watson s actuarial services will also rely on substantial amounts of data provided by clients, the accuracy and quality of which Towers Watson cannot ensure. In addition, Towers Watson could make computational, software programming or data management errors in connection with the services it provides to clients.

Clients may seek to hold Towers Watson responsible for the financial consequences of variances between assumptions and estimates and actual outcomes or for errors. For example, clients may make:

- Claims that actuarial assumptions were unreasonable or that there were computational errors leading to pension plan underfunding or under-reserving for insurance claim liabilities;
- Claims of failure to review adequately or detect deficiencies in data, which could lead to an underestimation of pension plan or insurance claim liabilities; and
- Claims that employee benefit plan documents were misinterpreted or plan amendments were faulty, leading to unintended plan benefits or overpayments to beneficiaries.

Given that Towers Watson frequently will work with large pension funds and insurance companies, relatively small percentage errors or variances can create significant financial variances and result in significant claims for unintended or unfunded liabilities. The risks from such variances or errors could be aggravated in an environment of declining pension fund asset values and insurance company capital levels. In almost all cases, Towers Watson s exposure to liability with respect to a particular engagement will be substantially greater than the revenue opportunity that the engagement will generate for Towers Watson.

In the case of liability for pension plan actuarial errors, a client s claims might focus on the client s alleged reliance that actuarial assumptions were reasonable and, based on such reliance, the client made benefit commitments the client may later claim are not affordable or funding decisions that result in plan underfunding if and when actual outcomes vary from actuarial assumptions.

Defending lawsuits arising out of any of Towers Watson s services could require substantial amounts of management attention, which could affect management s focus on operations, adversely affect Towers Watson s financial performance and result in increased insurance costs or a reduction in the amount of available insurance coverage. In addition to defense costs and liability exposure which may be significant, claims may produce negative publicity that could hurt Towers Watson s reputation and business.

Finally, Towers Watson may be subject to inquiries and investigations by federal, state or other governmental agencies regarding aspects of its business, especially regulated businesses such as its broker dealer and investment advisory services. Such inquiries or investigations may consume significant management time and result in significant legal fees.

Towers Watson s reinsurance intermediary business could be subject to claims arising from its work, which could materially adversely affect Towers Watson s reputation and business.

Towers Watson s reinsurance intermediary business may be subject to claims brought against it by clients or third parties. Clients are likely to assert claims if they fail to make full recoveries in respect of their own claims. If reinsurers with whom Towers Watson places business for its clients become insolvent or otherwise fail to make claims payments, this may also result in claims against Towers Watson.

Towers Watson s reinsurance business will assist its clients in placing reinsurance and handling related claims, which could involve substantial amounts of money. If Towers Watson s work results in claims, claimants may seek large damage awards and defending these claims can involve potentially significant costs. Claims could, by way of example, arise as a result of Towers Watson s reinsurance intermediaries failing to:

- Place the reinsurance coverage requested by the client;
- Report claims on a timely basis or as required by the reinsurance contract or program;

Communicate complete and accurate information to reinsurers relating to the risks being reinsured; or

Appropriately model or advise Towers Watson s clients in relation to the extent and scope of reinsurance coverage that is advisable for a client s needs.

Moreover, Towers Perrin s reinsurance intermediary contracts, generally do not limit the maximum liability to which Towers Perrin, as a subsidiary of Towers Watson, may be exposed for claims involving alleged errors or omissions.

Towers Watson may be engaged in providing services outside of the core human capital and risk management business currently conducted by Towers Perrin and Watson Wyatt, which may carry greater risk of liability.

Towers Watson intends to continue to grow the business of providing professional services to institutional investment and financial services companies. The risk of claims from these lines of business may be greater than from Towers Watson s core human capital and risk management business and claims may be for significant amounts. For example, Towers Watson may assist a pension plan to hedge its exposure to changes in interest rates. If the hedge does not perform as expected, Towers Watson could be exposed to claims. Contractual provisions intended to mitigate risk may not be enforceable.

Towers Watson s business will face rapid technological change and Towers Watson s failure to respond to this change quickly could materially adversely affect Towers Watson s business.

To remain competitive in Towers Watson s practice areas, Towers Watson will have to identify and offer the most current technologies and methodologies. In some cases, significant technology choices and investments are required. If Towers Watson does not respond correctly, quickly or in a cost-effective manner, Towers Watson s business and operating results might be harmed.

The effort to gain technological expertise and develop new technologies in Towers Watson s business may require Towers Watson to incur significant expenses and, in some cases, to implement these new technologies globally. If Towers Watson cannot offer new technologies as quickly or effectively as its competitors, Towers Watson could lose market share. Towers Watson also could lose market share if its competitors develop more cost-effective technologies than Towers Watson will offer or develop.

Limited protection of Towers Watson intellectual property could harm Towers Watson s business.

Towers Watson cannot guarantee that trade secret, trademark and copyright law protections will be adequate to deter misappropriation of Towers Watson s intellectual property (including its software, which may become an increasingly important part of Towers Watson s business). Existing laws of some countries in which Towers Watson will provide services or products may offer only limited protection of its intellectual property rights. Redressing infringements may consume significant management time and financial resources. Also, Towers Watson may be unable to detect the unauthorized use of its intellectual property and take the necessary steps to enforce Towers Watson s rights, which may have a material adverse impact on the business, financial condition or results of operations of Towers Watson.

Towers Watson could have liability or its reputation could be damaged if it does not protect client data or information systems or if its information systems are breached.

Towers Watson will depend on information technology networks and systems to process, transmit and store electronic information and to communicate among its locations around the world and with its alliance partners and clients. Security breaches could lead to shutdowns or disruptions of Towers Watson s systems and potential unauthorized disclosure of confidential information. Towers Watson will also be required at times to manage, utilize and store sensitive or confidential client or employee data. As a result, Towers Watson will be subject to numerous U.S. and foreign jurisdiction laws and regulations designed to protect this information, such as the European Union Directive on Data Protection and various U.S. federal and state laws governing the protection of health or other individually identifiable information. If any person, including any of Towers Watson s employees, fails to comply with, disregards or intentionally breaches Towers Watson s established controls with respect to such data or otherwise mismanages or misappropriates that data, Towers Watson could be subject to monetary damages, fines or criminal prosecution. Unauthorized disclosure of sensitive or confidential client or employee data, whether through systems failure, accident, employee negligence, fraud or misappropriation, could damage Towers Watson s reputation and cause it to lose clients. Similarly, unauthorized access to or through Towers Watson s information systems or those it develops for its clients, whether by Towers Watson s employees or third parties, could result in significant additional expenses (including expenses relating to notification of data security breaches and costs of credit monitoring services), negative publicity, legal liability and damage to Towers Watson s reputation, as well as require substantial resources and effort of management, thereby diverting management s focus and resources from business operations.

Insurance may become more difficult or expensive to obtain.

The availability, terms and price of insurance (including, but not limited to, insurance for errors and omissions, directors and officers, and employment practices) are subject to many variables, including general insurance market conditions, loss experience in related industries and in the actuarial and benefits consulting industry, and the specific claims experience of an individual firm. Towers Watson will be subject to various regulatory requirements relating to insurance as well as client requirements. There can be no assurance that Towers Watson will be able to obtain insurance on terms comparable to those Towers Perrin or Watson Wyatt has obtained in the past, at cost effective rates or with reasonable claim retentions. Increases in the cost of insurance could affect Towers Watson s profitability and the unavailability of insurance to cover certain risks could have a material adverse effect on Towers Watson s financial condition or Towers Watson s ability to transact business in certain geographies, particularly in any specific period.

Towers Watson and its subsidiaries could encounter significant obstacles securing primary insurance coverage for errors and omissions liability risks on favorable or acceptable terms.

Towers Perrin and Watson Wyatt currently obtain primary insurance for errors and omissions liability risks from a Vermont group captive insurance company known as Professional Consultants Insurance Company (which we refer to as PCIC). The current shareholders of PCIC are Towers Perrin, Watson Wyatt, and Milliman, Inc. In the event a PCIC shareholder elects to withdraw, as is permitted by the PCIC bylaws, or the shareholders of PCIC determine that it should be dissolved, Towers Watson could encounter significant obstacles in obtaining primary insurance coverage for errors and omissions liability risks on substantially similar terms, at equally cost effective rates, or with reasonably similar loss retentions, to those that Towers Perrin and Watson Wyatt have been able to obtain. This could result in Towers Watson having larger loss retentions for errors and omissions liability risks than is currently the case for Towers Perrin and Watson Wyatt and could cause Towers Watson to experience increased earnings volatility.

Both Towers Perrin and Watson Wyatt have material pension liabilities that will be liabilities of Towers Watson following the merger, which liabilities can fluctuate significantly with changes in interest rates.

Both Towers Perrin and Watson Wyatt have material pension liabilities, which will be assumed by Towers Watson at the effective time. A significant portion of these liabilities is unfunded. Movements in the interest rate environment could have a material effect on the level of liabilities in these plans at any given time. These pension plans have minimum funding requirements that may require material amounts of periodic additional funding. Cash required to fund pension plans may have to be diverted from other corporate initiatives.

Table of Contents

Towers Watson may not be able to obtain financing on favorable terms.

The maintenance and growth of Towers Watson s business will depend on its access to capital, which will depend in large part on cash flow generated by its business and the availability of equity and debt financing. There can be no assurance that Towers Watson s operations will generate sufficient positive cash flow to finance all of Towers Watson s capital needs or that Towers Watson will be able to obtain equity or debt financing on favorable terms or at all. Towers Watson expects to enter into a credit agreement with one or more lenders at the merger s closing providing for a revolving credit facility of at least $300 million. As discussed elsewhere in this document, during the first 12 months following the effective date, Towers Watson will have significant cash requirements arising from the redemption of Towers Watson Class R common stock and payment of principal and interest under the Towers Watson Notes. Towers Watson intends to fund such commitments by drawing down on such facility. There can be no assurance that Towers Watson will be able to enter into a credit agreement on favorable terms or at all. Recent distress in the global credit markets has adversely impacted the availability of credit. Towers Watson s ability to enter into a credit agreement may be limited if market and general economic conditions continue to deteriorate. If Towers Watson is unable to secure financing under a new credit agreement, it may incur fees to lenders under existing credit agreements with Towers Perrin and Watson Wyatt to obtain their consent to the merger.

Risks Relating to an Investment in Towers Watson s Securities

There has been no prior public market for Towers Watson Class A common stock.

Before this offering, no public market existed for the Towers Watson Class A common stock. Towers Watson plans to apply to list the Towers Watson Class A common stock on the NYSE and on NASDAQ. However, an active public market for the Towers Watson Class A common stock may not develop or be sustained after the completion of the merger, which could affect the ability to sell, or depress the market price of, the Towers Watson Class A common stock. Towers Watson cannot predict the extent to which a trading market will develop or how liquid that market might become.

The market price of Towers Watson Class A common stock may decline if we do not achieve the anticipated benefits of the merger.

The market price of Towers Watson Class A common stock may decline if, among other factors, the integration of the Towers Perrin and Watson Wyatt businesses is unsuccessful, the operational cost savings estimates are not realized or the transaction costs related to the merger are greater than expected. The market price of Towers Watson Class A common stock also may decline if we do not achieve the perceived benefits of the merger as rapidly as, or to the extent, anticipated by financial or industry analysts or if the effect of the merger on Towers Watson s financial results is not consistent with the expectations of financial or industry analysts.

The stock price of Towers Watson Class A common stock may be volatile.

The stock price of the Towers Watson Class A common stock may be volatile and subject to wide fluctuations. In addition, the trading volume of the Towers Watson Class A common stock may fluctuate and cause significant price variations to occur. Some of the factors that could cause fluctuations in the stock price or trading volume of the Towers Watson Class A common stock include:

- General market and economic conditions, including market conditions in the human capital and risk and financial management consulting industries;
- Actual or expected variations in quarterly operating results;
- Differences between actual operating results and those expected by investors and analysts;
- Changes in recommendations by securities analysts;
- Operations and stock performance of competitors;

- Accounting charges, including charges relating to the impairment of goodwill;
- Significant acquisitions or strategic alliances by Towers Watson or by competitors;
- Sales of the Towers Watson Class A common stock, including sales by Towers Watson s directors and officers or significant investors;
- Recruitment or departure of key personnel;
- Loss of key clients; and
- Changes in reserves for professional liability claims.

We cannot assure you that the stock price of the Towers Watson Class A common stock will not fluctuate or decline significantly in the future. In addition, the stock market in general can experience considerable price and volume fluctuations that may be unrelated to Towers Watson s performance.

Shares of Towers Watson common stock eligible for public sale after completion of the merger could adversely affect the stock price.

Immediately at the effective time, Towers Perrin security holders will be entitled to receive, in the aggregate, 50% of Towers Watson s voting common stock then outstanding. These shares will be subject to various restrictions following the effective time as described more fully in this document. See The Merger Agreement Vesting, Forfeiture, Transfer and Reallocation Provisions . For example, shares of Towers Watson Class B common stock will automatically convert into freely tradable Towers Watson Class A common stock in equal annual installments over four years from the effective time. In addition, transfer restrictions on shares of Towers Watson restricted Class A common stock to be received by a holder of Towers Perrin RSUs will lapse over the course of a three-year vesting schedule. For a hypothetical example showing the timing and volume of shares that will become available for sale in the public market following the merger, see Description of Towers Watson s Common Stock Capital Stock Lapsing of Transfer Restrictions . The sales or potential sales of a substantial number of shares of Towers Watson Class A common stock in the public market after the Towers Watson Class B common stock converts or shares of Towers Watson restricted Class A common stock vest could depress the market price of Towers Watson Class A common stock at such time and could then impair the ability of Towers Watson to raise capital through the sale of additional securities.

Shares of Towers Watson common stock received by Towers Perrin security holders in the merger are subject to, among other things, restrictions on transfer, which may prevent their holders from realizing gains or minimizing losses during certain time periods.

As discussed elsewhere in this document, shares of Towers Watson common stock received by Towers Perrin security holders in the merger may not be sold or transferred for a period of time, except in limited circumstances, following the effective time. For a description of these transfer and other restrictions, and the circumstances in which they lapse or are removed, see The Merger Agreement Vesting, Forfeiture, Transfer and Reallocation Provisions .

During the duration of these restrictions, Towers Perrin security holders will be precluded from realizing any gains or minimizing losses from the increase or decrease in the market price of the shares of Towers Watson Class A common stock.

Towers Watson has not yet determined its dividend policy and may not pay dividends.

Towers Watson has not yet determined its dividend policy. Any determination to pay dividends in the future will be at the discretion of the Towers Watson board of directors and will depend upon Towers Watson s results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law, rule or regulation, business and investment strategy, and other factors that the Towers Watson board of directors deems relevant. Although Watson Wyatt has historically paid quarterly dividends to its stockholders, the Towers Watson board of directors may determine not to pay periodic or other dividends to holders of Towers Watson

Table of Contents

common stock. If Towers Watson does not pay dividends, then the return on an investment in its common stock will depend entirely upon any future appreciation in its stock price. There is no guarantee that Towers Watson s common stock will appreciate in value or maintain its value.

There will be no trading market for the Towers Watson Class B common stock or the Towers Watson Notes

None of the Towers Watson Class B common stock or Towers Watson Notes will be listed on any securities exchange or included in any automated quotation system and no trading market for such classes of common stock or the Towers Watson Notes is expected to develop. The transfer of the Towers Watson Class B common stock will be restricted under Towers Watson s governing documents and the transfer of the Towers Watson Notes will be restricted under the indenture governing the Towers Watson Notes (we refer to this indenture, a form of which is attached to this document as Annex F, as the Towers Watson Notes Indenture). As a result of these restrictions, holders of such securities will not be able to dispose of such securities other than in the limited circumstances described in The Merger Agreement Vesting, Forfeiture, Transfer and Reallocation Provisions .

The right to receive payment on the Towers Watson Notes will be subordinate to Towers Watson s obligations to its senior creditors and will be effectively subordinated to the existing and future debt and other liabilities of Towers Watson s subsidiaries to the extent of the assets of such subsidiaries.

The Towers Watson Notes will rank junior to Towers Watson s obligations to its senior creditors, which are expected to generally include all of its third-party creditors other than trade creditors. All payments on the Towers Watson Notes will be blocked in the event of a payment default to senior creditors or a default that entitles lenders to accelerate the maturity of such debt. In addition, the terms of the Towers Watson Notes do not limit the amount of additional indebtedness Towers Watson can create, incur, assume or guarantee in the future. In the event of a distribution of Towers Watson s assets upon any insolvency, dissolution or reorganization, the payment of principal and interest to its senior creditors will have priority over the payment of principal and interest on the Towers Watson Notes. Towers Watson may not have sufficient assets remaining to pay amounts due on of the Towers Watson Notes after it has paid principal and interest to its senior creditors.

Further, the Towers Watson Notes will be effectively subordinated to the liabilities of Towers Watson s subsidiaries, following the effective time, including Towers Perrin and Watson Wyatt. Any right of Towers Watson to receive the assets of any of its subsidiaries upon a subsidiary s insolvency, dissolution or reorganization, and the dependant right of holders of the Towers Watson Notes to have rights in those assets, will be subject to the prior claim of any creditors of that subsidiary.

Towers Watson may not have sufficient cash to pay the Towers Watson Notes.

Towers Watson will conduct substantially all of its business following the effective time through operating subsidiaries, including Towers Perrin and Watson Wyatt. Accordingly, Towers Watson s ability to repay the Towers Watson Notes will depend on the earnings of and distribution of funds from Towers Perrin and Watson Wyatt. Each of these subsidiaries will be distinct legal entities and, under certain circumstances, legal and contractual restrictions may limit Towers Watson s ability to obtain cash from them. If Towers Watson does not have sufficient cash to repay the Towers Watson Notes for any reason, it will be forced to take actions such as revising or delaying strategic plans, reducing or delaying capital expenditures, selling assets, restructuring or refinancing debt or seeking additional equity capital. Towers Watson may not be able to effect any of these remedies on satisfactory terms, or at all.

Table of Contents

The Towers Watson Notes will not require Towers Watson to achieve or maintain minimum financial results, refrain from incurring additional debt or limit its ability to take specified actions. The lack of any of these provisions could negatively impact holders of the Towers Watson Notes.

The terms of the Towers Watson Notes Indenture will not require Towers Watson to achieve or maintain any minimum financial results relating to its financial position or results of operations. In addition, the Towers Watson Notes Indenture will not contain any operating covenants, restrict Towers Watson from incurring additional debt that is senior to, or *pari passu* with, the rights of the holders of the Towers Watson Notes to receive payment or restrict Towers Watson from paying dividends, incurring liens or repurchasing any of its indebtedness or capital stock. Towers Watson will not be required to redeem the Towers Watson Notes in the event Towers Watson undergoes a change of control. Towers Watson s ability to take any of these actions could diminish its ability to repay the Towers Watson Notes when due.

If Towers Watson is not able to implement any recommended improvements in its internal control over financial reporting or favorably assess the effectiveness of its internal control over financial reporting, or if its independent registered public accounting firm is not able to provide an unqualified attestation report on the effectiveness of Towers Watson s internal control over financial reporting, the stock price for Towers Watson Class A common stock could be materially adversely affected.

If Towers Watson s internal control over financial reporting is not effective, the reliability of Towers Watson s financial statements could be impaired. After the merger, Towers Watson expects to devote considerable resources, including management s time and other internal resources, to a continuing effort to comply with regulatory requirements relating to internal control and the preparation of financial statements, including implementing any changes recommended by Towers Watson s independent registered public accounting firm. In particular, these efforts will focus on Towers Perrin and its subsidiaries, which have not previously been subject to the requirements of Section 404 or 302 of the Sarbanes-Oxley Act of 2002, as amended, and the rules promulgated thereunder by the SEC. Towers Watson will be required to certify to and report on, and its independent registered public accounting firm will be required to attest to, the effectiveness of Towers Watson s internal control over financial reporting on an annual basis after completion of the merger. If Towers Watson cannot favorably assess the effectiveness of its internal control over financial reporting, or if Towers Watson s independent registered public accounting firm is unable to provide an unqualified attestation report on the effectiveness of Towers Watson s internal control over financial reporting, investor confidence and, in turn, the market price of the Towers Watson Class A common stock could be materially adversely affected.

During preparation of Towers Perrin s financial statements for the year ended December 31, 2008, Towers Perrin identified a material weakness relating to the financial system applications used for accounting and accounts receivable and the processes surrounding the use of these systems. Specifically, Towers Perrin concluded that the financial system applications used for accounting and accounts receivable and the processes surrounding the use of these systems did not include adequately designed internal controls to ensure the appropriate foreign currency translation and remeasurement of accounts receivable. During the first quarter of 2009, Towers Perrin s management implemented new controls to address this material weakness. As of the date of this document, Towers Perrin s management has not conducted testing of the operating effectiveness of those new controls and procedures.

There can be no assurance that Towers Watson will be able to implement and maintain any recommended improvements in Towers Watson s controls over its financial reporting. Any failure to do so could cause the reliability of Towers Watson s financial statements to be impaired and could also cause Towers Watson to fail to meet its reporting obligations under applicable law, either of which could cause investor confidence and, in turn, the market price of the Towers Watson Class A common stock, to be materially adversely affected.

Table of Contents

Towers Watson will have various mechanisms in place that could prevent a change in control that a stockholder might favor.

Towers Watson s certificate of incorporation and bylaws will contain provisions that might discourage, delay or prevent a change in control that a stockholder might favor. Towers Watson s certificate of incorporation or bylaws will:

- Authorize the issuance of preferred stock without fixed characteristics, which could be issued by Towers Watson s board of directors pursuant to a shareholder rights plan and deter a takeover attempt;
- Provide that only the Chief Executive Officer, President or board of directors may call a special meeting of stockholders;
- Limit business at special stockholder meetings to such business as is brought before the meeting by or at the direction of Towers Watson s board of directors;
- Prohibit stockholder action by written consent, and require all stockholder actions to be taken at an annual or special meeting of the stockholders;
- Provide Towers Watson s board of directors with exclusive power to change the number of directors;
- Provide that all vacancies on Towers Watson s board of directors, including new directorships, may only be filled by a resolution adopted by a majority of the directors then in office;
- Not opt out of Section 203 of the Delaware General Corporation Law, which prohibits business combinations between a corporation and any interested stockholder for a period of three years following the time that such stockholder became an interested stockholder;
- Require a super-majority vote for the stockholders to amend Towers Watson s bylaws; and
- Prohibit any stockholder from presenting a proposal or director nomination at an annual stockholders meeting unless such stockholder provides Towers Watson with sufficient advance notice.

Table of Contents

THE COMPANIES

Towers, Perrin, Forster & Crosby, Inc.

Towers Perrin is a global professional services firm that helps organizations improve performance through effective people, risk and financial management. The firm provides innovative solutions in the areas of human capital strategy, program design and management, and in the areas of risk and capital management, insurance and reinsurance intermediary services, and actuarial consulting.

Towers Perrin was incorporated in Pennsylvania in 1934 as Towers, Perrin, Forster & Crosby, Inc. Over the course of several decades, Towers Perrin has made strategic acquisitions to broaden its market presence and expand its expertise. For example, in 1986, Towers Perrin acquired Tillinghast, Nelson & Warren, establishing the combined company as a leading consulting firm to the insurance industry. In 2002, Towers Perrin acquired Denis M. Clayton & Co., Ltd., a British reinsurance intermediary, which expanded Towers Perrin s geographic presence in Europe and gave Towers Perrin access to the Lloyds market. In 2005, Towers Perrin acquired Rauser AG, a leading German pension consultancy, which brought retirement consulting expertise and capabilities in a key market for multinational companies and large local employers. Towers Perrin s most recent acquisition, in 2007, was of International Survey Research Corporation, a leading global employee research and consulting firm with advanced research techniques that help align organizational culture, employee behavior and financial results.

Towers Perrin s services help clients solve many of the most pressing issues facing organizations worldwide today, including increasingly complex human capital challenges and a growing need for sophisticated risk and capital management. Towers Perrin believes it has developed many of the most innovative services and products in the areas in which it delivers solutions, including several types of managed care and consumer-based health plans that have evolved to meet changing client needs; a prescription drug collaborative purchasing program to help employers control costs; state-of-the-art financial modeling software for insurance companies; and the development of a comprehensive portfolio of services to help insurance organizations understand the links between risk and capital and manage these risks on an enterprise-wide basis. In addition, Towers Perrin s ability to respond rapidly to emerging issues has allowed it to help clients react to both risks and opportunities in practical ways. Recent examples include Towers Perrin s work on managing businesses in turbulent times, its white papers on the costs and risks inherent in specific natural disasters and its work helping clients manage escalating health care costs.

Towers Perrin s clients include many of the world s largest corporations, public and private institutions and non-profit organizations. In 2008, Towers Perrin provided its services to over 75% of the Fortune Global 500 companies, over 60% of the Fortune 1000 companies, and over 85% of the world s 50 largest insurance companies, as ranked by a recent Forbes 2000 list. Towers Perrin believes that it has been able to maintain many of its key client relationships for several decades because of its outstanding service and its reputation for being a trusted advisor to its clients.

Business Overview

As leading economies worldwide become more services-oriented, human capital and financial management have become increasingly important to companies and other organizations. As business becomes increasingly global, it is becoming more complex, which Towers Perrin believes is making it more difficult for companies to maintain a competitive edge. Towers Perrin s expertise in human capital management and risk and capital management helps companies achieve and maintain a competitive edge in the current complex environment.

The top talent in an organization often drives and helps maintain the organization s competitive advantage. At the same time, as people costs such as benefits and salaries have a larger impact on the bottom line, cost management and containment has become an increasingly significant issue. Balancing the need to attract, retain and engage talent with the necessity of controlling people costs has become a priority for senior

Table of Contents

management at many organizations. Towers Perrin helps organizations effectively manage their investment in people and develop and implement workforce strategies that align with business needs, address critical talent issues, drive higher performance and optimize the return on their investment in people.

The need to understand and manage capital and risk on an enterprise-wide level has been a priority for financial and insurance companies for many years. Today, due to increased scrutiny by rating agencies, more rigorous governance regulations in many countries and a growing internal need for management to better understand an organization s risks, non-financial companies are also strengthening their approach to enterprise risk management. Towers Perrin provides actuarial, financial and risk management consulting and software solutions to insurance and financial services companies and advises other organizations on solutions for managing retirement program risk, enterprise risk management and self-insurance. Towers Perrin also provides global reinsurance intermediary and related risk transfer services and consulting expertise.

Towers Perrin provides its services through three closely interrelated business groups: Benefits Consulting, Talent and Rewards Consulting, and Risk and Financial Services.

Through Benefits Consulting, Towers Perrin helps its clients with various matters relating to employee benefits, such as:

- Designing, implementing and managing retirement plans;
- Providing actuarial services, including developing and implementing pension risk management and retiree medical strategies;
- Designing, implementing and managing health and welfare benefits;
- Controlling the cost of all benefits;
- Designing, implementing and managing benefits in the context of mergers and acquisitions; and
- Designing and implementing nontraditional benefits.

Through Talent and Rewards Consulting, Towers Perrin helps its clients with various matters relating to talent management, compensation and employee communication, such as:

- Designing executive compensation;
- Developing employee compensation programs that drive performance;
- Implementing culture change programs, especially after a merger, acquisition or restructuring;
- Developing and implementing effective employee communication strategies;
- Conducting organizational and employee engagement surveys;
- Providing strategic workforce planning;
- Managing talent for competitive advantage;
- Restructuring the human resources function for greater strategic effectiveness; and
- Restructuring and reviewing total rewards programs.

Risk and Financial Services helps its insurance industry clients with various matters relating to risk and financial management such as:

- Helping clients design and implement Enterprise Risk Management programs;
- Valuing liabilities and economic value for financial reporting and management purposes;
- Facilitating risk transfer transactions such as reinsurance and various capital markets alternatives;
- Supporting mergers, acquisitions and restructurings with actuarial appraisals, reserve reviews, and various due diligence assistance;
- Providing financial modeling software systems and implementation consulting; and
- Offering other services such as product development, predictive modeling, strategies for entry into new markets, claim consulting, catastrophe modeling and other software solutions.

Towers Perrin helps non-insurance entities with risk management issues such as evaluating and optimizing their insurance programs as part of their overall risk and capital management processes, and designing and implementing risk mitigation strategies for their retirement programs to align their risk profile with overall financial objectives.

Table of Contents

Watson Wyatt Worldwide, Inc.

Watson Wyatt is a global consulting firm focusing on providing human capital and financial management consulting services. Including predecessors, Watson Wyatt has been in business since 1878. In the U.S., Watson Wyatt was founded in 1946, and conducted business as The Wyatt Company until changing its name to Watson Wyatt & Company in connection with the establishment of the Watson Wyatt Worldwide alliance in 1995 with R. Watson & Sons, a leading United Kingdom-based actuarial, benefits and human resources consulting partnership founded in 1878. In 2000, the firm incorporated Watson Wyatt & Company Holdings to serve as a holding company with operations conducted by its subsidiaries. To better serve the increasingly global needs of clients, on July 31, 2005, the firm acquired substantially all of the assets and assumed liabilities of Watson Wyatt LLP. The company s name was changed to Watson Wyatt Worldwide, Inc. on January 1, 2006, to reflect the company s global capabilities and identity in the marketplace.

Watson Wyatt helps its clients enhance business performance by improving their ability to attract, retain and motivate qualified employees. Watson Wyatt focuses on delivering consulting services that help its clients anticipate, identify and capitalize on emerging opportunities in human capital management. The firm also provides independent financial advice regarding all aspects of life assurance and general insurance, as well as investment advice to assist clients in developing disciplined and efficient investment strategies to meet investment goals. Its target market clients include those companies in the Fortune 1000, Pension & Investments (P&I) 1000, FTSE 1000, and equivalent organizations in markets around the world. As of June 30, 2009, Watson Wyatt provided services through approximately 7,700 associates in 107 offices located in 33 countries. Watson Wyatt s Class A common stock is currently traded on the NYSE and NASDAQ under the symbol WW .

Business Overview

As leading economies worldwide become more services-oriented, human capital and financial management have become increasingly important to companies and other organizations. The heightened competition for skilled employees, unprecedented changes in workforce demographics, regulatory changes related to compensation and retiree benefits and rising employee-related costs have increased the importance of effective human capital management. Insurance and investment decisions become increasingly complex and important in the face of changing economies and dynamic financial markets. Watson Wyatt helps clients address these issues by combining expertise in human capital and financial management with consulting and technology, to improve the design and implementation of various human capital and financial programs, including retirement, health care, compensation, insurance and investment plans.

Watson Wyatt designs, develops and implements human capital and risk management strategies and programs through its closely interrelated practice areas. The company s global operations include five segments: Benefits, Technology and Administration Solutions, Human Capital, Investment Consulting, and Insurance & Financial Services.

Benefits Group

- Design and management of benefit programs
- Actuarial services including development of funding and risk management strategies
- Expatriate and international human capital strategies
- Mergers and acquisitions
- Strategic workforce planning
- Compliance and governance

Technology and Administration Solutions Group

- Web-based applications for health and welfare, pension and compensation administration
- Administration outsourcing solutions for health and welfare, pension and flexible benefits

Table of Contents

- Consulting on strategic human resources technology and service delivery, including SharePoint portal implementation and other HR and enterprise portals
- Targeted online compensation and benefits statements, content management and call center case management solutions
- Reward and talent management strategy, design and technology solutions

Human Capital Group

- Advice concerning compensation plans, including broad-based and executive compensation, stock and other long-term incentive programs
- Strategies to align workforce performance with business objectives
- Organization effectiveness consulting
- Talent management consulting, including workforce planning, performance management, succession planning and other programs
- Strategies for attracting, retaining and motivating employees
- Data services

Investment Consulting Group

- Investment consulting services to pension plans and other institutional funds
- Input on governance and regulatory issues
- Analysis of asset allocation and investment strategies
- Investment structure analysis, selection and evaluation of managers and performance monitoring
- Implementation/fiduciary services for defined benefit and defined contribution investment programs via our Advanced Investment Solutions (AIS) services and Defined Contribution Solution (DCS) services

Insurance & Financial Services Group

- Independent actuarial and strategic advice
- Assessment and advice regarding financial condition and risk management
- Financial modeling software tools for product design and pricing, planning and projections, reporting, valuations and risk management

While Watson Wyatt focuses its consulting services in the areas described above, its management believes that one of the company s primary strengths is its ability to draw upon consultants from different practices to deliver integrated services to meet the needs of clients. This capability includes communication and change management implementation support services. Additional information about Watson Wyatt and its subsidiaries is included in the information incorporated by reference into this document. See Additional Information Where You Can Find Additional Information on page 226.

Jupiter Saturn Holding Company

The Holding Company is a newly formed Delaware corporation that has not conducted any activities other than those incident to its formation, the matters contemplated by the merger agreement and the preparation of this document. The Holding Company is jointly owned by Towers Perrin and Watson Wyatt. Upon completion of the merger, (1) the Holding Company will change its name to Towers Watson & Co., (2) Towers Perrin and Watson Wyatt will each become a wholly owned subsidiary of Towers Watson, and (3) the current stockholders of Towers Perrin and Watson Wyatt will become stockholders of Towers Watson. The business of Towers Watson will be the combined businesses currently conducted by Towers Perrin and Watson Wyatt.

Table of Contents

THE SPECIAL MEETINGS AND PROXY SOLICITATION

This document is being furnished to you in connection with the solicitation of proxies by your board of directors in connection with the Towers Perrin special meeting of shareholders and the Watson Wyatt special meeting of stockholders, as applicable.

	Towers Perrin	Watson Wyatt
Date, Time and Place	[_________], 2009 [time], local time [address] The Towers Perrin special meeting may be adjourned or postponed to another date, time or place for proper purposes, including for the purpose of soliciting additional proxies.	[_________], 2009 [time], local time Westin Arlington Gateway 801 N. Glebe Road Arlington, Virginia 22203 The Watson Wyatt special meeting may be adjourned or postponed to another date, time or place for proper purposes, including for the purpose of soliciting additional proxies.
Matters to be Considered	To consider and vote upon the approval and adoption of the merger agreement. To consider and vote upon the amendment of Article VI of Towers Perrin s bylaws, which contains transfer and ownership restrictions on shares of Towers Perrin common stock that must be amended to complete the merger. To consider and vote upon adjournment(s) of the Towers Perrin special meeting to permit further solicitation of proxies to vote in favor of foregoing proposals. To transact such other business as may properly be presented at the special meeting or any adjournment(s) of the Towers Perrin special meeting. At the present time, Towers Perrin knows of no other matters that will be presented for consideration at the Towers Perrin special meeting.	To consider and vote upon the approval and adoption of the merger agreement. To consider and vote upon the approval of the Towers Watson Incentive Plan. To consider and vote upon adjournment(s) of the Watson Wyatt special meeting to permit further solicitation of proxies to vote in favor of foregoing proposals. To transact such other business as may properly be presented at the Watson Wyatt special meeting or any adjournment(s) of the special meeting. At the present time, Watson Wyatt knows of no other matters that will be presented for consideration at the Watson Wyatt special meeting.

Table of Contents

	Towers Perrin	Watson Wyatt
Record Date	[_________], 2009	[_________], 2009
	You may vote at the Towers Perrin special meeting and at any adjournment(s) thereof if you owned shares of Towers Perrin common stock as of the record date. ***For the avoidance of doubt, holders of any other Towers Perrin security, such as Towers Perrin RSUs or warrants, do not have voting rights and will not be entitled to vote at the Towers Perrin special meeting on any matter.***	Stockholders of record at the close of business on [DATE], 2009 are entitled to notice of and to vote the shares of Watson Wyatt Class A common stock held by them on such date, at the Watson Wyatt special meeting and at any adjournment(s) thereof.
		A list of Watson Wyatt Class A stockholders will be available for inspection at least 10 days prior to the Watson Wyatt special meeting at the Office of the Secretary of Watson Wyatt, 901 N. Glebe Road, Arlington, Virginia 22203.
Shares Outstanding	At the close of business on [DATE], 2009, the Towers Perrin record date, Towers Perrin had outstanding and entitled to vote [______] shares of common stock. The Towers Perrin common stock is Towers Perrin s only class of outstanding voting securities and will vote as a single class on all matters to be presented at the Towers Perrin special meeting. Each share (or fraction thereof) of Towers Perrin common stock outstanding on the record date is entitled to one vote (or fraction thereof) per share of common stock.	At the close of business on [DATE], 2009, the Watson Wyatt record date, there were [___] shares of Watson Wyatt Class A common stock outstanding and entitled to vote at the Watson Wyatt special meeting. The Watson Wyatt Class A common stock is Watson Wyatt s only class of outstanding voting securities and will vote as a single class on all matters to be presented at the Watson Wyatt special meeting. Each share of Watson Wyatt Class A common stock entitles the holder thereof to one vote on each matter to be considered.
Quorum	The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Towers Perrin common stock entitled to vote will constitute a quorum.	The presence, in person or by proxy, of Watson Wyatt stockholders holding a majority of the outstanding shares of Watson Wyatt Class A common stock entitled to vote at the Watson Wyatt special meeting will constitute a quorum.

Table of Contents

	Towers Perrin	Watson Wyatt
Required Vote	The affirmative vote of the holders of at least two-thirds of the issued and outstanding shares of Towers Perrin common stock at the special meeting is required to approve the merger agreement and the proposal to amend Article VI of Towers Perrin s bylaws (the PBCL only requires the affirmative vote of the holders of a majority of the votes cast at the Towers Perrin special meeting to approve the merger agreement, however, the merger agreement requires the affirmative vote of holders of two-thirds of the issued and outstanding shares of Towers Perrin common stock).	The affirmative vote of the holders of a majority of the outstanding shares of Watson Wyatt Class A common stock is required to approve the merger agreement. The affirmative vote of the holders of a majority of the votes represented and entitled to vote on the subject matter at the Watson Wyatt special meeting is required to approve all other proposals at the Watson Wyatt special meeting.
	The affirmative vote of the holders of a majority of the votes cast at the Towers Perrin special meeting is required to approve any other proposal at Towers Perrin s special meeting.	If you abstain or fail to vote your shares in person or by proxy in favor of approving and adopting the merger agreement, it will have the same effect as a vote **AGAINST** adoption of the merger agreement proposal. With respect to the other proposals presented at the Watson Wyatt special meeting, abstentions will have the same effect as a vote **AGAINST** such other proposals, and a failure to vote your shares in person or by proxy will have no effect.
	With respect to the proposals to approve and adopt the merger agreement and to amend Article VI of Towers Perrin s bylaws, assuming the presence of a quorum, the failure to submit a proxy card or the failure to vote in person at the Towers Perrin special meeting and abstentions from voting will have the effect of a vote **AGAINST** each of these proposals. With respect to all other proposals, assuming the presence of a quorum, the failure to submit a proxy card or the failure to vote in person at the Towers Perrin special meeting and abstentions will have no effect on any such proposal.	
	It is important to note that the merger will not be completed unless the holders of two-thirds of the issued and outstanding shares of Towers Perrin common stock vote FOR both the proposal to approve and adopt the merger agreement and the proposal to amend Article VI of Towers Perrin s bylaws.	

Table of Contents

	Towers Perrin	Watson Wyatt
Recommendation of the Board of Directors	**Towers Perrin s board of directors has unanimously approved the merger agreement and determined that the merger agreement is advisable and in the best interests of Towers Perrin, its shareholders and other constituencies.**	**Watson Wyatt s board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Watson Wyatt and its stockholders and has approved the adoption of the merger agreement.**
	Accordingly, the Towers Perrin board of directors recommends that Towers Perrin shareholders vote to (1) approve and adopt the merger agreement and (2) amend Article VI of Towers Perrin s bylaws.	**Accordingly, the Watson Wyatt board of directors recommends that Watson Wyatt stockholders vote to (1) approve and adopt the merger agreement, and (2) approve the Towers Watson Incentive Plan.**
Voting Procedures	A proxy card will be sent to each Towers Perrin shareholder and Watson Wyatt stockholder of record entitled to vote.	

If you have timely and properly submitted your proxy, clearly indicated your vote and have not revoked your proxy, your shares of common stock will be voted as indicated at your special meeting. If you have timely and properly submitted your proxy but have not clearly indicated your vote, your shares of common stock will be voted **FOR** the proposals above at your special meeting. If any other matters are properly presented at your special meeting for consideration, the persons named in your proxy will have the discretion to vote on these matters in accordance with their best judgment.

Proxies voted **AGAINST** the proposal related to the merger agreement, or solely in the case of Towers Perrin shareholders, **AGAINST** the amendment of Article VI of Towers Perrin s bylaws, will not be voted **FOR** any adjournment of your special meeting for the purpose of soliciting additional proxies.

Towers Perrin	Watson Wyatt
You may: Submit a proxy electronically by completing and submitting your proxy card by following the instructions provided thereon; or Attend the Towers Perrin special meeting and vote in person.	You may submit a proxy using any of the following methods: Complete, sign and mail your enclosed proxy card in the postage-paid envelope; Phone the toll-free number listed on the proxy card and follow the recorded instructions; or Go to the Internet website listed on the proxy card and follow the instructions provided. You may also attend the Watson Wyatt special meeting and vote in person.

Table of Contents

	Towers Perrin	Watson Wyatt
Revocation	You may revoke your proxy at any time prior to its exercise by:	You may revoke your proxy at any time prior to its exercise by:
	Properly completing and executing a later-dated proxy and submitting such proxy electronically prior to midnight eastern time on the day prior to the Towers Perrin special meeting; or	Filing a revocation notice or a duly executed proxy to vote your shares bearing a later date with the Secretary of Watson Wyatt at 901 N. Glebe Road, Arlington, Virginia 22203;
	Appearing and voting in person at the Towers Perrin special meeting.	Using the toll-free number or Internet website listed on the proxy card and following the instructions provided prior to 11:59 p.m. ET on the day prior to the special meeting; or
	Your presence at the Towers Perrin special meeting without voting will not automatically revoke your proxy, and any revocation after closing of the polls at the Towers Perrin special meeting will not affect votes previously taken.	Appearing and voting in person at the Watson Wyatt special meeting.
		Your presence without voting at the Watson Wyatt special meeting will not automatically revoke your proxy, and any revocation after closing of the polls at the Watson Wyatt special meeting will not affect votes previously taken.
Solicitation of Proxy Materials	The accompanying proxy is being solicited on behalf of Towers Perrin s board of directors. The expenses of preparing, printing and mailing the proxy and materials used in the solicitation will be borne by Towers Perrin. Proxies may be solicited from Towers Perrin shareholders personally or by telephone and other electronic means by Towers Perrin s directors, officers and employees, who will not receive additional compensation for performing that service but will be reimbursed for any reasonable expenses that they incur.	Watson Wyatt s board of directors is making this proxy solicitation. The cost of soliciting proxies will be borne by Watson Wyatt and Watson Wyatt has hired [______], a proxy solicitation firm, to assist in soliciting proxies for a fee of $[___] plus reasonable expenses. Proxies may be solicited from Watson Wyatt stockholders personally or by telephone and other electronic means by Watson Wyatt s directors, officers and employees, who will not receive additional compensation for performing that service but will be reimbursed for any reasonable expenses that they incur. Watson Wyatt will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of Watson Wyatt s common stock. Other proxy solicitation expenses that Watson Wyatt will pay include those for preparation, mailing and tabulating the proxies.

Table of Contents

	Towers Perrin	Watson Wyatt
Shares Held in Street Name	Not applicable.	If your shares of Watson Wyatt Class A common stock are held in nominee or street name , you will receive separate voting instructions from your broker or nominee with your proxy materials. Although most brokers and nominees offer telephone and Internet voting, availability and specific processes will depend on their voting arrangements. Please consult your broker or nominee.
Broker non votes	Not applicable.	If you are a Watson Wyatt stockholder and you abstain from voting or fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the Watson Wyatt special meeting, but will not be counted as a vote for any proposals, and will have the effect of a vote **AGAINST** the proposal to approve and adopt the merger agreement. However, broker non-votes will have no effect on any other proposal to be considered at the Watson Wyatt special meeting. Broker non-votes occur when a person holding shares of Watson Wyatt Class A common stock through a bank or brokerage account does not provide instructions as to how such shares should be voted, and the broker does not exercise discretion to vote those shares on a particular matter.

Table of Contents

	Towers Perrin	Watson Wyatt
Householding Delivery of Proxy Materials	Not applicable.	To reduce the expenses of delivering duplicate proxy materials to Watson Wyatt stockholders, Watson Wyatt is relying upon SEC rules that permit Watson Wyatt to deliver only one joint proxy statement/prospectus to multiple stockholders who share an address unless Watson Wyatt receives contrary instructions from any stockholder at that address. If you share an address with another stockholder and have received only one copy of this document, you may write or call Watson Wyatt as specified below to request a separate copy of this document and Watson Wyatt will promptly send it to you at no cost to you: Secretary, Watson Wyatt, 901 N. Glebe Road, Arlington, Virginia 22203, or by telephone at 703-258-8000.
Auditors	KPMG LLP serves as Towers Perrin s independent public accountants.	Deloitte & Touche LLP serves as Watson Wyatt s independent auditor. Representatives of Deloitte & Touche LLP plan to attend the Watson Wyatt special meeting and will be available to answer appropriate questions. Its representatives will also have an opportunity to make a statement at the Watson Wyatt special meeting if they so desire, although it is not expected that any statement will be made.

Table of Contents

TOWERS PERRIN PROPOSAL NO. 1 AND WATSON WYATT PROPOSAL NO. 1:

THE MERGER AGREEMENT

General

On June 26, 2009, Towers Perrin and Watson Wyatt agreed to combine in a merger of equals . Pursuant to the merger agreement, Towers Perrin and Watson Wyatt will each become a wholly owned subsidiary of Towers Watson. Immediately following the effective time, Towers Perrin security holders, on the one hand, and Watson Wyatt security holders, on the other hand, will each be entitled to receive, in the aggregate, 50% of Towers Watson s voting common stock then outstanding.

While we believe that the description in this section covers the material terms of the merger agreement and the transactions contemplated by the merger agreement, this summary may not contain all of the information that is important to you. You should read this entire document and the other documents we refer to carefully for a more complete understanding of the merger, including the merger agreement which is attached to this document as Annex A. In addition, we encourage you to read the business and financial information of Towers Perrin and Watson Wyatt provided elsewhere in this document and incorporated by reference into this document in the case of Watson Wyatt. You may obtain the information incorporated by reference without charge by following the instructions in the section entitled Additional Information Where You Can Find Additional Information beginning on page 226.

Background of the Merger

The boards of directors of Towers Perrin and Watson Wyatt continually review their respective company s results of operations and competitive positions in the industries in which they operate, as well as their strategic alternatives. In connection with these reviews, each of Towers Perrin and Watson Wyatt from time to time has evaluated potential transactions, including acquisitions and business combinations, and in the case of Towers Perrin, an initial public offering, that would further its strategic objectives.

As part of this continual review, beginning in 2004, Towers Perrin began to refine its long-term strategic goals, which had focused on organic growth from current and new businesses and inorganic growth through additional and potentially larger acquisitions. Towers Perrin s management and board of directors began to explore the feasibility of conducting an initial public offering of Towers Perrin s common stock because it became clear that having a currency in the form of a publicly traded stock was the preferred method to achieving Towers Perrin s long-term strategy of gaining scale and allowing Towers Perrin to be more opportunistic in, for example, considering acquisition candidates. In connection with exploring an initial public offering, Towers Perrin engaged Goldman Sachs and Milbank to provide financial and legal advisory services, respectively. The process whereby the Towers Perrin board of directors evaluated, considered and prepared for an initial public offering continued until mid-2009.

As part of Watson Wyatt s ongoing strategy for strengthening its presence worldwide, Watson Wyatt has completed a number of both substantial and smaller acquisitions since its initial public offering in 2000, resulting in new or expanded operations in the United States and abroad. More significant acquisitions in recent years included the 2005 acquisition of Watson Wyatt LLP in the United Kingdom, the 2007 acquisition of Watson Wyatt Brans & Co. in the Netherlands, and the 2007 acquisition of Dr. Dr. Heissmann GmbH in Germany. During the course of these acquisitions, Watson Wyatt s senior management and board of directors considered strategies to strengthen the firm s position in geographic regions and lines of business where they believed the company would benefit from an increased presence, and to improve the competitiveness of its existing business. In late 2007 and early 2008, Watson Wyatt s President, Chief Executive Officer and Chairman of the Board, Mr. John J. Haley, had more detailed discussions regarding possible business combinations with members of senior management and engaged in preliminary conversations with Watson Wyatt s financial advisor to consider a possible strategy for assessing potential candidates for a business combination.

At a meeting of Watson Wyatt s board of directors on February 8, 2008, Mr. Haley led a discussion of the competitive landscape and possible transactions in which Watson Wyatt would merge with one or more firms with complementary talent resources, marketplace leadership, practice strengths, geographic presence and corporate values, and with potential for operational efficiencies in connection with a business combination. The discussion also focused on possible combinations that could emerge in the industry among various of Watson Wyatt s key competitors. As a threshold matter, Mr. Haley and the Watson Wyatt board of directors limited their review of Watson Wyatt merger candidate firms to firms with a similar strategic focus and reputation, as well as similar corporate cultures which emphasize the importance of integrity, quality of service and favorable employee relations. This high-level screen resulted in the identification of a few possible candidates, including Towers Perrin, for a transformative transaction that senior management believed could enhance Watson Wyatt stockholders returns over the long term by better positioning the company to address the next generation of human capital and insurance/financial services business challenges.

In early April 2008, the Watson Wyatt board of directors authorized Mr. Haley to continue to explore whether Towers Perrin would have an interest in a potential combination with Watson Wyatt. After further discussions with members of senior management and Watson Wyatt s financial advisor, Mr. Haley called Mr. Mark V. Mactas, President, Chief Executive Officer and Chairman of the Board of Towers Perrin, to consider whether an in-person meeting to discuss a possible transaction might be fruitful. Mr. Haley emphasized to Mr. Mactas that any such meeting would be preliminary in nature and would not represent a decision to pursue a transaction. Mr. Mactas informed Mr. Haley that he would consider the matter. After Mr. Haley s initial inquiries and review, Watson Wyatt s senior management and board of directors decided that further discussions with Towers Perrin were warranted. Later in April 2008, Mr. Haley met with Mr. Mactas in New York City to discuss the possibility of a business combination.

On April 30, 2008, at a regularly scheduled meeting, the Towers Perrin board of directors reviewed the company s progress with respect to the planned initial public offering. At this time, Mr. Mactas informed the Towers Perrin board of directors about his recent conversations with Mr. Haley regarding a possible strategic transaction with Watson Wyatt. The Towers Perrin board of directors considered the matter and instructed Mr. Mactas to keep the Towers Perrin board of directors apprised of any developments.

In mid-May, Messrs. Haley and Mactas met again and Mr. Haley expressed Watson Wyatt s view of the potential benefits of a merger between Towers Perrin and Watson Wyatt, the high level growth strategy for Watson Wyatt and some broad outlines about how a combination could be structured. Mr. Mactas advised Mr. Haley that he believed it would be worthwhile to explore further the possibility of a business combination transaction between Towers Perrin and Watson Wyatt.

Over the course of the next several months, continuing through the beginning of the 2009 calendar year, various representatives of Towers Perrin and Watson Wyatt senior management had numerous calls and meetings to discuss the potential strategic and cultural alignment between the two firms. Through December 2008, discussions focused in large part on governance and the companies relative valuations. In the latter stages of this dialogue, the parties preliminarily agreed to explore a merger of equals , in light of the companies similar levels of revenue and headcount, as well as their comparable businesses and reputations, pursuant to which (1) the current Towers Perrin shareholders and certain designated employees, on the one hand, and the current Watson Wyatt security holders, on the other hand, would each receive, in the aggregate, consideration comprised of 50% of the equity in the combined entity, (2) the board of directors of the combined company would include an equal number of directors designated by each party, (3) Mr. Haley would serve as the Chairman of the Board and Chief Executive Officer of the combined entity and Mr. Mactas would serve as the Deputy Chairman of the Board, President and Chief Operating Officer, and (4) the brand name would include elements drawn from the names of both companies. In addition, the parties preliminarily discussed the concepts behind, and the need for provisions in a merger agreement relating to, the Class R Eligible Participants, which would provide an incentive for certain Towers Perrin shareholders to commit to terminate their employment with Towers Perrin and which, by reducing the number of shares that would otherwise be outstanding post-closing, would also have an anti-dilutive effect on the combined company s stockholders. The parties also discussed implementing lock-up restrictions for shares issued to Towers Perrin shareholders.

On August 19, 2008, at a special meeting of the Towers Perrin board of directors held in connection with the planned initial public offering, Towers Perrin management provided an update on the preliminary discussions with Watson Wyatt.

During the fall of 2008 and continuing until the signing of the merger agreement on June 26, 2009, each of Mr. Haley and Mr. Mactas had frequent discussions with each other and their respective board of directors and certain members of each company s senior management to provide them with updates and solicit their views on strategic, financial and legal issues in connection with exploring the potential transaction.

On September 12, 2008, the Watson Wyatt board of directors held a regularly scheduled meeting. Mr. Haley provided a general status update on the discussions with Towers Perrin, including the favorable impressions of Watson Wyatt s senior management following meetings with Towers Perrin s senior management earlier that week. The Watson Wyatt board of directors formed a special committee with Ms. Linda D. Rabbitt serving as chair, and initially also comprised of Mr. John C. Wright and Mr. Gilbert T. Ray, but subsequently expanded in February 2009 to include all of Watson Wyatt s independent directors, to evaluate the terms of a potential business combination with Towers Perrin, determine whether any possible transaction is fair to, and in the best interests of, Watson Wyatt and its stockholders and recommend to the full board what action, if any, should be taken with respect to any such transaction (we refer to this committee as the Watson Wyatt Special Committee).

On September 23, 2008, at a regularly scheduled meeting of the Towers Perrin board of directors, Towers Perrin management and the Towers Perrin board of directors reviewed, assessed and reaffirmed the firm s strategy including the decision to pursue an initial public offering of Towers Perrin s common stock. Management provided the Towers Perrin board of directors with a detailed review of the status of the planned initial public offering. Management also provided an update to the Towers Perrin board of directors on the status of the discussions and an analysis of the potential opportunity to merge with Watson Wyatt. The Towers Perrin board of directors posed numerous questions about a potential transaction with Watson Wyatt particularly in light of Towers Perrin s plans for an initial public offering. The Towers Perrin board of directors discussed with management the need to ensure that certain fundamental matters were addressed prior to continuing discussions with Watson Wyatt. These matters related to governance, relative valuations of the parties and brand name.

On October 7, 2008, the Watson Wyatt Special Committee met with Mr. Haley and certain other members of senior management. Representatives of BofA Merrill Lynch, which was engaged as Watson Wyatt s financial advisor for the potential transaction with Towers Perrin effective as of October 7, 2008, and Gibson, Dunn & Crutcher LLP (or Gibson Dunn), Watson Wyatt s outside legal advisor for the transaction, also attended. The committee discussed the preliminary significant transaction terms, anticipated transaction process and timing, and reviewed financial matters related to the potential transaction with senior management and BofA Merrill Lynch.

On November 11 and 12, 2008, at a regularly scheduled meeting, Towers Perrin management briefed the Towers Perrin board of directors on the discussions with Watson Wyatt. Management also provided the Towers Perrin board of directors with a detailed report on the progress for readying Towers Perrin for an initial public offering. After consideration and discussion, the Towers Perrin board of directors directed management to provide further analysis of the alternatives. After further discussion the Towers Perrin board of directors reaffirmed its support for pursuing an initial public offering at this time. Drinker Biddle & Reath LLP, Towers Perrin s Pennsylvania counsel, discussed with the Towers Perrin board of directors the legal standards applicable to the Towers Perrin board of directors decisions and actions in these contexts, in particular, the fact that when discharging its duties, the Towers Perrin board of directors may, in considering the best interests of the corporation, consider, among other things and to the extent deemed appropriate, the effects of any action upon any or all groups affected by such action, including shareholders, employees, suppliers, clients and creditors of the corporation.

Table of Contents

On November 13, 2008, Towers Perrin formally engaged Goldman Sachs to act as Towers Perrin s exclusive financial advisor to assist in the evaluation of the potential transaction with Watson Wyatt.

On November 14, 2008, Watson Wyatt s board of directors held a meeting, with certain members of senior management in attendance. Mr. Haley presented an overview of the rationale behind the proposed transaction with Towers Perrin, including the opportunity for each firm to expand its global presence, strengthen organizational capabilities and offer clients enhanced products and services, by combining with an enterprise that has complementary talent resources, practice strengths and geographic presence.

Also on November 14, 2008, Towers Perrin and Watson Wyatt entered into a mutual confidentiality agreement whereby the parties agreed, among other things, that any information received by either party in evaluating any proposed transaction would be kept confidential. Discussions of the potential transaction prior to this time had primarily been on a conceptual level and based on publicly available information. Notwithstanding the foregoing, diligence remained somewhat limited, in part to exclude information that might be deemed competitively sensitive.

On November 18, 2008, the parties met in Washington, D.C. Representatives of Watson Wyatt, BofA Merrill Lynch, Towers Perrin and Goldman Sachs attended. During the meeting, the parties exchanged financial information related to general business results and discussed generally the parameters of future negotiations, potential due diligence and documentation.

On December 6, 2008, the Watson Wyatt Special Committee held a meeting with Mr. Haley, which was also attended by certain other members of senior management and representatives of BofA Merrill Lynch. At this meeting, members of senior management reported to, and answered questions from, the Watson Wyatt Special Committee on the progress of the negotiations since Watson Wyatt s November 14th board meeting.

Over the course of the next several weeks, representatives of Towers Perrin and Watson Wyatt had several meetings and conference calls to continue to discuss various matters including the mechanics relating to the merger consideration to be received by Towers Perrin security holders.

On December 15, 2008, at a special meeting, the Towers Perrin board of directors received an update from management on the proposed transaction with Watson Wyatt, including management s views on the strategic rationale for the proposed transaction and the key operational and financial considerations of any proposed transaction. Goldman Sachs then made a presentation to the Towers Perrin board of directors that provided, based on the various factors and assumptions therein and preliminary pro forma combined financial information provided by Towers Perrin management, a financial analysis of the proposed merger with Watson Wyatt. The Towers Perrin board of directors debated the benefits and risks associated with the proposed transaction with Watson Wyatt as compared to the other strategic alternatives, and informed management of related matters that required additional clarity.

On January 21, 2009, Watson Wyatt sent an initial merger agreement draft to Towers Perrin as a starting point for further discussions.

On January 22, 2009, the parties held a meeting in New York City, which was attended by certain members of senior management of Towers Perrin and Watson Wyatt and representatives of each of Milbank and Gibson Dunn. The parties discussed various timing aspects and due diligence matters relating to the proposed merger, as well as Towers Perrin s preliminary views on the draft merger agreement. From January until the signing of the merger agreement, representatives of Watson Wyatt and Towers Perrin and their respective legal and financial advisors conducted legal, financial, tax and operational due diligence of the other company, engaging in numerous telephonic and in-person conferences.

During January and February 2009, the parties and their respective legal advisors met several times to continue to discuss various matters, including corporate governance, due diligence matters and brand name, and to

Table of Contents

begin negotiating the initial merger agreement draft. Topics discussed included, without limitation, (1) the transaction s structure, (2) the mechanics and vesting, forfeiture, transfer and reallocation provisions applicable to the various classes of Towers Watson common stock to be received by Towers Perrin security holders in the merger, (3) provisions applicable to the conversion of Watson Wyatt securities to be exchanged in the merger, (4) the expected efforts of the parties to obtain requisite regulatory approvals, (5) the ability of and conditions required in order for each board of directors to make an Adverse Recommendation Change (this term is defined below in the section entitled The Merger Agreement Covenants and Other Agreements Non-Solicitation), and (6) the continuation of certain retirement benefit plans. During this time period, Towers Perrin proposed a transaction structure in which a new holding company would become the parent company of the two parties at closing. Shortly after this proposal was made, the parties agreed to implement this transaction structure.

On January 31, 2009, Mr. Haley provided a progress report by telephone conference to the Watson Wyatt Special Committee.

During January and February 2009, Mr. Haley and Mr. Mactas discussed the potential need to engage a consulting firm to assist with the integration planning process in the event the parties reached a definitive agreement. After evaluating various consultants, Towers Perrin and Watson Wyatt entered into a confidentiality and non-disclosure agreement with Monitor Company Group Limited Partnership, a consulting firm, effective as of February 12, 2009.

On February 9, 2009, senior management of Towers Perrin and Watson Wyatt and representatives of each of Milbank and Gibson Dunn met in Washington, D.C. to discuss certain due diligence items as well as various terms of the merger agreement.

On February 11-13, 2009, the Watson Wyatt board of directors held a regularly scheduled meeting at which certain members of senior management briefed the Watson Wyatt board of directors on the status of the negotiations. The Watson Wyatt Special Committee met in an executive session (without management representatives present) to review financial matters relating to the potential merger with representatives of BofA Merrill Lynch, and to review the fiduciary duties of the Watson Wyatt board of directors and other legal considerations with Gibson Dunn in connection with the proposed transaction with Towers Perrin. Thereafter, certain members of senior management gave presentations to the Watson Wyatt Special Committee on the proposed terms of the merger with Towers Perrin.

On February 13, 2009, Mr. Mactas met with the Watson Wyatt board of directors to discuss his views about the proposed combination and to answer any questions that the Watson Wyatt board of directors had concerning Towers Perrin and the proposed merger.

On February 14, 2009, Towers Perrin delivered a revised draft of the merger agreement to Watson Wyatt to reflect several counterproposals to certain terms of the merger agreement that had been offered and discussed during the course of the meetings during the previous weeks. Of note, the counterproposals included, without limitation, (1) a transaction structure in which the Holding Company is formed and wholly owned subsidiaries of the Holding Company merge with and into Towers Perrin and Watson Wyatt, (2) changes to the merger consideration to be received by Towers Perrin security holders, (3) changes to the covenant regarding requisite regulatory approvals requiring that each party use its reasonable best efforts to obtain such approvals, including selling assets if necessary, and (4) changes to the circumstances under which the Towers Perrin board of directors may make an Adverse Recommendation Change.

On February 19 and 20, 2009, at its regularly scheduled meeting, the Towers Perrin board of directors received an update from management, Goldman Sachs and Milbank regarding the ongoing negotiations with Watson Wyatt. Management reviewed the strategic rationale for the potential merger, the risks and benefits as compared to the initial public offering and the proposed terms of a transaction with Watson Wyatt. Goldman Sachs updated the Towers Perrin board of directors on the state of the capital markets and the proposed merger with Watson Wyatt. The Towers Perrin board of directors acknowledged the strategic benefits of the complementary nature of the Towers Perrin and Watson Wyatt businesses. The Towers Perrin board of directors fully discussed the matters of governance, relative valuations, the challenges of culture and integration associated with the proposed transaction with Watson Wyatt, as well as the benefits and risks associated with each of the proposed transaction with Watson Wyatt and the proposed initial public offering. The Towers Perrin board of directors instructed management to keep the Towers Perrin board of directors apprised of the progress of the negotiations with Watson Wyatt.

On February 26, 2009, certain members of senior management of Towers Perrin and Watson Wyatt and representatives of each of Milbank and Gibson Dunn met in New York City to discuss certain due diligence items as well as various terms of the merger agreement draft circulated by Towers Perrin on February 14, 2009.

In March 2009, Watson Wyatt engaged Ernst & Young LLP to assist in the financial due diligence process. Watson Wyatt senior management and finance personnel met with Ernst & Young on a regular basis during the period from March through June 2009. During these meetings Watson Wyatt and Ernst & Young personnel discussed various aspects of financial and accounting due diligence, including the preparation of a work plan, status of each party s diligence data rooms, interaction with Watson Wyatt s audit committee and the review of diligence findings and required follow-up.

In March 2009, Towers Perrin engaged PricewaterhouseCoopers LLP (or PwC) to assist in the financial due diligence process. Towers Perrin senior management and finance personnel met with PwC on a regular basis through June 2009. During these meetings, Towers Perrin and PwC personnel discussed various aspects of financial and accounting due diligence, including the preparation of a work plan, status of each party s diligence data rooms, and the review of diligence findings and required follow-up.

On March 10, 2009, Mr. Haley met with the Towers Perrin board of directors in New York City to discuss his views about the proposed combination and to answer any questions that the Towers Perrin board of directors had about Watson Wyatt and the proposed merger. Following Mr. Haley s departure, the Towers Perrin board of directors formed a special due diligence committee to meet with management to review the due diligence process and findings.

On March 14, 2009, Mr. Haley briefed the Watson Wyatt Special Committee by telephone on the progress of the negotiations. The Watson Wyatt Special Committee discussed, among other matters related to the transaction, the future composition of the combined entity s board of directors and the process for resolving matters related to board governance.

On March 16, 2009, Watson Wyatt sent to Towers Perrin a revised merger agreement to reflect several counterproposals to certain terms of the merger agreement that had been offered and discussed during the February 26th meeting in New York City. These counterproposals included among others, (1) further refinements to the transaction structure and vesting, forfeiture, transfer and reallocation provisions applicable to the various classes of Towers Watson common stock to be received by Towers Perrin security holders in the merger, (2) changes to covenants and conditions relating to obtaining requisite regulatory approval of the transaction and (3) changes to non-solicitation and stockholder meeting covenants.

On March 30, 2009, Gibson Dunn delivered to Towers Perrin and Milbank initial drafts of ancillary transaction documents, including a draft indenture governing the Towers Watson Notes to be issued to those eligible Towers Perrin shareholders who elect to receive merger consideration in the form of cash and Towers Watson Notes (the Class R Participants), as well as a form of voting agreement to be entered into by directors and executive officers of each company. The parties and their legal advisors exchanged comments on, and drafts of, these agreements during the ensuing weeks.

On March 31, 2009, Watson Wyatt, Towers Perrin, Gibson Dunn and Milbank entered into a common interest and joint defense agreement in connection with the proposed transaction to establish the process of exchanging confidential business, financial, technical and other information that is protected by the attorney-client privilege or the attorney work product doctrine. In order to address potential antitrust concerns arising from the fact that Towers Perrin and Watson Wyatt are competitors, the firms agreed that each party would only share certain competitively sensitive information with specified outside advisors of the other party, and not with the other party itself. Up until this point, the due diligence materials exchanged between the parties excluded information that might be deemed competitively sensitive.

On April 3, 2009, certain members of Watson Wyatt and Towers Perrin senior management met with Monitor Group personnel in New York City to establish an integration planning committee to explore integration logistics and potential revenue and cost synergies of a transaction. At that meeting, the parties discussed the role of the integration committee and agreed to a series of additional meetings. Between April 3, 2009 and June 16, 2009, the integration committee met five additional times in Washington, D.C. and New York City. Among the committee s highest priorities was to assist the parties in evaluating potential synergies of a transaction. The committee also discussed the architecture and process for integration planning activities and communication plans for the announcement of the proposed transaction, all of which were subject to execution of final documentation.

On April 7, 2009, certain senior management of Towers Perrin and Watson Wyatt and representatives of each of Milbank and Gibson Dunn held meetings to review the status of due diligence with respect to each company and to negotiate various terms of the merger agreement and related matters, including, without limitation, (1) the representations and warranties and covenants included in the draft merger agreement, (2) the methodology for calculating the Towers Perrin final exchange ratio, (3) the parties expected efforts to obtain all requisite regulatory approvals, (4) non-solicitation and stockholder meeting covenants and (5) the state of incorporation of Towers Watson.

On April 16, 2009, Milbank sent to Gibson Dunn and Watson Wyatt a revised merger agreement to reflect the earlier discussions between the parties.

Over the course of the next several weeks, several telephonic meetings were held in which (1) Milbank and Gibson Dunn discussed numerous legal issues relating to the merger agreement, including the merger consideration to be received by Towers Perrin security holders (including the proposed vesting, forfeiture, transfer and reallocation provisions applicable to the shares of Towers Watson common stock to be received by the Towers Perrin security holders in the merger) and (2) members of senior management of Towers Perrin and Watson Wyatt and representatives of each of Milbank and Gibson Dunn discussed various timing aspects and due diligence matters relating to the proposed merger.

On May 20, 2009, members of senior management of Towers Perrin and Watson Wyatt and representatives from each of Goldman Sachs and BofA Merrill Lynch met in Washington, D.C. At that meeting, Towers Perrin and Watson Wyatt each made presentations concerning their respective businesses, including, among other items, discussions about their business segments, corporate and management structures, and financial performance.

On May 27, 2009, following continued negotiations between the parties during the preceding weeks, Gibson Dunn sent to Milbank and Towers Perrin a revised merger agreement to reflect several counterproposals to certain terms of the merger agreement. The counterproposals included, without limitation, (1) changes to certain covenants that would be in effect between signing and closing, closing conditions and termination rights and (2) provisions applicable to the conversion of Watson Wyatt securities to be exchanged in the merger.

On May 28, 2009, at a regularly scheduled meeting, Towers Perrin s management updated the Towers Perrin board of directors on numerous matters relating to the proposed merger, including, without limitation, the

Table of Contents

ongoing discussions regarding corporate governance and leadership of the combined entity, the status of the due diligence work including tax and financial due diligence, the merger agreement negotiations, related regulatory matters, the potential impact of the proposed merger upon Towers Perrin s professional liability insurance provided by PCIC, and the engagement of Monitor Group to coordinate the integration planning activities.

On June 6, 2009, certain members of senior management of Towers Perrin and Watson Wyatt and representatives of each of Milbank and Gibson Dunn held a telephonic meeting to negotiate various terms of the merger agreement and related matters, including, among others, (1) the changes proposed in the May 27th draft of the merger agreement, (2) restrictions, if any, on Towers Perrin s preparations for an initial public offering, (3) continuing discussions on the state of incorporation for Towers Watson, (4) the closing condition with respect to professional liability claims and (5) the continuation of certain employee benefits after closing.

On June 10, 2009, Milbank sent to Gibson Dunn and Watson Wyatt a revised merger agreement to reflect the previous discussions. The proposed revisions related primarily to issues discussed on the June 6, 2009 conference call.

Also on June 10, 2009, senior management of Towers Perrin and Watson Wyatt and representatives from each of Goldman Sachs and BofA Merrill Lynch met in New York City. At that meeting, Towers Perrin and Watson Wyatt each made updated presentations concerning their respective businesses, including, among other items, discussions about their business segments, corporate and management structures, and financial performance.

Also on June 10, 2009, representatives of Towers Perrin management, Milbank and the special due diligence committee of the Towers Perrin board of directors held a telephonic meeting to review the due diligence process and the preliminary legal and business due diligence findings. The special due diligence committee had a follow-up telephonic meeting with Towers Perrin s management and Milbank on June 21, 2009 principally to review the results of the financial due diligence.

On June 11 and 12, 2009, Watson Wyatt s board of directors received a comprehensive briefing on the proposed transaction at a regularly scheduled meeting. Mr. Haley led a review and discussion of the strategic rationale for the transaction, including the companies complementary geographic reach and lines of business and Watson Wyatt s position in the overall competitive landscape. For more information regarding the rationale for the transaction, please see the section entitled Recommendation of Watson Wyatt s Board of Directors and Reasons for the Merger. He also gave a presentation about Towers Perrin s reinsurance intermediary business. At these meetings, representatives of BofA Merrill Lynch reviewed with the Watson Wyatt board of directors certain financial matters, and certain members of senior management reviewed with the Watson Wyatt board of directors non-financial due diligence, the potential impact of the proposed transaction on Watson Wyatt s current professional liability insurance provided by PCIC, the regulatory process and a potential timetable for completion of the proposed merger. Representatives of Monitor Group were also present for a discussion of potential synergies. In addition, certain members of senior management and representatives of Gibson Dunn reviewed the key terms of the merger agreement and related transaction documents, including, but not limited to, (1) the merger consideration to be received by Watson Wyatt security holders, (2) the merger consideration to be received by Towers Perrin security holders (including the proposed vesting, forfeiture, transfer and reallocation provisions applicable to the shares of Towers Watson common stock to be received by the Towers Perrin security holders in the merger), (3) the representations and warranties to be made by each party, (4) the covenants to be performed by each party (including the non-solicitation covenant and related fiduciary out provision and the ability to terminate the merger agreement under certain circumstances), (5) the conditions that must be fulfilled for the proposed merger to be consummated and (6) the proposed termination fee of $75 million or expense reimbursement of up to $10 million, and the circumstances under which each party would be required to pay the other such termination fee or expenses. The Watson Wyatt board of directors then discussed the foregoing.

On June 15, 2009, the Towers Perrin board of directors held a special meeting for the purpose of reviewing and considering, among other things, the principal terms of the draft merger agreement, the due diligence process and findings and an updated financial analysis of the proposed merger. Milbank reviewed with the Towers Perrin board of directors the legal standards applicable to the Towers Perrin board of directors consideration of and decisions and actions with respect to the proposed business combination transaction with Watson Wyatt. Towers Perrin management and Goldman Sachs then provided a financial update on the proposed merger. Milbank, together with Towers Perrin management, then provided an update as to the status of negotiations with Watson Wyatt and reviewed the key provisions of the merger agreement draft, including, but not limited to, (1) the merger consideration to be received (including the proposed vesting, forfeiture, transfer and reallocation provisions applicable to the shares of Towers Watson common stock to be received by the Towers Perrin security holders in the merger), (2) the representations and warranties to be made by each party, (3) the covenants to be performed by each party (including the non-solicitation covenant and related fiduciary out provision and the ability to terminate the merger agreement after receipt of an Acquisition Proposal under certain circumstances) and (4) the conditions that must be fulfilled for the proposed merger to be consummated. Milbank also informed the Towers Perrin board of directors about the proposed termination fee of $75 million or expense reimbursement of up to $10 million, and the circumstances under which each party would be required to pay the other such termination fee or expenses. Towers Perrin management then reviewed the due diligence process and related findings previously discussed with the committee of the board of directors formed to monitor the due diligence process. Towers Perrin management also reviewed the potential impact of the proposed transaction on Towers Perrin s current professional liability insurance provided by PCIC. The Towers Perrin board of directors then considered and discussed at length all topics, including the due diligence results as well as the merger agreement and the factors described under Recommendation of Towers Perrin s Board of Directors and Reasons for the Merger in connection with the proposed merger.

On June 17, 2009 the Towers Perrin board of directors held a board conference call for the purposes of discussing merger related matters and having a further discussion of the proposed combination.

On June 20, 2009, the Watson Wyatt Special Committee held a meeting with Mr. Haley and other members of senior management, which was also attended by a representative of Gibson Dunn. Members of senior management updated the committee on legal and financial due diligence, and the status of negotiations on the merger agreement.

From June 19 through June 26, 2009, certain members of senior management of Towers Perrin and Watson Wyatt and representatives of each of Milbank and Gibson Dunn held several telephonic meetings to continue to negotiate the merger agreement, during which time several revised drafts of the merger agreement were distributed between the respective parties. During this time, the parties agreed to certain proposals including, among others, (1) a covenant restricting Towers Perrin s ability through the date of the Towers Perrin special meeting to, among other things, prepare or file with the SEC a registration statement on Form S-1 for shares of Towers Perrin common stock to be issued in an initial public offering, (2) a reduction in the proposed termination fee to $65 million, (3) further refinements to the methodology for calculating the Towers Perrin final exchange ratio and the mechanics and vesting, forfeiture, transfer and reallocation provisions applicable to the various classes of Towers Watson common stock to be received by Towers Perrin security holders in the merger, (4) incorporating Towers Watson in Delaware, (5) clarifying the covenants regarding requisite regulatory approvals and (6) provisions relating to tax issues.

The voting agreement between each party and directors and executive officers of the other party was finalized on June 24, 2009.

On June 25, 2009, the Towers Perrin board of directors held a special meeting for the purpose of reviewing, considering and approving the proposed merger with Watson Wyatt. The Towers Perrin board of directors was reminded of its fiduciary duties as reviewed in detail at its June 15th special meeting. Towers Perrin management then provided a review of the due diligence process and presented management s updated summary of the material findings and conclusions. Milbank then provided an update on the status of negotiations with Watson Wyatt, highlighting the key provisions of the merger agreement draft that had been resolved since

Table of Contents

the Towers Perrin board of directors last met on June 15th. Following Milbank s update, Goldman Sachs provided the Towers Perrin board of directors with a market update in the context of the proposed merger and discussed with them the assumptions, limitations and factors that would be included in any Goldman Sachs fairness opinion on the transaction. The Towers Perrin board of directors then considered and discussed at length the due diligence findings as well as the proposed merger and the factors described under Recommendation of Towers Perrin s Board of Directors and Reasons for the Merger in connection with the proposed merger with Watson Wyatt. PwC was also present to answer any questions regarding financial due diligence that the Towers Perrin board of directors had. The Towers Perrin board then adjourned the special meeting until June 26, 2009.

On June 26, 2009, Gibson Dunn circulated a revised merger agreement to reflect the issues resolved over the prior days.

Also on June 26, 2009, at 5:00 p.m., New York City time, Watson Wyatt s board of directors met to consider the proposed transaction. First, the Watson Wyatt Special Committee convened with certain members of senior management and representatives of Gibson Dunn and BofA Merrill Lynch. Senior management reviewed the final revisions to the merger agreement and related transaction documents and reported that there were no material additions to the legal due diligence report of June 12, 2009. Senior management also provided the directors with a report on final financial and tax considerations and conclusions arising from the financial due diligence process. Representatives of BofA Merrill Lynch reviewed with the full Watson Wyatt board of directors BofA Merrill Lynch s financial analysis of the Watson Wyatt final exchange ratio and delivered to the Watson Wyatt board of directors an oral opinion, which was later confirmed by delivery of a written opinion dated June 26, 2009, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the Watson Wyatt final exchange ratio provided for in the merger was fair, from a financial point of view, to the holders of Watson Wyatt common stock. Finally, senior management reviewed a draft press release announcing the transaction. Upon completion of these presentations and subsequent discussion, the Watson Wyatt Special Committee adopted resolutions recommending that the full Watson Wyatt board of directors approve the merger agreement and the transactions contemplated thereby. The full Watson Wyatt board of directors then convened, considered the Watson Wyatt Special Committee s recommendations and adopted resolutions unanimously approving the merger agreement and the transactions contemplated thereby.

Later that same day, at 5:15 p.m., New York City time, the Towers Perrin board of directors reconvened its previously adjourned special meeting to deliberate and review the final changes to the merger agreement and related documents. Milbank reviewed the final resolution of the remaining open issues in the merger agreement. Goldman Sachs orally delivered Goldman Sachs opinion, which was subsequently confirmed in writing, that as of June 26, 2009, and based upon and subject to the factors and assumptions set forth in their opinion, the Towers Perrin final exchange ratio of Towers Watson Class B common stock pursuant to the merger agreement was fair, from a financial point of view, to Towers Perrin shareholders. Following review and discussion among the members of the Towers Perrin board of directors (which included consideration of the factors described under Recommendation of Towers Perrin s Board of Directors and Reasons for the Merger), the Towers Perrin board of directors unanimously determined that the merger agreement was in the best interests of Towers Perrin, its shareholders and other constituencies and declared it advisable to enter into the merger agreement.

Shortly thereafter, also on June 26, 2009, Towers Perrin and Watson Wyatt executed the merger agreement, and the voting agreements also were executed.

On June 28, 2009, Towers Perrin and Watson Wyatt issued a joint press release announcing the signing of the merger agreement.

Table of Contents

Recommendation of Towers Perrin s Board of Directors and Reasons for the Merger

After considering the effects on all constituencies affected by the merger, including shareholders, employees, clients and creditors, the Towers Perrin board of directors determined that it is in the best interest of Towers Perrin, its shareholders and other constituencies, and declared it advisable, to enter into the merger agreement. **Accordingly, the Towers Perrin board of directors unanimously approved the merger agreement and unanimously recommends that Towers Perrin shareholders vote FOR (1) the approval and adoption of the merger agreement, and (2) amending Article VI of Towers Perrin s bylaws.**

In reaching its decision to approve the merger agreement and to recommend the merger agreement to its shareholders, the Towers Perrin board of directors consulted with Towers Perrin s management as well as its legal and financial advisors with respect to strategic, financial, operational, business, legal and regulatory considerations, including, but not limited to the following:

Opportunity to Participate in a Stronger Combined Company After the Merger

The cultural fit and shared values of the two companies.

The expectation that the merger represents a unique strategic opportunity to combine two strong companies that will create one of the world s leading professional services firms, well positioned for sustained growth and profitability across its geographies and business segments, and in turn create value for its clients, employees and shareholders.

The structure of the transaction as a merger of equals in which Towers Perrin would have substantial participation in the management and governance of the combined company.

- Ø The combined company would be led by a strong, experienced management team, including Mark V. Mactas, currently President, Chief Executive Officer and Chairman of the Board of Towers Perrin, and other senior Towers Perrin executives, assuring the continuity of the mission, vision and values that drove Towers Perrin as a stand-alone company.
- Ø Towers Perrin designees will collectively constitute one-half of all directors on Towers Watson s board of directors.

The opportunity for Towers Perrin s shareholders to become stockholders of a company with greater financial and market strength than Towers Perrin on its own, in particular:

- Ø The ability to leverage complementary human capital business lines across a larger customer base in diverse markets.
- Ø The opportunity to strengthen the combined company s presence in a greater number of domestic markets and globally.
- Ø The combined company s position as a more competitive organization in the human capital, risk management and financial management industries.
- Ø The greater ability to execute future inorganic growth options.
- Ø The ability to offer a greater range and depth of investment consulting services to Towers Perrin s clients.

Financial Terms; Consideration Received; Continued Interest in the Combined Company

At the effective time, Towers Perrin security holders will be entitled to receive 50% of the shares of the voting common stock of the combined company, Towers Watson, then outstanding.

- Ø In addition, subject to proration as described more fully in this document, Towers Perrin shareholders who are Class R Eligible Participants may elect (subject to committing to terminate their employment with Towers Perrin as of the effective time and entering into a confidentiality and non-solicitation agreement) to designate between 50% and 100% of their Towers Perrin shares to be converted into shares of Towers Watson Class R common stock, which will be automatically redeemed by Towers Watson on the first business day following the effective time for an amount equally comprised of cash and Towers Watson Notes.

The market liquidity that will result from exchanging stock in a private company for publicly traded securities of Towers Watson.

Table of Contents

The merger agreement provides for consideration to be received by Towers Perrin shareholders based on an exchange ratio that will be calculated at the merger s closing without regard to the prevailing market price for the shares of Watson Wyatt Class A common stock.

Goldman Sachs, Towers Perrin s financial advisor, made presentations to Towers Perrin s board of directors concerning financial aspects of the merger and other strategic alternatives available to Towers Perrin, and delivered its oral opinion, later confirmed in writing, that as of the date of that opinion and based upon and subject to the factors and assumptions set forth in the opinion, the Towers Perrin final exchange ratio of Towers Watson Class B common stock pursuant to the merger agreement was fair from a financial point of view to the Towers Perrin shareholders.

Lock-Up of Towers Watson Common Stock

The Towers Watson common stock received by Towers Perrin security holders at the effective time would be subject to, among other things, certain vesting, forfeiture, transfer and reallocation provisions, as applicable (and as described more fully in this document).

The Towers Perrin board of directors belief that all of these provisions and restrictions were:

- Ø Necessary to prevent the possibility of an immediate and uncontrolled distribution of Towers Watson Class A common stock that would otherwise be issued immediately after completion of the merger, thereby reducing the possibility that the volume of shares distributed at the effective time will cause a substantial decline in the stock price of Towers Watson Class A common stock as compared with the pre-closing price of Watson Wyatt Class A common stock. Such a decline would adversely affect Towers Watson stockholders and could impair the ability of Towers Watson to use its stock for future acquisitions and other purposes.
- Ø Not necessary to impose on the Towers Watson Class A common stock issued in the merger to the Watson Wyatt stockholders because their shares of Watson Wyatt Class A common stock were already freely transferable (except shares subject to restrictions on transfer imposed by the U.S. federal securities laws) and an orderly market in such freely tradable shares already exists.

Additional Considerations

The short-term and long-term interests of Towers Perrin, including benefits that may have accrued to Towers Perrin from its long-term plans and the possibility that these interests may be best served by the continued independence of Towers Perrin.

As a result of an examination of Towers Perrin s long-term strategic alternatives (during which the Towers Perrin board of directors considered other options available to Towers Perrin as an independent company including conducting an initial public offering of the shares of Towers Perrin s common stock), the conclusion of the Towers Perrin board of directors that a merger of equals with Watson Wyatt represented a more feasible and desirable path for expanding the business, both geographically and by product areas, and accessing the public currency needed for future growth opportunities, over the other option available to Towers Perrin.

- Ø Moreover, the conclusion of the Towers Perrin s board of directors and management that, in order to further Towers Perrin s long-term strategy as an independent company of gaining scale and acquiring new capabilities (and the difficulties in doing so as a private company), it was critical for Towers Perrin to have a currency in the form of a publicly traded stock so that the company would be able to respond quickly and effectively to any growth opportunities that may arise; Towers Perrin s board of directors believes this objective can best be accomplished by the merger of equals with Watson Wyatt, which involves exchanging stock in Towers Perrin, a private company, for publicly traded securities of Towers Watson.

The structure of the merger, including the use of a holding company, maintains both Towers Perrin and Watson Wyatt as surviving separate legal entities, which is consistent with a merger of equals transaction.

The expectation that the merger would be a tax-free transaction for U.S. federal income tax purposes for Towers Perrin shareholders receiving solely Towers Watson Class B common stock.

The proposals to approve and adopt the merger agreement and amend Article VI of Towers Perrin s bylaws will require the affirmative vote of the holders of at least two-thirds of the issued and outstanding shares of Towers Perrin common stock at the Towers Perrin special meeting.

The benefits and social and economic effects of the merger on Towers Perrin, its shareholders, employees and other constituencies.

The anticipated pretax annual synergies of the merger of approximately $80 million (with full realization of synergies expected in three years with a cost of approximately $80 million).

The terms of the merger agreement that permit Towers Perrin s board of directors to, among other things:

Ø Respond to unsolicited offers by furnishing information to and participating in discussions or negotiations with other bidders in the event that the Towers Perrin board of directors determines in good faith (after consultation with its outside counsel and its financial advisor) that such proposal constitutes or is reasonably likely to lead to a Superior Proposal (this term is defined below in the section entitled The Merger Agreement Covenants and Other Agreements Non-Solicitation).

Ø Make an Adverse Recommendation Change (this term is defined below in the section entitled The Merger Agreement Covenants and Other Agreements Non-Solicitation) in response to a Superior Proposal if the Towers Perrin board of directors determines in good faith (after consultation with outside counsel) that the failure to do so would result in a breach of its fiduciary duties under Pennsylvania law.

Potential Negative Factors

The potential negative impact of client or employee defections after announcement of the merger.

The possibility of management and employee disruption associated with the merger and integrating the operations of the companies, including the risk that, despite the efforts of the combined company, employees of Towers Perrin might not remain employed with the combined company.

The risk that the cultures of the two companies may not be as compatible as anticipated.

The risk that the merger might not be completed in a timely manner or at all.

The risk that if the merger is not completed as anticipated, Towers Perrin will be further behind in effectuating its long-term strategy of obtaining a currency in the form of publicly-traded stock.

The risk that regulatory agencies may not approve the merger or may impose terms and conditions on their approvals that would materially and adversely affect future financial results of the combined company.

The potential limited liquidity of shares of Towers Watson Class A common stock.

The risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger.

The fact that the retirement business will represent a larger percentage of the revenues of Towers Watson than at Towers Perrin, which arguably contrasts with Towers Perrin s current strategy to diversify its business portfolio.

The potential impact on the executive compensation business due to perceived conflicts of interest, given the political and regulatory environment in the United States.

The challenges and difficulties, foreseen and unforeseen, relating to integrating the operations of Towers Perrin and Watson Wyatt.

The risk that the anticipated synergies and other potential benefits of the merger may not be fully realized or realized at all.

The risk that the combined entity chooses, for whatever reason, a strategic direction that is substantially inconsistent with the fundamental direction set by Towers Perrin s management and Towers Perrin s board of directors as a stand-alone entity.

Table of Contents

- The restrictions on the conduct of Towers Perrin s business during the period between signing of the merger agreement and the completion of the merger or the termination of the merger agreement.
- The investment banking, legal and accounting fees and expenses of Towers Perrin related to the merger.
- The merger agreement s requirement that Towers Perrin hold a special meeting of its shareholders to approve the merger agreement, including under circumstances where an alternative transaction has been proposed that may be more advantageous to Towers Perrin shareholders.
- The risk that either Towers Perrin shareholders or Watson Wyatt stockholders may fail to approve the merger.
- The risk that the combined company may no longer be able to obtain errors and omissions insurance through PCIC and may face significantly greater challenges in obtaining errors and omissions liability insurance coverage.
- The requirement under the merger agreement that if the merger agreement is terminated under certain circumstances, Towers Perrin would be required to pay Watson Wyatt a termination fee of $65 million or may have to reimburse Watson Wyatt for all reasonably documented expenses up to a maximum of $10 million.
- The various other risks associated with the merger and the business of Towers Perrin, Watson Wyatt and the combined company described under Risk Factors on page 25.

Despite the foregoing, the Towers Perrin board of directors believed and continues to believe that these potential risks and drawbacks are greatly outweighed by the potential benefits that the Towers Perrin board of directors expects Towers Perrin and its shareholders to achieve as a result of the merger.

In considering the merger, the Towers Perrin board of directors was, and is, aware of the interests of certain officers and directors of and advisors to Towers Perrin and its board of directors in the merger, as described under Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Interests of Towers Perrin s Directors, Executive Officers and Principal Shareholders in the Merger .

The foregoing discussion of the factors considered by the Towers Perrin board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Towers Perrin board of directors. In reaching its decision to approve the merger agreement, the Towers Perrin board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Towers Perrin board of directors considered all these factors as a whole, including discussions with, and questioning of, Towers Perrin s management and Towers Perrin s financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination. You should note that this explanation of the Towers Perrin board of directors reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Cautionary Statement Concerning Forward-Looking Statements .

For the reasons set forth above, the Towers Perrin board of directors unanimously determined that the merger agreement is advisable and in the best interests of Towers Perrin, its shareholders and its other constituencies, and unanimously approved and adopted the merger agreement. The Towers Perrin board of directors unanimously recommends that the Towers Perrin shareholders vote FOR the (1) approval and adoption of the merger agreement, and (2) amendment of Article VI of Towers Perrin s bylaws.

Table of Contents

Recommendation of Watson Wyatt s Board of Directors and Reasons for the Merger

The Watson Wyatt board of directors has determined that the merger agreement and the transactions contemplated thereby are advisable and in the best interests of Watson Wyatt and its stockholders. The Watson Wyatt board of directors also has determined that the merger is consistent with, and in furtherance of, Watson Wyatt s business strategies and goals. **Accordingly**, **the Watson Wyatt board of directors unanimously approved the merger agreement and unanimously recommends that Watson Wyatt stockholders vote FOR the approval and adoption of the merger agreement.**

The Watson Wyatt board of directors believes that the merger presents a strategic opportunity to expand through a combination with the complementary human capital and risk management business of Towers Perrin. In reaching its decision to approve the merger agreement and recommend the adoption of the merger agreement to its stockholders, Watson Wyatt s board of directors consulted with management, as well as its legal and financial advisors, and considered a number of factors, including, among others, the following:

Each of Watson Wyatt s and Towers Perrin s business, operations, financial condition, asset quality, earnings and, in the case of Watson Wyatt, stock performance. In reviewing these factors, including the information obtained through due diligence, the board of directors considered that Towers Perrin s business and operations complement those of Watson Wyatt and that Towers Perrin s earnings, and the synergies potentially available in the merger, create the opportunity for the combined company to have superior future earnings and prospects compared to Watson Wyatt s future earnings and prospects on a stand-alone basis. In particular, the board of directors considered the following:

- Ø The ability to leverage complementary human capital business lines across a larger customer base in diverse markets.
- Ø The opportunity to strengthen the combined company s presence in a greater number of lines of business and geographies.
- Ø The combined company s position as a more competitive organization in the human capital, risk management and financial management industries.
- Ø The combined company s ability to draw upon more expansive resources to better serve its clients, thereby increasing the value of the combined company to its stockholders.
- Ø The expectation that the proposed merger would be accretive to diluted earnings per share within three years following the effective time.
- Ø The expectation that the merger will result in $80 million in pretax annual operational costs savings, primarily as a result of reductions in management headcount and general and administrative expenses.
- Ø Estimated annual savings of approximately $35 million (which estimate was later revised to $41 million) expected to result from the retirement of Class R Eligible Participants at the effective time.
- Ø Expected improvements in earnings resulting from changes to Towers Perrin s compensation following the effective time. As a private company, Towers Perrin has historically not retained earnings and instead distributed most of its profits in the form of bonuses to its employees.

The structure of the merger and consideration to be received by Watson Wyatt and Towers Perrin security holders. In particular, Watson Wyatt s board of directors considered the following:

- Ø Watson Wyatt security holders will be entitled to receive, in the aggregate, 50% of Towers Watson s voting common stock then outstanding;
- Ø Consideration will be received by Watson Wyatt security holders in the form of publicly-traded shares of Towers Watson Class A common stock; and
- Ø Consideration will received by Towers Perrin shareholders in the form of Towers Watson Class B common stock, which will not be publicly traded, and will generally convert into Towers Watson Class A common stock over a four year period. To the extent that Towers

Table of Contents

Perrin shareholders make Class R and Class S elections, the number of shares of Towers Watson Class B common stock outstanding as of the first business day after the effective time, and the related dilution of Watson Wyatt stockholders, will be decreased.

The structure of the transaction as a merger of equals in which Watson Wyatt s board of directors and management would have substantial participation in the combined company. In particular, Watson Wyatt s board of directors considered the following:

Ø That the board of directors of the combined company would consist of an equal number of directors selected by Watson Wyatt and by Towers Perrin.

Ø Watson Wyatt s President, Chief Executive Officer and Chairman of its board of directors, John J. Haley, will serve as the Chief Executive Officer and Chairman of the board of directors of the combined company.

Ø The significant participation of other Watson Wyatt officers in senior management of the combined company.

Its conclusion after its analysis that the businesses of Towers Perrin and Watson Wyatt are a complementary fit because of the nature of the markets served and services offered by Towers Perrin and Watson Wyatt and the expectation that the merger would provide expanded services offerings, greater opportunities for cross-servicing, cost savings opportunities and enhanced opportunities for growth.

Towers Perrin and Watson Wyatt s shared belief in a disciplined and thoughtful approach to the combination, structured to maximize the potential for synergies and minimize the loss of clients and to further diversify the combined company s operating risk profile versus those of the stand-alone companies.

The expectation that the merger will be generally tax-free for United States federal income tax purposes to Watson Wyatt s stockholders.

Its review with its legal advisor, Gibson Dunn, of the merger agreement and other related documents, including the provisions in the merger agreement designed to enhance the probability that the merger will be completed.

Its review and discussions with Watson Wyatt s management concerning the due diligence examination of Towers Perrin s operations, and financial condition.

Its expectation that the required regulatory approvals could be obtained and the likelihood that regulatory approvals will be received in a timely manner and without unacceptable conditions.

The perceived similarity in corporate cultures, which would facilitate integration and implementation of the merger.

The opinion of BofA Merrill Lynch, dated June 26, 2009, to Watson Wyatt s board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the Watson Wyatt exchange ratio to the holders of Watson Wyatt common stock, as more fully described below in the section entitled Opinion of Watson Wyatt s Financial Advisor .

The Watson Wyatt board of directors also considered potential associated risks in connection with its deliberations of the proposed merger, including:

The challenges of combining the businesses, assets and workforces of two large companies, which could impact the success of the combined company and the ability to achieve anticipated operational cost savings and other expected synergies. In this regard, the Watson Wyatt board of directors considered that the combined company would benefit from the continued participation of certain Watson Wyatt directors and the strength of Watson Wyatt s management team.

The risk that the anticipated synergies and other potential benefits of the merger may not be fully or partially realized and may be more expensive to achieve than anticipated, and the risk that the merger could be dilutive to Towers Watson s earnings per share, as compared with Watson Wyatt s earnings per share.

Ø Anticipated pretax annual operational costs savings of $80 million are expected to take three years to fully realize. Towers Watson is expected to incur approximately $80 million in

Table of Contents

one-time severance and IT integration costs in order to realize these costs savings. If these costs are larger than anticipated, or annual savings take longer to realize, it may take longer for the merger to be accretive to earnings per share.

The risk that the costs that the combined company is expected to incur to integrate the companies, including those relating to rebranding, lease termination and facilities consolidation, among others, could be greater than anticipated.

The interests of Watson Wyatt executive officers and directors with respect to the merger apart from their interests as holders of Watson Wyatt Class A common stock, and the risk that these interests might influence their decision with respect to the merger.

The one-for-one exchange ratio of shares of Towers Watson Class A common stock for shares of Watson Wyatt Class A common stock is fixed, and will not be adjusted at closing based on the market value of Watson Wyatt Class A common stock or the value of Towers Perrin common stock.

The fact that under the terms of the merger agreement, Watson Wyatt s ability to solicit and pursue other acquisition proposals is restricted.

The fact that the merger agreement restricts Watson Wyatt s ability to operate its business during the period between the signing of the merger agreement and the completion of the merger.

The $65 million termination fee payable to Towers Perrin upon the occurrence of certain events, and the potential effect of such termination fee.

The risk that the merger may not be consummated in a timely manner.

The fact that under the terms of the merger agreement, Watson Wyatt is required to hold a special meeting of its stockholders to approve the merger agreement, including under circumstances where an alternative transaction has been proposed that may be more advantageous to Watson Wyatt stockholders.

Possible loss of key management or other personnel, or of large clients.

The risk to Watson Wyatt s business, operations and financial results in the event that the merger is not consummated.

The risks that delays or difficulties in completing the integration could adversely affect the combined company s operating results and preclude the achievement of some benefits anticipated from the merger.

The risk of diverting management focus and resources from operational matters and other strategic opportunities while focusing on the merger.

The risk that the combined company may no longer be able to obtain errors and omissions insurance through PCIC and may face significantly greater challenges in obtaining errors and omissions liability insurance coverage on similar pricing and terms to those currently available to Towers Perrin and Watson Wyatt.

The challenges of integrating the companies financial reporting and internal control systems, particularly in light of the fact that Towers Perrin, as a private company, has not been subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the rules promulgated thereunder by the SEC and the Public Company Accounting Oversight Board.

Tax risks relating to the merger.

The Watson Wyatt board of directors realizes that there can be no assurance about future results of the combined company, including results expected or considered in the factors listed above, such as assumptions regarding growth rates, potential revenue enhancements, anticipated cost savings and earnings accretion. However, the Watson Wyatt board of directors concluded that the potential positive factors outweighed the potential risks of completing the merger.

The foregoing discussion of the information and factors considered by the Watson Wyatt board of directors is not exhaustive, but includes all material factors considered by the Watson Wyatt board of directors. In view of the wide variety of factors considered by the Watson Wyatt board of directors in connection with its evaluation of the merger and the complexity of such matters, the Watson Wyatt board of directors did not consider it

Table of Contents

practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Watson Wyatt board of directors conducted a discussion of the factors described above, including asking questions of Watson Wyatt s management and Watson Wyatt s legal and financial advisors, and reached a unanimous decision that the proposed merger was in the best interests of Watson Wyatt and its stockholders. In considering the factors described above, individual members of the Watson Wyatt board of directors may have given different weights to different factors. The Watson Wyatt board of directors relied on the experience and expertise of its financial advisor for quantitative analysis of the financial terms of the merger. You should note that this explanation of the Watson Wyatt board of directors reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Cautionary Statement Concerning Forward-Looking Statements .

Opinion of Towers Perrin s Financial Advisor

Goldman Sachs rendered its opinion to Towers Perrin s board of directors that, as of June 26, 2009 and based upon and subject to the factors and assumptions set forth in the opinion, the Towers Perrin final exchange ratio of Towers Watson Class B common stock pursuant to the merger agreement was fair from a financial point of view to the Towers Perrin shareholders.

The full text of the written opinion of Goldman Sachs, dated June 26, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C. Goldman Sachs provided its opinion for the information and assistance of Towers Perrin s board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any Towers Perrin shareholder should vote with respect to the merger agreement, or any other matter.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- The merger agreement;
- The audited consolidated financial statements of Towers Perrin for the last five fiscal years ended December 31 and Annual Reports on Form 10-K of Watson Wyatt for the last five fiscal years ended June 30;
- Certain Current Reports on Form 8-K and Quarterly Reports on Form 10-Q of Watson Wyatt;
- Certain other communications from Towers Perrin to its shareholders and Watson Wyatt to its stockholders, including proxy statements and related materials;
- Certain publicly available research analyst reports for Watson Wyatt; and
- Certain internal financial analyses and forecasts for Towers Perrin and Watson Wyatt prepared by Towers Perrin s management, as approved for Goldman Sachs use by Towers Perrin, including certain cost savings and operating synergies projected by management of each of Towers Perrin and Watson Wyatt to result from the transactions contemplated by the merger agreement, as prepared by management of each of Towers Perrin and Watson Wyatt and approved for Goldman Sachs use.

Goldman Sachs also held discussions with members of senior management of each of Towers Perrin and Watson Wyatt regarding their assessments of the strategic rationale for, and the potential benefits of, the transactions contemplated by the merger agreement and the past and current business operations, financial condition, and future prospects of their respective companies. In addition, Goldman Sachs reviewed the reported price and trading activity for Watson Wyatt Class A common stock, compared certain financial and stock market information for Watson Wyatt and certain financial information for Towers Perrin with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the business services industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

Table of Contents

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it. Goldman Sachs assumed, with Towers Perrin s consent, that the internal financial analyses and forecasts for Towers Perrin and Watson Wyatt prepared by Towers Perrin s management, including the projections of certain cost savings and operating synergies to result from the transactions contemplated by the merger agreement, were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Towers Perrin. In addition, for purposes of rendering the opinion described above, Goldman Sachs did not take into account the terms and conditions of any series of Towers Watson Class B common stock to the extent they differ from the Towers Watson Class A common stock. Goldman Sachs also assumed that there will be an amount equal to $200 million to repurchase shares held by Class R Participants. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Towers Watson, Towers Perrin or Watson Wyatt or any of their respective subsidiaries, and it was not furnished with any such evaluation or appraisal. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transactions contemplated by the merger agreement will be obtained without any adverse effect on Towers Watson, Towers Perrin or Watson Wyatt or the expected benefits of the transactions contemplated by the merger agreement in any way meaningful to its analysis. Goldman Sachs also assumed that the transactions contemplated by the merger agreement will be consummated on the terms set forth in the merger agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs opinion does not address any legal, regulatory, tax or accounting matters nor does it address the underlying business decision of Towers Perrin to engage in the transactions contemplated by the merger agreement, or the relative merits of the transactions contemplated by the merger agreement as compared to any strategic alternatives that may be available to Towers Perrin. In addition, Goldman Sachs does not express any opinion as to the impact of the transactions contemplated by the merger agreement on the solvency or viability of Towers Watson, Towers Perrin or Watson Wyatt or the ability of Towers Watson, Towers Perrin or Watson Wyatt to pay its obligations when they come due. Goldman Sachs opinion addresses only the fairness from a financial point of view, as of the date of the opinion, of the Towers Perrin final exchange ratio of Towers Watson Class B common stock pursuant to the merger agreement to Towers Perrin shareholders. Goldman Sachs opinion does not express any view on, and does not address, any other term or aspect of the merger agreement or the transactions contemplated by the merger agreement, including, without limitation, any Class R election or Class S election, the consideration paid in respect of the redemption of the Towers Watson Class R common stock and the Towers Watson Class S common stock, the fairness of the transactions contemplated by the merger agreement to, or any consideration received by, the holders of any other class of securities, creditors, or other constituencies of Towers Watson, Towers Perrin or Watson Wyatt; or the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Towers Watson, Towers Perrin or Watson Wyatt, or any class of such persons in connection with the transactions contemplated by the merger agreement, whether relative to the Towers Perrin final exchange ratio of Towers Watson Class B common stock pursuant to the merger agreement or otherwise. Goldman Sachs is not expressing any opinion as to the prices at which shares of Towers Watson Class A common stock will trade at any time. Goldman Sachs opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. Goldman Sachs opinion was approved by a fairness committee of Goldman Sachs.

Table of Contents

The following is a summary of the material financial analyses delivered by Goldman Sachs to the board of directors of Towers Perrin in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before June 26, 2009, and is not necessarily indicative of current market conditions. All estimated numbers for Towers Perrin throughout Goldman Sachs analyses exclude one-time charges related to the issuance of Towers Watson restricted Class A common stock (issued upon conversion of Towers Perrin RSUs in the merger), which shares vest in equal annual installments over three years from the effective time. All 2009 estimates, or 2009E , figures are based on Towers Perrin s management s pro forma assumptions as of June 26, 2009, which assume that Towers Perrin has been public for the full year, with such assumptions including adoption of a public company compensation model, and which reconciles Towers Perrin and Watson Wyatt s errors and omissions accounting policies.

Selected Companies Analysis. Goldman Sachs reviewed and compared certain financial information for Watson Wyatt to corresponding financial information, ratios and public market multiples for the following publicly traded corporations in the business services industry:

Human Resources Consulting Company:

Hewitt Associates, Inc.

Specialty Consulting Companies:

CRAI International, Inc.
FTI Consulting, Inc.
Huron Consulting Group Inc.
LECG Corporation
Navigant Consulting, Inc.

Although none of the selected companies is directly comparable to Towers Perrin or Watson Wyatt, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of Towers Perrin and Watson Wyatt.

Goldman Sachs also calculated and compared various financial multiples and ratios based on information it obtained from SEC filings and the Institutional Brokers Estimate System, or IBES , and other Wall Street research. The multiples and ratios of Watson Wyatt were calculated using the closing price of Watson Wyatt s Class A common stock on June 26, 2009. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. With respect to the selected companies, Goldman Sachs calculated the:

- Enterprise value as a multiple of projected calendarized 2009 sales;
- Enterprise value as a multiple of projected calendarized 2010 sales;
- Enterprise value as a multiple of latest twelve months, or LTM , earnings before interest, taxes and depreciation and amortization, or EBITDA ;
- Enterprise value as a multiple of calendarized projected 2009 EBITDA; and
- Enterprise value as a multiple of calendarized projected 2010 EBITDA.

76

Table of Contents

The results of these analyses are summarized as follows:

Enterprise Value as a multiple of:	Specialty Consulting Composite Range	Specialty Consulting Composite Median	HR Consulting Composite**	Watson Wyatt
2009 Sales	0.3x-2.2x	1.2x	1.0x	1.0x
2010 Sales	0.3x-1.9x	1.1x	1.0x	1.0x
LTM EBITDA*	7.6x-11.1x	9.0x	5.3x	6.1x
2009 EBITDA	7.4x-9.8x	8.1x	5.2x	6.3x
2010 EBITDA	5.7x-8.4x	7.0x	5.0x	6.0x

* LTM numbers are based on the latest publicly available information, as of June 26, 2009. 2009 Sales and 2009 and 2010 EBITDA numbers are based on IBES median estimates and/or other Wall Street research.

** The HR Consulting Composite consists of Hewitt Associates, Inc.

Goldman Sachs also calculated the selected companies projected calendarized, for a fiscal year ended December 31st, price/earnings multiples for 2009 and 2010 and compared them to the results for Watson Wyatt. The following table presents the results of this analysis:

Calendarized Price/Earnings* Multiples:	Specialty Consulting Composite Range	Specialty Consulting Composite Median	HR Consulting Composite	Watson Wyatt
2009	14.8x-19.8x	16.9x	11.6x	12.4x
2010	12.0x-15.6x	13.9x	10.7x	12.2x

* Earnings are based on IBES median estimates and/or other Wall Street research.

Table of Contents

Implied Valuation Analysis. Goldman Sachs performed certain analyses, based on historical information and projections provided by management of Towers Perrin. At a price of $41.18 for each share of Watson Wyatt Class A common stock and assuming an implied ownership of Towers Watson of 50% by Towers Perrin security holders, Goldman Sachs calculated an indicative Towers Perrin s equity value of $1,784 million and an indicative enterprise value of $1,623 million, assuming that Towers Perrin has cash of $405 million and bonuses payable of $244 million as of December 31, 2009. Goldman Sachs also calculated Towers Perrin s implied enterprise value as a multiple of 2008 sales, 2009E sales and 2010E sales, its implied enterprise value as a multiple of 2009E EBITDA on a pro forma basis and 2010E EBITDA, its implied enterprise value as a multiple of 2009E earnings before interest and taxes, or EBIT , on a pro forma basis and 2010E EBIT, and its implied equity value as a multiple of 2009E net income on a pro forma basis and 2010E net income. The following table presents the results of Goldman Sachs analysis based on an implied ownership of 50% of Towers Watson common stock by Towers Perrin security holders:

Metric	Year	Towers Perrin
Implied Enterprise Value / Sales	2008A	0.94x
	2009E*	1.03x
	2010E	1.00x
Implied Enterprise Value / EBITDA	2009E PF**	8.0x
	2010E	7.1x
Implied Enterprise Value / EBIT	2009E PF**	9.7x
	2010E	8.5x
Implied Equity Value / Net Income	2009E PF**	18.0x
	2010E	15.2x

* All estimated numbers for Towers Perrin throughout Goldman Sachs analyses exclude one-time charges related to the issuance of Towers Watson restricted Class A common stock (issued upon conversion of Towers Perrin RSUs in the merger), which shares vest in equal annual installments over three years from the effective time.

** All 2009E figures are based on Towers Perrin s management s pro forma assumptions as of the date provided which assume that Towers Perrin has been public for the full year and which reconciles Towers Perrin s and Watson Wyatt s errors and omissions accounting policies.

Illustrative Discounted Cash Flow Analysis. Goldman Sachs performed an illustrative discounted cash flow analysis on Towers Perrin using Towers Perrin s management forecasts through 2013.

Goldman Sachs calculated indications of net present value of free cash flows for Towers Perrin for the years 2009 through 2013 using discount rates ranging from 10.0% to 12.0% discounted to June 30, 2009. Goldman Sachs then calculated implied enterprise values using illustrative terminal values calculated as of the calendar year-end 2013E and multiples ranging from 6.0x EBITDA to 7.5x EBITDA. These illustrative terminal values were then discounted to calculate implied indications of present values of the enterprise value using discount rates ranging from 10.0% to 12.0%. The discount rates were chosen by utilizing a weighted average cost of capital analysis. This analysis resulted in a range of illustrative discounted cash flow enterprise values of Towers Perrin of $1,371 million to $1,729 million.

Goldman Sachs also performed an illustrative discounted cash flow analysis on Watson Wyatt using Watson Wyatt projections that were based on estimates provided by Towers Perrin s management.

Goldman Sachs calculated indications of net present value of free cash flows for Watson Wyatt for the years 2009 through 2013 using discount rates ranging from 10.0% to 12.0% discounted to June 30, 2009.

Table of Contents

Goldman Sachs then calculated implied enterprise values using illustrative terminal values calculated as of the calendar year-end 2013E and multiples ranging from 6.0x EBITDA to 7.5x EBITDA. These illustrative terminal values were then discounted to calculate implied indications of present values of enterprise value using discount rates ranging from 10.0% to 12.0%. The discount rates were chosen by utilizing a weighted average cost of capital analysis. This analysis resulted in a range of illustrative discounted cash flow enterprise values of Watson Wyatt of $1,788 million to $2,232 million.

Selected Transactions Analysis. Goldman Sachs analyzed certain information relating to the following selected transactions in the human resources business services industry since 1996:

Year	Acquirer	Target
2007	Watson Wyatt Worldwide	Dr. Dr. Heissmann GmBH
2006	Aegon	Clark Inc.
2005	ACS	Mellon HR
2005	EDS	Towers Perrin s HR Outsourcing
2005	Watson Wyatt & Co.	Watson Wyatt LLP
1996	Mellon Bank	Buck Consultants

For each of the selected transactions, using information from press releases and Capital IQ, Goldman Sachs calculated the enterprise value as a multiple of latest twelve months sales. While none of the companies that participated in the selected transactions are directly comparable to Towers Perrin, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of Towers Perrin s results, market size and product profile.

The following table presents the results of this analysis:

Enterprise Value as a multiple of:	Selected Transactions Range
LTM Sales	1.1x-1.9x

Pro Forma Merger Analysis. Goldman Sachs prepared illustrative pro forma analyses of the potential financial impact of the merger using earnings estimates for Towers Perrin per Towers Perrin s management forecasts and calendarized earnings estimates of Watson Wyatt provided by Towers Perrin s management and tax and expense assumptions provided by Towers Perrin s management. For the years 2010 and 2011, Goldman Sachs compared the projected calendarized earnings per share of Watson Wyatt on a standalone basis to the projected calendarized earnings per share of the common stock of the combined entity resulting from the merger under three scenarios: (1) no synergies are achieved, which we refer to as the No Synergies Scenario, (2) 30% of the synergies are achieved in 2010E and 85% in 2011E, which we refer to as the Ramp-Up Scenario and (3) 100% of the synergies are achieved in both 2010E and 2011E, which we refer to as the Run-Rate Scenario. In all three scenarios Goldman Sachs assumed, among other assumptions, that the forecasts for Towers Perrin and the estimates for Watson Wyatt, both of which were provided to Goldman Sachs by Towers Perrin s management, will be achieved and that 50% of Towers Watson is owned by former Towers Perrin shareholders. The following table presents the results of this analysis:

	Watson Wyatt Stand-Alone	No Synergies	Ramp-Up of Synergies	Run-Rate of Synergies
2010E CY EPS	$ 3.31	$ 2.87	$ 3.02	$ 3.37
% Change vs. Stand-Alone		(13.1)%	(8.6)%	2.0%
2011E CY EPS	$ 3.61	$ 3.29	$ 3.72	$ 3.80
% Change vs. Stand-Alone		(8.7)%	3.1%	5.3%

Goldman Sachs also calculated an implied current stock price, based on Watson Wyatt s 2010E-2011E implied price/earnings multiples using Towers Perrin s management estimates for Watson Wyatt, under each of the three scenarios outlined above, and compared those implied current stock prices to Watson Wyatt s Class A common stock share price of $41.18 as of June 26, 2009. Based on Goldman Sachs analysis, under the No Synergies Scenario the implied current share price of the combined company would range from $35.78 based on implied 2010E price/earnings multiples and $37.60 based on implied 2011E price/earnings multiples, under the Ramp-Up Scenario the implied current share price of the combined company would range from $37.65 based on implied 2010E price/earnings multiples and $42.48 based on 2011E implied price/earnings multiples, and under Run-Rate Scenario the implied current share price of the combined company would range from $42.01 based on implied 2010E price/earnings multiples and $43.36 based on implied 2011E price/earnings multiples.

Implied Exchange Ratio Analysis. Goldman Sachs performed an implied exchange ratio analysis, comparing the implied transaction exchange ratio of 554.37 against the implied range of exchange ratios that resulted from using the implied total equity value of Towers Perrin that was calculated under the following three types of analyses: (1) comparable public companies[1], (2) precedent transactions, and (3) illustrative discounted cash flow. The implied transaction exchange ratio of 554.37, which assumed that Towers Perrin security holders will have an implied ownership of 50% of Towers Watson, was calculated by Goldman Sachs by using Watson Wyatt s fully diluted share count of 43,314,518 as of June 26, 2009, subtracting from that number 4,331,452, which is the assumed number of shares of Towers Watson restricted Class A common stock to be issued upon the conversion of the Towers Perrin RSUs in the merger, and then dividing the result by 70,320, which was the number of shares of Towers Perrin common stock that was outstanding as of June 26, 2009.

Under the comparable company analysis and assuming a trading multiple that is the median of its peer group (CRAI International, Inc., FTI Consulting, Inc., Huron Consulting Group Inc., Hewitt Associates, Inc., LECG Corporation and Navigant Consulting, Inc.), an enterprise value/2010E EBITDA multiple of 5.0x-7.5x, and 2010E EBITDA of $227 million, an implied total equity value of Towers Perrin would be between $1,300 million and

[1] A group of companies in the business services industry which includes Hewitt Associates, Inc., CRAI International, Inc., FTI Consulting, Inc., Huron Consulting Group Inc., LECG Corporation, and Navigant Consulting, Inc.

$1,875 million. By way of comparison, under this analysis and assuming a trading multiple that is the median of its peer group (same group as above), an enterprise value/CY2010E EBITDA multiple of 5.0x-7.5x, and CY2010E EBITDA of $282 million, an implied total equity value of Watson Wyatt would be between $1,408 million and $2,112 million.

Under the precedent transaction analysis, using $1,720 million for 2008A revenue and assuming a median enterprise value/revenue multiple of 1.1x-1.4x, an implied total equity value of Towers Perrin would be between $2,050 million and $2,550 million.

Under the illustrative discounted cash flow analysis and assuming a terminal multiple of 2013E EBITDA of 6.0x-7.5x, an implied perpetuity growth rate of 2.2%-4.6% and discount rates ranging from 10.5%-11.5%, an implied total equity value of Towers Perrin would be between $1,550 million and $1,850 million.

In all cases the calculation of Towers Perrin s equity value assumes cash of $405 million (excluding cash related to reinsurance payables of $110 million) less bonuses payable of $244 million as of December 31, 2009. The implied exchange ratio analysis also assumes that Towers Perrin s warrants will be cancelled (which occurs if an initial public offering is not completed on or prior to December 31, 2009 or upon consummation of a change in control transaction, which includes the merger) and therefore will have no impact on the implied exchange ratio calculation. It also assumes that there is no cost to receiving or exercising the Towers Perrin RSUs (which have an exercise price of $0.00) and that one-third of the shares of the Towers Perrin RSUs vest on each of the first three anniversaries of the effective time.

The following table presents the results of the implied exchange ratio analysis using the implied equity values derived from the three analyses outlined above:

	Implied Total Towers Perrin Equity Value ($ in millions)		Implied Exchange Ratio*		Implied Transaction Exchange Ratio
	Low	High	Low	High	
Comparable Public Companies	$ 1,300	$ 1,875	404	583	554
Precedent Transactions	$ 2,050	$ 2,550	637	793	554
Illustrative Discounted Cash Flow	$ 1,550	$ 1,850	482	575	554

* Uses the price of Watson Wyatt Class A common stock as of June 26, 2009.

Contribution Analysis. Goldman Sachs analyzed the relative potential contribution of Towers Perrin and Watson Wyatt to the combined entity on 2009E, 2010E and 2011E revenue and EBITDA and on the combined entity s discounted cash flows, which was based on financial data and on the assumptions provided to Goldman Sachs by Towers Perrin management. The following table presents the results of this analysis:

Metrics	Towers Perrin Revenue Contribution:	Watson Wyatt
2009E	48.6%	51.4%
2010E	48.7%	51.3%
2011E	48.9%	51.1%
	Pro Forma EBITDA Contribution:	
2009E	42.1%	57.9%
2010E	44.6%	55.4%
2011E	44.9%	55.1%
DCF Contribution*	46.0%	54.0%

* Assumes a terminal EBITDA multiple of 6.75x and a discount rate of 11.0%. The discounted cash flow analysis nets out accrued bonuses of $175 million for Watson Wyatt and $244 million for Towers Perrin per Towers Perrin s management against the cash balance, and eliminates the accrued bonuses from the future calculation of the change in working capital.

Table of Contents

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Towers Perrin or Watson Wyatt or the contemplated merger.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to Towers Perrin s board of directors as to the fairness from a financial point of view, as of the date of the opinion, of the Towers Perrin final exchange ratio of Towers Watson Class B common stock pursuant to the merger agreement to the holders of Towers Perrin common stock. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Towers Watson, Towers Perrin, Watson Wyatt, Goldman Sachs or any other person assumes responsibility if future results are different from those forecast.

The Towers Perrin final exchange ratio was determined through arms -length negotiations between Towers Perrin and Watson Wyatt and was approved by Towers Perrin s board of directors. Goldman Sachs provided advice to Towers Perrin during these negotiations. Goldman Sachs did not, however, recommend any specific exchange ratio to Towers Perrin or its board of directors or that any specific exchange ratio constituted the only appropriate exchange ratio for the merger.

As described above, Goldman Sachs opinion to Towers Perrin s board of directors was one of many factors taken into consideration by Towers Perrin s board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex C.

Goldman, Sachs & Co. and its affiliates are engaged in investment banking and financial advisory services, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman, Sachs & Co. and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of Towers Perrin, Watson Wyatt and any of their affiliates or any currency or commodity that may be involved in the transaction for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to Towers Perrin in connection with, and participated in certain of the negotiations leading to, the transactions contemplated by the merger agreement. Goldman Sachs also may provide investment banking and other financial services to Towers Watson, Towers Perrin and Watson Wyatt and their respective affiliates in the future. In connection with the above-described services Goldman Sachs has received, and may receive in the future, compensation.

The board of directors of Towers Perrin selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement dated November 13, 2008, Towers Perrin engaged Goldman Sachs to act as its financial advisor in connection with the possible merger or business combination of Towers Perrin and Watson Wyatt. Pursuant to the terms of this engagement letter, Towers Perrin has agreed to pay Goldman Sachs a transaction fee of approximately $15 million. In addition, Towers Perrin has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Table of Contents

Opinion of Watson Wyatt s Financial Advisor

Watson Wyatt has retained BofA Merrill Lynch to act as Watson Wyatt s financial advisor in connection with the merger. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Watson Wyatt selected BofA Merrill Lynch to act as Watson Wyatt s financial advisor in connection with the merger on the basis of BofA Merrill Lynch s experience in transactions similar to the merger, its reputation in the investment community and its familiarity with Watson Wyatt and its business.

On June 26, 2009, at a meeting of Watson Wyatt s board of directors held to evaluate the merger, BofA Merrill Lynch delivered to Watson Wyatt s board of directors an oral opinion, which was confirmed by delivery of a written opinion dated June 26, 2009, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the Watson Wyatt final exchange ratio provided for in the Watson Wyatt merger was fair, from a financial point of view, to the holders of Watson Wyatt common stock.

The full text of BofA Merrill Lynch s written opinion to Watson Wyatt s board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex D to this document and is incorporated by reference into this document in its entirety. The following summary of BofA Merrill Lynch s opinion is qualified in its entirety by reference to the full text of the opinion. BofA Merrill Lynch delivered its opinion to Watson Wyatt s board of directors for the benefit and use of Watson Wyatt s board of directors in connection with and for purposes of its evaluation of the Watson Wyatt final exchange ratio from a financial point of view. BofA Merrill Lynch s opinion does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed merger.

In connection with rendering its opinion, BofA Merrill Lynch:

- Reviewed certain publicly available business and financial information relating to Towers Perrin and Watson Wyatt;
- Reviewed certain internal financial and operating information with respect to the business, operations and prospects of Towers Perrin furnished to or discussed with BofA Merrill Lynch by the management of Towers Perrin, including certain financial forecasts relating to Towers Perrin prepared by the management of Towers Perrin, which we refer to as Towers Perrin Management Forecasts ;
- Reviewed an alternative version of the Towers Perrin Management Forecasts incorporating certain adjustments thereto made by the management of Watson Wyatt, which we refer to as Adjusted Towers Perrin Forecasts , and discussed with the management of Watson Wyatt its assessments as to the relative likelihood of achieving the future financial results reflected in the Towers Perrin Management Forecasts and the Adjusted Towers Perrin Forecasts;
- Reviewed certain internal financial and operating information with respect to the business, operations and prospects of Watson Wyatt furnished to or discussed with BofA Merrill Lynch by the management of Watson Wyatt, including certain financial forecasts relating to Watson Wyatt prepared by the management of Watson Wyatt, which we refer to as Watson Wyatt Management Forecasts ;
- Reviewed certain estimates as to the amount and timing of cost savings and increased operational efficiencies, which we collectively refer to as Synergies , anticipated by the management of Watson Wyatt to result from the merger;

- Discussed the past and current business, operations, financial condition and prospects of Towers Perrin with members of senior management of Towers Perrin and Watson Wyatt, and discussed the past and current business, operations, financial condition and prospects of Watson Wyatt with members of senior management of Watson Wyatt;
- Discussed with the management of Watson Wyatt its assessments as to Towers Perrin s and Watson Wyatt s existing and future relationships, agreements and arrangements with, and the combined company s ability to retain, key customers, clients, suppliers and employees of Towers Perrin and Watson Wyatt;
- Reviewed the potential pro forma financial impact of the merger on the future financial performance of the combined company, including the potential effect on the combined company s estimated earnings per share;
- Reviewed the trading history for Watson Wyatt common stock and a comparison of such trading history with the trading histories of other companies BofA Merrill Lynch deemed relevant;
- Compared certain financial information of Towers Perrin and financial and stock market information of Watson Wyatt with similar information of other companies BofA Merrill Lynch deemed relevant;
- Reviewed the relative financial contributions of Towers Perrin and Watson Wyatt to the future financial performance of the combined company on a pro forma basis;
- Reviewed the merger agreement; and
- Performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the managements of Watson Wyatt and Towers Perrin that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the Towers Perrin Forecasts, BofA Merrill Lynch was advised by Towers Perrin, and assumed, with Watson Wyatt s consent, that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Towers Perrin as to the future financial performance of Towers Perrin. With respect to the Adjusted Towers Perrin Forecasts, the Watson Wyatt Forecasts and the Synergies, BofA Merrill Lynch assumed, at the direction of Watson Wyatt, that they were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of Watson Wyatt as to the future financial performance of Towers Perrin and Watson Wyatt and the other matters covered thereby and, based on the assessments of the management of Watson Wyatt as to the relative likelihood of achieving the future financial results reflected in the Towers Perrin Forecasts and the Adjusted Towers Perrin Forecasts, BofA Merrill Lynch relied, at the direction of Watson Wyatt, on the Adjusted Towers Perrin Forecasts for purposes of its opinion. In addition, BofA Merrill Lynch relied, at the direction of Watson Wyatt, on the assessments of the management of Watson Wyatt as to the combined company s ability to achieve the Synergies and was advised by Watson Wyatt, and assumed, that the Synergies will be realized in the amounts and at the times projected. BofA Merrill Lynch further relied, at the direction of Watson Wyatt, upon the assessments of the management of Watson Wyatt as to Towers Perrin s and Watson Wyatt s existing and future relationships, agreements and arrangements with, and the combined company s ability to retain, key customers, clients, suppliers, employees of Towers Perrin and Watson Wyatt and assumed, at Watson Wyatt s direction, that the merger will not adversely impact Towers Perrin s, Watson Wyatt s or the combined company s relationships, agreements or arrangements with such customers, clients, suppliers and employees. BofA Merrill Lynch did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Watson Wyatt, Towers Perrin or the combined company, nor did it make any physical inspection of the properties or assets of Watson Wyatt, Towers Perrin or the combined company. BofA Merrill Lynch did not evaluate the solvency or fair value of Watson Wyatt, Towers Perrin or the combined company under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at the direction of Watson Wyatt, that the merger will be consummated in accordance with its terms, without waiver, modification

Table of Contents

or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on Watson Wyatt, Towers Perrin, the combined company or the contemplated benefits of the merger. BofA Merrill Lynch further assumed, at the direction of Watson Wyatt, that the merger will qualify for federal income tax purposes as an exchange under Section 351 of the Code, or as a reorganization under the provisions of Section 368(a) of the Code.

BofA Merrill Lynch expressed no view or opinion as to any terms or other aspects of the merger (other than the Watson Wyatt final exchange ratio to the extent expressly specified in its opinion), including, without limitation, the form or structure of the merger. BofA Merrill Lynch s opinion was limited to the fairness, from a financial point of view, of the Watson Wyatt final exchange ratio to the holders of Watson Wyatt common stock, and no opinion or view was expressed with respect to any consideration received in connection with the merger by the holders of any class of securities, creditors or other constituencies of any party, the relative fairness of the Watson Wyatt final exchange ratio as compared to any consideration received in connection with the merger by the holders of any class of securities, creditors or other constituencies of any party (including, without limitation, the merger consideration to be received by Towers Perrin security holders) or the value of any Class R Election or Class S Election to any party, the extent to which the Class R Elections or Class S Elections will be exercised, if at all, or the effect of Class R Elections or Class S Elections on the holders of any class of capital stock of the combined company issued in the merger. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the merger, or class of such persons, relative to the Watson Wyatt final exchange ratio. Furthermore, no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to Watson Wyatt or in which Watson Wyatt might engage or as to the underlying business decision of Watson Wyatt to proceed with or effect the merger. BofA Merrill Lynch did not express an opinion as to what the value of any class of capital stock of the combined company actually will be when issued or the prices at which Watson Wyatt common stock or any class of capital stock of the combined company will trade at any time including following announcement or consummation of the merger. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the merger or any related matter. Except as described above, Watson Wyatt imposed no other limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion.

BofA Merrill Lynch s opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. As of the date of BofA Merrill Lynch s opinion, the credit, financial and stock markets were experiencing unusual volatility and BofA Merrill Lynch expressed no opinion or view as to any potential effects on Watson Wyatt, Towers Perrin, the combined company or the merger. It should be understood that subsequent developments may affect its opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch s opinion was approved by BofA Merrill Lynch s Fairness Opinion Review Committee.

Table of Contents

The following represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to Watson Wyatt s board of directors in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.**

Financial Analyses

Selected Publicly Traded Companies Analysis. BofA Merrill Lynch performed separate selected publicly traded companies analyses of Watson Wyatt and Towers Perrin in which BofA Merrill Lynch reviewed publicly available financial and stock market information for Watson Wyatt, and the following six publicly traded companies in the professional services industry, which is the industry in which Watson Wyatt and Towers Perrin operate:

Hewitt Associates;
Accenture;
FTI Consulting;
Huron Consulting;
Marsh & McLennan; and
Navigant Consulting.

Watson Wyatt. In performing a selected publicly traded companies analysis of Watson Wyatt, BofA Merrill Lynch reviewed publicly available financial and stock market information of the publicly traded companies above, referred to as the Watson Wyatt selected companies . BofA Merrill Lynch reviewed, among other things, per share equity values, based on closing stock prices on June 25, 2009, of the Watson Wyatt selected companies as a multiple of calendar year 2009 (CY2009E) estimated earnings per share, which we refer to as EPS . BofA Merrill Lynch also reviewed enterprise values of the Watson Wyatt selected companies (calculated as diluted equity market value based on closing stock prices on June 25, 2009 plus total debt, less cash and cash equivalents) as a multiple of earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, for the last twelve months, which we refer to as LTM, and CY2009E. BofA Merrill Lynch then applied a range of selected multiples of CY2009E EPS derived from the Watson Wyatt selected companies to corresponding data of Watson Wyatt and applied a range of selected multiples of LTM EBITDA and CY2009E EBITDA derived from the Watson Wyatt selected companies to corresponding data of Watson Wyatt. Estimated financial data of the Watson Wyatt selected companies were based on publicly available filings, publicly available research analysts estimates and First Call consensus estimates as of June 25, 2009. Estimated financial data of Watson Wyatt were based on the Watson Wyatt Management Forecasts. This analysis indicated the following implied per share equity value reference ranges for Watson Wyatt:

Implied Per Share Equity Value Reference Ranges for Watson Wyatt

CY2009E EPS	LTM EBITDA	CY2009E EBITDA
$39.00 - $49.00	$40.00 - $55.00	$38.00 - $55.00

Towers Perrin. In performing a selected publicly traded companies analysis of Towers Perrin, BofA Merrill Lynch reviewed publicly available financial and stock market information of the selected publicly traded companies above and Watson Wyatt, together referred to as the Towers Perrin selected companies . BofA Merrill Lynch reviewed, among other things, the enterprise values of the Towers Perrin selected companies (calculated as diluted equity market value based on closing stock prices on June 25, 2009 plus total debt, less cash and cash equivalents) as a multiple of EBITDA for LTM and CY2009E. BofA Merrill Lynch then applied a range of selected multiples of LTM EBITDA derived from the Towers Perrin selected companies to the corresponding data of

Table of Contents

Towers Perrin. BofA Merrill Lynch also applied a range of selected multiples of CY2009E EBITDA derived from the Towers Perrin selected companies to the corresponding data of Towers Perrin. Estimated financial data of the Towers Perrin selected companies were based on publicly available filings, publicly available research analysts estimates and First Call consensus estimates as of June 25, 2009. Estimated financial data of Towers Perrin were based on the Adjusted Towers Perrin Forecasts. These analyses indicated the following implied enterprise value reference ranges for Towers Perrin:

Implied Enterprise Value Reference Ranges for Towers Perrin

LTM EBITDA	CY2009E EBITDA
$1.4 billion - $1.95 billion	$1.2 billion - $1.75 billion

Based on the implied per share equity value reference ranges for Watson Wyatt and implied enterprise value reference ranges for Towers Perrin derived from the analyses described above, BofA Merrill Lynch calculated the following implied exchange ratio reference ranges, as compared to the exchange ratio provided for in the merger of 1.000x:

	Implied Exchange Ratio Reference Ranges
Based on implied equity reference ranges derived using the LTM EBITDA multiples	0.707x to 1.546x
Based on implied equity reference ranges derived using the CY2009E EBITDA multiples	0.747x to 1.838x

No company used in this analysis is identical or directly comparable to Watson Wyatt or Towers Perrin. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which Watson Wyatt and Towers Perrin were compared.

Discounted Cash Flow Analysis. BofA Merrill Lynch performed a discounted cash flow analysis of each of Watson Wyatt and Towers Perrin by calculating the estimated present value of the standalone unlevered, after-tax free cash flows that Watson Wyatt and Towers Perrin could generate during fiscal years 2010 through 2014 based on the Watson Wyatt Management Forecasts and Adjusted Towers Perrin Forecasts, respectively.

Watson Wyatt. In its discounted cash flow analysis of Watson Wyatt, BofA Merrill Lynch calculated terminal values for Watson Wyatt by applying terminal multiples of EBITDA, ranging from 5.5x to 7.5x to Watson Wyatt s FY2014 estimated EBITDA. The cash flows and terminal values were then discounted to present value as of June 30, 2009, using discount rates ranging from 9.5% to 10.5%. This analysis indicated the following implied per share equity value reference range for Watson Wyatt:

Implied Per Share Equity Value Reference Range for Watson Wyatt
$42.00-$54.00

Table of Contents

Towers Perrin. In its discounted cash flow analysis of Towers Perrin, BofA Merrill Lynch calculated terminal values for Towers Perrin by applying terminal multiples of EBITDA, ranging from 5.5x to 7.5x to Towers Perrin adjusted FY2014 estimated EBITDA. The cash flows and terminal values were then discounted to present value as of June 30, 2009 using discount rates ranging from 9.5% to 10.5%. This analysis indicated the following implied enterprise value reference range for Towers Perrin:

Implied Enterprise Value Reference Range for Towers Perrin
$1.5 billion-$1.95 billion

Based on the implied per share equity value reference range for Watson Wyatt and implied enterprise value reference range for Towers Perrin calculated in the discounted cash flow analyses described above, BofA Merrill Lynch calculated the following implied exchange ratio reference range, as compared to the exchange ratio provided for in the merger of 1.000x:

Implied Exchange Ratio Reference Range
0.774x 1.420x

Pro Forma Accretion/Dilution Analysis

BofA Merrill Lynch reviewed the potential pro forma financial effect of the merger on the combined company s fiscal years 2011 through 2013 estimated GAAP EPS, assuming the impact of Class R elections and Class S elections, if applicable, resulting in an amount of Towers Watson Class R common stock and Towers Watson Class S common stock, if applicable, being issued with an aggregate value equal to $200 million, based on a value of Watson Wyatt common stock equal to $41.14 (the closing price on June 25, 2009), which assumption we refer to as post-Election , (1) without giving effect to the potential Synergies and (2) giving effect to the potential Synergies. Estimated financial data of Watson Wyatt and Towers Perrin were based on the Watson Wyatt Management Forecasts and the Adjusted Towers Perrin Forecasts. Excluding Synergies, these pro forma analyses indicated that the merger could be dilutive to the combined company s estimated GAAP EPS for each of the years 2011 through 2013. Including the Synergies, this analysis indicated that the merger could be dilutive to combined company s estimated GAAP EPS for the years ending 2011 and 2012, and accretive to combined company s estimated GAAP EPS for 2013. The actual results achieved by the combined company may vary from projected results and the variations may be material.

BofA Merrill Lynch also reviewed the potential pro forma financial effect of the merger on the combined company s fiscal years 2011 through 2013 estimated cash EPS (calculated as GAAP EPS excluding the after-tax per share impact of stock-based compensation charges and amortization of intangibles) (post-Election) (1) without giving effect to the potential Synergies and (2) giving effect to the potential Synergies. Estimated financial data of Watson Wyatt and Towers Perrin were based on the Watson Wyatt Management Forecasts and the Adjusted Towers Perrin Forecasts. Excluding Synergies, these pro forma analyses indicated that the merger could be dilutive to the combined company s estimated cash EPS for each of the years 2011 through 2013. Including Synergies, this analysis indicated that the merger could be dilutive to combined company s estimated cash EPS for 2011 and accretive to the combined company s estimated cash EPS for 2012 and 2013. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Contribution Analysis

BofA Merrill Lynch reviewed the relative financial contributions of Watson Wyatt and Towers Perrin to the estimated future financial performance of the combined company on a pro forma basis without giving effect to the potential Synergies. BofA Merrill Lynch reviewed revenue, EBITDA and EBIT to the combined

Table of Contents

company, in each case for LTM, FY2009E and FY2010E, based on the Watson Wyatt Management Forecasts and the Adjusted Towers Perrin Forecasts. Based on these relative contributions, BofA Merrill Lynch calculated the implied exchange ratio reference ranges, as compared to the Watson Wyatt final exchange ratio provided for in the merger of 1.000x:

	Implied Exchange Ratio Reference Ranges
Revenue	0.918x 0.944x
EBITDA	1.059x 1.187x
EBIT	0.903x 1.027x
Watson Wyatt final exchange ratio	1.000x

Other Factors

In rendering its opinion, BofA Merrill Lynch also reviewed and considered other factors, including historical trading prices and trading volumes of Watson Wyatt common stock during the one-year period ended June 25, 2009.

Miscellaneous

As noted above, the discussion set forth above is a summary of the material financial analyses presented by BofA Merrill Lynch to Watson Wyatt s board of directors in connection with its opinion and is not a comprehensive description of all analyses undertaken by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that its analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch s analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Watson Wyatt and Towers Perrin. The estimates of the future performance of Watson Wyatt, Towers Perrin and the combined company in or underlying BofA Merrill Lynch s analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch s analyses. These analyses were prepared solely as part of BofA Merrill Lynch s analysis of the fairness, from a financial point of view, of the Watson Wyatt final exchange ratio provided for in the merger to the holders of Watson Wyatt common stock and were provided to Watson Wyatt s board of directors in connection with the delivery of BofA Merrill Lynch s opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch s view of the actual values of Watson Wyatt, Towers Perrin or the combined company.

The Watson Wyatt final exchange ratio provided for in the merger was determined through negotiations between Watson Wyatt and Towers Perrin, rather than by any financial advisor, and was approved by Watson Wyatt s board of directors. The decision to enter into the merger agreement was solely that of Watson Wyatt s board of directors. As described above, BofA Merrill Lynch s opinion and analyses were only one of

Table of Contents

many factors considered by Watson Wyatt s board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of Watson Wyatt s board of directors or management with respect to the merger or the Watson Wyatt final exchange ratio.

Watson Wyatt has agreed to pay BofA Merrill Lynch for its services in connection with the merger an aggregate fee of $10 million, a portion of which was payable upon the rendering of its opinion and a significant portion of which is contingent upon the completion of the merger. Watson Wyatt also has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch s engagement and to indemnify BofA Merrill Lynch, any controlling person of BofA Merrill Lynch and each of their respective directors, officers, employees, agents and affiliates against specified liabilities, including liabilities under the federal securities laws.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in the equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of Watson Wyatt, Towers Perrin and certain of their respective affiliates.

BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide investment banking, commercial banking and other financial services to Watson Wyatt and have received or in the future may receive compensation for the rendering of these services, including (1) having acted as a financial advisor to Watson Wyatt in connection with an acquisition transaction and (2) having provided or providing certain treasury management products and services to Watson Wyatt.

In addition, BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide investment banking, commercial banking and other financial services to Towers Perrin and its affiliates and have received or in the future may receive compensation for the rendering of these services, including (1) having acted or acting as an agent for, and lender under, certain credit facilities of Towers Perrin, (2) having provided or providing certain foreign exchange derivative trading products and services to Towers Perrin and (3) having provided or providing certain treasury management and investment management products and services to Towers Perrin.

Interests of Towers Perrin s Directors, Executive Officers and Principal Shareholders in the Merger

In considering the recommendation of Towers Perrin s board of directors with respect to the merger agreement, Towers Perrin shareholders should be aware that some of Towers Perrin s directors and executive officers have interests in the merger that are different from, or are in addition to, the interests of Towers Perrin shareholders generally. Because no Towers Perrin shareholder currently owns in excess of 1% of the shares of Towers Perrin s issued and outstanding common stock, there are no principal shareholders of Towers Perrin. The Towers Perrin board of directors was aware of these interests and considered them in approving the transactions contemplated by the merger agreement.

Towers Watson Directors. Towers Watson s board of directors will include Mark V. Mactas, who is currently the President, Chief Executive Officer and Chairman of the Board of Directors of Towers Perrin and will serve as the Deputy Chairman of the Board of Directors of Towers Watson. In addition, Towers Watson s board of directors is also expected to include one additional person who currently is an employee of Towers Perrin. For further information, see Directors and Executive Officers of Towers Watson After the Merger .

Table of Contents

Towers Watson Management. Following completion of the merger, Mark V. Mactas will serve as President and Chief Operating Officer of Towers Watson. Additional executive officers of Towers Perrin are also expected to serve as executive officers of Towers Watson. For further information, see Directors and Executive Officers of Towers Watson After the Merger .

Indemnification and Insurance. Towers Perrin s directors and officers are provided various indemnification rights and directors and officers liability insurance. The merger agreement provides that following the merger, all rights to indemnification existing in favor of the current or former directors, officers and executive council members of Towers Perrin as currently provided in Towers Perrin s governing instruments and all indemnification agreements between such persons and Towers Perrin for acts or omissions occurring prior to the effective time, will be assumed and performed by Towers Perrin, as the surviving entity in the Towers Perrin merger, and will continue in full force and effect until the expiration of the applicable statute of limitations with respect to any claims against such directors, officers and executive council members arising out of such acts or omissions, except as otherwise required by applicable law. In addition, Towers Watson is required to provide similar indemnification to these individuals for a period of six years following the merger. The merger agreement also requires Towers Watson to maintain directors and officers liability insurance coverage for individuals currently covered by Towers Perrin s policy, for a period of six years after the merger, covering acts and omissions occurring prior to the merger. For further information, see The Merger Agreement Covenants and Other Agreements Indemnification and Insurance of Directors and Officers .

Other Interests

Towers Perrin s directors and executive officers also have the following interests in the merger that are different from Towers Perrin shareholders interests generally:

After completion of the merger, some Towers Perrin executive officers may remain officers of Towers Perrin, as a subsidiary of Towers Watson, or of Towers Perrin s subsidiaries, or may become officers of Towers Watson.

Towers Perrin has in place with its Chief Executive Officer and his direct management reports, transaction based compensation agreements which provide that if their employment is involuntarily terminated by Towers Watson other than for cause (as defined in the transaction based compensation agreement, see page 150) or by the executive officer for good reason (as defined in the transaction based compensation agreement, see page 150) within two years after a change in control (as defined in the transaction based compensation agreement, see page 150, and which is defined to include transactions such as the proposed merger) of Towers Perrin occurs or within one year prior to the change in control , provided that, the executive officer reasonably demonstrates after the change in control that their termination was an Anticipatory Termination (as defined in the transaction based compensation agreement, see page 150), Towers Watson will provide the executive officer with a lump-sum cash payment equal to the sum of the following:

- Ø The executive officer s earned but unpaid base salary through his or her termination date;
- Ø Any unpaid Annual Bonus (as defined in the transaction based compensation agreement, see page 150) payable to the executive officer in respect of the calendar year ending prior to his or her effective date of such termination;
- Ø A prorated bonus for the calendar year in which the termination occurs, as described in the transaction based compensation agreement;
- Ø All accrued, but unused vacation pay;
- Ø Reimbursement for all expenses incurred by the executive officer prior to his or her termination date and accounted for by the executive officer in accordance with applicable Towers Perrin reimbursement policies; and
- Ø An amount equal to two times the executive officer s Annual Compensation (as defined in the transaction based compensation agreement, see page 150), though such amount will be reduced as necessary to cause the total lump-sum cash payment made to the executive officer to be fully deductible by Towers Perrin pursuant to Section 280G of the Code.

Table of Contents

Based on the foregoing, if, after completion of the merger, any of Towers Perrin s executive officers who remain with Towers Watson or one of its subsidiaries, and who has entered into a transaction based compensation agreement described above, experiences a material diminution in his or her duties, titles, responsibilities or authority from those in effect immediately prior to the merger, or a change in reporting structure, or a material reduction in Base Salary or Annual Bonus (as defined in the transaction based compensation agreement, see page 150), giving rise to a claim of a good reason termination event under such agreement, the executive officer would be entitled to the cash payments described above, as follows: (1) Jim Foreman, [$______]; (2) Patricia Guinn, [$______]; (3) Bob Hogan, [$______]; (4) Don Lowman, [$______]; (5) Mark Mactas, [$______]; and (6) Kevin Young, [$______].

Directors Martine A. Ferland and Mark Maselli and James K. Foreman, Managing Director, Human Capital Group, are the holders of [______],[______] and [______] Towers Perrin RSUs, respectively, which are convertible into shares of Towers Watson restricted Class A common stock pursuant to the terms of the merger agreement.

Directors Andrew S. Cherkas, Tamara S. Mattson, Philippe A. Poincloux, and Hugh F. Shanks are each a Class R Eligible Participant.

As of the date of this document, Towers Perrin s directors, executive officers and their affiliates own approximately 6% of the outstanding Towers Perrin common stock. They will be entitled to receive in the merger the same consideration for their shares as all other Towers Perrin shareholders.

Watson Wyatt directors, executive officers and their affiliates did not own any shares of Towers Perrin common stock as of the date of this document.

Interests of Watson Wyatt s Directors, Executive Officers and Principal Stockholders in the Merger

As of the date of this document, Watson Wyatt s directors, executive officers and their affiliates own approximately [ ]% of the outstanding Watson Wyatt Class A common stock. They will be entitled to receive in the merger the same consideration for their shares as all other Watson Wyatt stockholders. In considering the recommendation of Watson Wyatt s board of directors, Watson Wyatt s stockholders should be aware that some of the directors and executive officers of Watson Wyatt have interests in the merger that are different from, or in addition to, the interests of Watson Wyatt s stockholders generally. In recommending that the stockholders approve and adopt the merger agreement, the board of directors of Watson Wyatt was aware of these interests and considered them in approving the merger agreement. See Towers Perrin Proposal No. 1 and Watson Wyatt Proposal No. 1: The Merger Agreement Recommendation of Watson Wyatt s Board of Directors and Reasons for the Merger .

Towers Watson Directors. Towers Watson s board of directors will include six individuals designated by Watson Wyatt, including John J. Haley, who is currently the President, Chief Executive Officer and Chairman of the Board of Directors of Watson Wyatt and will serve as the Chairman of the Board of Directors of Towers Watson. Towers Watson s board of directors is also expected to include one additional person who currently serves as an employee of Watson Wyatt. The other four Watson Wyatt designees to the Towers Watson board are expected to be selected from among Watson Wyatt s current independent directors. For further information, see Directors and Executive Officers of Towers Watson After the Merger .

Towers Watson Management. Following completion of the merger, Mr. Haley will serve as Chief Executive Officer of Towers Watson. Additional executive officers of Watson Wyatt are also expected to serve as executive officers of Towers Watson. For further information, see Directors and Executive Officers of Towers Watson After the Merger .

Indemnification and Insurance. Watson Wyatt s directors and officers are provided various indemnification rights and directors and officers liability insurance. The merger agreement provides that following the merger, all rights to indemnification existing in favor of the current or former directors and officers of Watson Wyatt as currently provided in Watson Wyatt s governing instruments and all indemnification agreements between such persons and Watson Wyatt for acts or omissions occurring prior to the effective time, will be assumed and performed by Watson Wyatt, as the surviving entity in the Watson Wyatt merger, and will continue in full force and effect until the expiration of the applicable statute of limitations with respect to any claims against such directors, officers and executive council members arising out of such acts or omissions, except as otherwise required by applicable law. In addition, Towers Watson is required to provide similar indemnification to these individuals for a period of six years following the merger. The merger agreement also requires Towers Watson to maintain directors and officers liability insurance coverage for individuals currently covered by Watson Wyatt s policy, for a period of six years after the merger, covering acts and omissions occurring prior to the merger. For further information, see The Merger Agreement Covenants and Other Agreements Indemnification and Insurance of Directors and Officers .

Other Interests

Watson Wyatt s directors and executive officers also have the following interests in the merger that are different from Watson Wyatt stockholders interests generally:

After completion of the merger, some Watson Wyatt executive officers may remain officers of Watson Wyatt, as a subsidiary of Towers Watson, or of Watson Wyatt s subsidiaries, or may become officers of Towers Watson.

Certain Watson Wyatt executive officers have outstanding Watson Wyatt DSUs granted pursuant to Watson Wyatt s Performance Share Bonus Incentive Programs (which we refer to as SBI Programs , and which are described in the section entitled Compensation of Executive Officers After the Merger). Watson Wyatt DSUs granted under the SBI Programs entitle the award recipient to receive shares of Watson Wyatt common stock when the DSUs vest at the end of a three-year performance period; the number of shares received is contingent upon achievement of performance criteria. Watson Wyatt executive officers hold Watson Wyatt DSUs granted under the fiscal year 2008 SBI Program and the fiscal year 2009 SBI Program. The performance periods for these two SBI Programs end on June 30, 2010 and 2011, respectively, and the target number of shares subject to each program is 53,061 (of which 48,696 are subject to DSUs held by current executive officers) and 58,107 (of which 54,384 are subject to DSUs held by current executive officers), respectively. Up to a maximum of 170% of the target number of shares under each SBI Program is payable after the performance period ends, plus a number of shares equal to the dollar value of the dividends that would have been paid on such shares if they had been issued when the SBI Program began, vested at the same percentage of target as the underlying shares. If the effective time occurs prior to the end of the performance period for the SBI Program, each outstanding Watson Wyatt DSU under the program will automatically vest at the effective time, and will be settled in shares of Towers Watson Class A common stock, with the number of shares received (up to 170% of the target amount) determined by Watson Wyatt s compensation committee in its discretion. The following Watson Wyatt executive officers currently have outstanding Watson Wyatt DSUs under the SBI Programs: Walter Bardenwerper, John Haley, Kevin Meehan, Roger Millay, Stephen Mele, Babloo Ramamurthy, Paul Platten and Gene Wickes.

Certain Watson Wyatt executive officers will receive accelerated payouts at the effective time under the Senior Officers Deferred Compensation Plan (which we refer to as the SODCP , and which is described in the section entitled Compensation of Executive Officers After the Merger). Under the terms of the SODCP, at the effective time, all accrued cash in a participant s account will be paid to the participant, and all accrued shares of Watson Wyatt common stock (including any dividend equivalents accrued as of the effective time) will be paid in the form of Towers Watson Class A common stock. Participants cash balances fluctuate based on the market value of the underlying deemed investments under the SODCP. The following executive officers have the following account balances under the SODCP as of July 31, 2009: (1) John Haley, $2,545,090 and 151,273 shares; (2) Kevin Meehan, 5,298 shares; and (3) Gene Wickes, 15,310 shares.

Table of Contents

Certain Watson Wyatt directors will receive accelerated payouts at the effective time under the Watson Wyatt Voluntary Deferred Compensation Plan for Non-Employee Directors (which we refer to as the Director Plan). Watson Wyatt non-employee directors are generally paid in a combination of cash and shares of Watson Wyatt common stock at the end of each calendar quarter and these directors may elect to defer receipt of all or a portion of these amounts under the Director Plan. At closing, all accrued cash balances, including accrued interest, will be paid to the participants in the Director Plan and all accrued shares of Watson Wyatt common stock (including any dividend equivalents accrued by that time) will be paid in the form of Towers Watson Class A common stock. As of August 31, 2009, the following directors have the following account balances under the Director Plan: (1) John J. Gabarro, $173,854, (2) R. Michael McCullough, $1,264,118 and 6,332 shares; (3) Brendan R. O Neill, 4,571 shares; (4) Linda D. Rabbitt, 4,571 shares; (5) Gilbert T. Ray, 1,310 shares; and (6) John C. Wright, $40,910 and 1,911 shares.

Appraisal Rights

Watson Wyatt Stockholders. Under the DGCL, Watson Wyatt stockholders are not entitled to appraisal rights in connection with the merger.

Towers Perrin Shareholders*:* Under Section 1930 and Subchapter 15D of the PBCL, the Towers Perrin shareholders are entitled to dissent from approval of the merger agreement and demand payment of the fair value of their shares of Towers Perrin common stock in accordance with the procedures under Subchapter 15D.

A summary of the rights of dissenting shareholders follows. This summary is qualified in its entirety by reference to the full text of Section 1930 and Subchapter 15D, which is provided as Annex E to this document, and which sets forth the applicable dissenters rights provisions under the PBCL. Any holder of shares of Towers Perrin common stock who desires to exercise dissenters rights should review carefully Subchapter 15D and is urged to consult a legal advisor before electing or attempting to exercise those dissenters rights.

Subject to the exceptions stated below, Towers Perrin shareholders who comply with the applicable procedures, which are summarized below, will be entitled to dissenters rights under Subchapter 15D.

Towers Perrin shareholders who follow the procedures of Subchapter 15D will be entitled to receive from Towers Perrin the fair value of their shares calculated as of immediately before the completion of the merger. Fair value takes into account all relevant factors but excludes any appreciation or depreciation in anticipation of the merger. Towers Perrin shareholders who elect to exercise their dissenters rights must comply with all of the procedures to preserve those rights under Subchapter 15D.

Shares Eligible for Dissenters Rights

Generally, if an owner of Towers Perrin common stock chooses to assert dissenters rights, the owner must dissent as to all of the shares of Towers Perrin common stock he or she owns. The PBCL distinguishes between record holders and beneficial owners. A holder may assert dissenters rights as to fewer than all the shares of Towers Perrin common stock registered in his or her name only if he or she is not the beneficial owner of the shares of Towers Perrin common stock with respect to which he or she does not exercise dissenters rights.

Record Holder Who is Not the Beneficial Owner

A record holder may assert dissenters rights on behalf of the beneficial owner. If a holder is a record owner and wishes to exercise dissenters rights on behalf of the beneficial owner, the holder must disclose the name and address of the person or persons on whose behalf he or she dissents. In that event, the holder s rights will be determined as if the dissenting shares and the other shares were registered in the names of the beneficial owners.

Table of Contents