

Towers Watson & Co.  
Form DEF 14A  
October 05, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

\_\_\_\_\_  
**SCHEDULE 14A**  
\_\_\_\_\_

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934  
(Amendment No. \_\_)

Filed by the Registrant:   X  

Filed by a Party other than the Registrant: \_\_\_\_\_

Check the appropriate box:

\_\_\_\_\_

Preliminary Proxy Statement

\_\_\_\_\_

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

  X  

Definitive Proxy Statement

\_\_\_\_\_

Definitive Additional Materials

\_\_\_\_\_

Soliciting Material Pursuant to Rule 14a-12

**TOWERS WATSON & CO.**

(Name of Registrant as Specified in Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

X

No fee required

\_\_\_\_\_

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)

Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

\_\_\_\_\_

Fee paid previously with preliminary materials.

\_\_\_\_\_

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)

Amount Previously Paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

---

Table of Contents

**Towers Watson & Co.**

875 Third Avenue

New York, New York 10022

Telephone: 212-725-7550

October 5, 2012

Dear Fellow Stockholder:

I am pleased to invite you to attend our 2012 Annual Meeting of Stockholders of Towers Watson & Co. to be held at Towers Watson's office at 71 High Holborn, London, England WC1V 6TP, on Friday, November 16, 2012, at 8:00 a.m. GMT. The actions we expect to take at the Annual Meeting are described in the attached Notice of the 2012 Annual Meeting of Stockholders and Proxy Statement. On or about October 5, 2012, we sent many of our stockholders a notice regarding the availability of this proxy statement (the Notice) and our Annual Report on Form 10-K for Fiscal 2012 via the Internet. We encourage you to read the Form 10-K, which includes information on our business, as well as our audited financial statements.

Your vote is important. We encourage you to vote your shares as soon as possible. Your vote is important no matter how many shares you own. You may vote over the Internet, or, if you received your proxy materials by mail, you may vote by telephone or by mailing a completed, signed and dated proxy card. Voting over the Internet, by telephone, or by written proxy will ensure your representation at the Annual Meeting regardless of whether you attend in person. Please review the instructions on the Notice or proxy card regarding your voting options.

Sincerely,

John J. Haley



Table of Contents

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**

**Friday, November 16, 2012**

The Annual Meeting of Stockholders of Towers Watson & Co. (the Company or Towers Watson ), a Delaware corporation, will be held at Towers Watson 's office at 71 High Holborn, London, England WC1V 6TP on Friday, November 16, 2012 at 8:00 a.m. GMT, for the following purposes:

1.

*Elect eight Directors to serve until the next Annual Meeting of Stockholders, or until their successors are elected and qualified (Proposal No. 1);*

2.

*Ratify the selection of Deloitte & Touche LLP as the Company 's independent registered public accounting firm for the fiscal year ending June 30, 2013 (Proposal No. 2);*

3.

*Hold a non-binding advisory vote to approve the compensation of our named executive officers (Proposal No. 3); and*

4.

*Transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.*

The close of business on September 18, 2012 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting.

We have elected to use the notice and access rules adopted by the Securities and Exchange Commission to provide many of our stockholders access to our proxy materials and Form 10-K by notifying you of the availability of our proxy materials and Form 10-K via the Internet. The notice and access model gives the Company a fast, efficient and lower-cost way to furnish stockholders with their proxy materials and reduces our impact on the environment. As a result, on October 5, 2012, we mailed to many of our stockholders a "Notice Regarding the Availability of Proxy Materials" (the Notice ) with instructions on how to access the proxy materials and our Annual Report to Stockholders via the Internet (or how to request a paper copy) and how to vote online. We will also deliver printed versions of the proxy materials to certain of our stockholders, including those who have previously requested paper copies of the proxy materials. On the date of mailing of the Notice, all stockholders will be able to access the proxy materials on a website referred to, and at the URL address included in, the Notice and in the proxy statement. These proxy materials

will be available free of charge.

**By order of the Board of Directors**

Walter W. Bardenwerper

Vice President, General Counsel and Secretary

New York, New York  
October 5, 2012

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2012  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 16, 2012**

**The Company's Proxy Statement for the 2012 Annual Meeting of Stockholders, the Company's Annual Report to Stockholders and the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012 are available under the Investor Relations page at <http://www.towerswatson.com>.**

---

## TABLE OF CONTENTS

<b><u>QUESTIONS AND ANSWERS</u></b>		<b>1</b>
<u>1.</u>	<u><i>Why did I receive these proxy materials?</i></u>	<b>1</b>
<u>2.</u>	<u><i>Why did I receive a Notice Regarding the Availability of Proxy Materials instead of printed copies of these materials in the mail?</i></u>	<b>1</b>
<u>3.</u>	<u><i>When and where is the Annual Meeting and who may attend?</i></u>	<b>1</b>
<u>4.</u>	<u><i>What shares can I vote?</i></u>	<b>1</b>
<u>5.</u>	<u><i>Can I vote in person?</i></u>	<b>1</b>
<u>6.</u>	<u><i>Who is entitled to receive notice and vote shares?</i></u>	<b>2</b>
<u>7.</u>	<u><i>What are the Board's voting recommendations and how will shares be voted?</i></u>	<b>2</b>
<u>8.</u>	<u><i>How many shares must be present to hold the Annual Meeting?</i></u>	<b>2</b>
<u>9.</u>	<u><i>What are the voting requirements to elect the Directors and to approve each of the proposals contained in the Proxy Statement?</i></u>	<b>2</b>
<u>10.</u>	<u><i>How are abstentions and broker non-votes counted for determining a quorum and for voting my shares for each proposal?</i></u>	<b>3</b>
<u>11.</u>	<u><i>Is there a list of stockholders entitled to vote at the Annual Meeting?</i></u>	<b>3</b>
<u>12.</u>	<u><i>Who will pay the cost of soliciting proxies for the Annual Meeting?</i></u>	<b>3</b>
<u>13.</u>	<u><i>If another matter comes before the board for action, how will the matter be voted?</i></u>	<b>3</b>
<u>14.</u>	<u><i>How is my vote counted?</i></u>	<b>3</b>
<u>15.</u>	<u><i>What is Householding ?</i></u>	<b>3</b>
<b><u>GOVERNANCE OF THE CORPORATION</u></b>		<b>4</b>
<u><i>Corporate Governance Guidelines</i></u>		<b>4</b>
<u><i>Code of Business Conduct and Ethics</i></u>		<b>4</b>
<u><i>Communications with the Board or Lead Independent Director</i></u>		<b>4</b>
<u><i>Board Leadership and Lead Independent Director</i></u>		<b>4</b>
<u><i>Risk Assessment of Compensation Policies and Practices</i></u>		<b>4</b>
<u><i>Board's Role in Risk Oversight</i></u>		<b>5</b>
<u><i>Board Diversity</i></u>		<b>5</b>
<u><i>Nominees for Director</i></u>		<b>6</b>
<u><i>Standing Committees of the Board</i></u>		<b>6</b>
<u><i>Audit Committee</i></u>		<b>6</b>
<u><i>Compensation Committee</i></u>		<b>6</b>
<u><i>Nominating and Governance Committee</i></u>		<b>7</b>
<u><i>Risk Committee</i></u>		<b>7</b>
<u><i>Board Meetings</i></u>		<b>7</b>
<u><i>Meetings of Non-Employee Directors</i></u>		<b>7</b>
<u><i>Annual Meeting Attendance</i></u>		<b>7</b>
<u><i>Director Independence</i></u>		<b>7</b>
<b><u>PROPOSAL NO. 1: ELECTION OF DIRECTORS</u></b>		<b>9</b>
<u><i>Director Information</i></u>		<b>9</b>



<b><u>PROPOSAL NO. 2: RATIFY THE SELECTION OF DELOITTE &amp; TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2013</u></b>	<b><u>12</u></b>
<b><u><i>Fees Paid to the Independent Registered Public Accounting Firm</i></u></b>	<b><u>12</u></b>
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	<b><u>14</u></b>
<b><u>PROPOSAL NO. 3: ADVISORY (NON-BINDING) VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u></b>	<b><u>15</u></b>
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	<b><u>16</u></b>
<b><u><i>Security Ownership Of Certain Beneficial Owners</i></u></b>	<b><u>17</u></b>
<b><u><i>Biographical Information For Other Executive Officers Of The Company</i></u></b>	<b><u>17</u></b>
<b><u><i>Section 16(a) Beneficial Ownership Reporting Compliance</i></u></b>	<b><u>18</u></b>

---

<b><u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u></b>	<b><u>19</u></b>
<i><u>Review, Approval or Ratification of Transactions with Related Persons</u></i>	<u>19</u>
<i><u>Related Person Transactions</u></i>	<u>19</u>
<b><u>EXECUTIVE AND DIRECTOR COMPENSATION</u></b>	<b><u>20</u></b>
<i><u>Compensation Discussion and Analysis</u></i>	<u>20</u>
<i><u>Executive Summary</u></i>	<u>20</u>
<i><u>Context of Our Executive Compensation Programs for Our Named Executives</u></i>	<u>20</u>
<i><u>Say on Pay Vote</u></i>	<u>21</u>
<i><u>Our Executive Compensation Programs and Decisions</u></i>	<u>22</u>
<i><u>Base Salary</u></i>	<u>22</u>
<i><u>Fiscal Year-End Bonuses</u></i>	<u>22</u>
<i><u>Long-Term Incentive Compensation: PVRsUs</u></i>	<u>24</u>
<i><u>Retirement and Savings Plans</u></i>	<u>25</u>
<i><u>Employee Welfare Benefit Plans</u></i>	<u>26</u>
<i><u>Severance Benefits</u></i>	<u>26</u>
<i><u>Tax and Accounting Treatments of Elements of Compensation</u></i>	<u>26</u>
<i><u>Compensation Decision Process and Methodology</u></i>	<u>27</u>
<i><u>Role of Internal and External Compensation Consultants</u></i>	<u>27</u>
<i><u>Use of Peer Company Data</u></i>	<u>27</u>
<i><u>Stock Ownership Guidelines</u></i>	<u>28</u>
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	<b><u>29</u></b>
<i><u>Compensation of Executive Officers</u></i>	<u>30</u>
<i><u>General Overview</u></i>	<u>30</u>
<i><u>Summary Compensation Table</u></i>	<u>30</u>
<i><u>Grants of Plan-Based Awards in Fiscal Year 2012</u></i>	<u>32</u>
<i><u>Outstanding Equity Awards at 2012 Fiscal Year-End</u></i>	<u>34</u>
<i><u>Options Exercised and Stock Vested During the Fiscal Year Ended June 30, 2012</u></i>	<u>35</u>
<i><u>Pension Benefits at 2012 Fiscal Year-End</u></i>	<u>35</u>
<i><u>Nonqualified Deferred Compensation for the Fiscal Year Ended June 30, 2012</u></i>	<u>40</u>
<i><u>Post-Termination Payments and Benefits</u></i>	<u>41</u>
<i><u>Compensation of Directors</u></i>	<u>44</u>
<i><u>Securities Authorized for Issuance Under Equity Compensation Plans</u></i>	<u>46</u>
<i><u>Towers Watson &amp; Co. Employee Stock Purchase Plan</u></i>	<u>46</u>
<i><u>Extend Health, Inc. 2007 Equity Incentive Plan</u></i>	<u>46</u>
<b><u>ADDITIONAL INFORMATION</u></b>	<b><u>47</u></b>
<i><u>Stockholder Proposals</u></i>	<u>47</u>
<i><u>Annual Report</u></i>	<u>47</u>

Table of Contents

**PROXY STATEMENT**

**2012 ANNUAL MEETING OF STOCKHOLDERS**

**FRIDAY, NOVEMBER 16, 2012**

**QUESTIONS AND ANSWERS**

**1. Why did I receive these proxy materials?**

This Proxy Statement, Notice of the 2012 Annual Meeting of Stockholders (the Annual Meeting ), accompanying proxy card and voting instructions (the Proxy Materials ) are being furnished to you as a stockholder of Towers Watson & Co., a Delaware corporation ( Towers Watson , the Company , we , us and our ), on or about October 5, in connection with the solicitation by the Board of Directors of the Company of proxies to be voted at our Annual Meeting. The proxies may be voted at any continuations, adjournments or postponements of the Annual Meeting. The Proxy Materials contain important information for you to use when deciding how to vote in connection with the Annual Meeting.

**2. Why did I receive a Notice Regarding the Availability of Proxy Materials instead of printed copies of these materials in the mail?**

In accordance with rules promulgated by the Securities and Exchange Commission (the SEC ), we have elected to furnish our proxy materials to stockholders over the Internet. Most stockholders are receiving by mail a Notice Regarding the Availability of Proxy Materials ( Notice ), which provides general information about the annual meeting, the address of the website on which our proxy statement and annual report are available for review, printing and downloading, and instructions on how to submit proxy votes. For those who wish to receive their materials in a different format (e.g., paper copy by mail), the Notice contains instructions on how to do so. Stockholders who have elected to receive paper copies of the proxy materials will receive these materials by mail.

**3. When and where is the Annual Meeting and who may attend?**

The Annual Meeting will be held on Friday, November 16, 2012 at 8:00 a.m. GMT, at Towers Watson's office at 71 High Holborn, London, England WC1V 6TP. Stockholders as of the record date for the meeting may attend the meeting. If you plan to attend the Annual Meeting, and are a stockholder of record, meaning that you hold shares directly and appear as a stockholder in the Company's stockholder list, please bring legal identification, such as a passport or driver's license, with you to the Annual Meeting. If your shares are held in the name of a bank or broker or other holder of record and you plan to attend the Annual Meeting, you must present proof of your ownership of Towers Watson common stock, such as the voting instruction form provided to you with this Proxy Statement (if the Proxy Statement was mailed to you) or a bank or brokerage account statement.

**4. What shares can I vote?**

All shares of the Company's Class A Common Stock and Class B Common Stock (collectively "common stock") that are represented by properly executed and unrevoked proxies received by the Company's selected vendor to tabulate the votes, Broadridge Financial Solutions, Inc., prior to the date of the Annual Meeting, will be voted. The deadline for receiving proxy voting instructions by mail, telephone (1-800-690-6903) or Internet ([www.proxyvote.com](http://www.proxyvote.com)) is 11:59 p.m. EST on Thursday, November 15, 2012.

**5. Can I vote in person?**

Stockholders of record may vote at the Annual Meeting. If your shares are held in the name of a bank or broker or other holder of record and you plan to attend the Annual Meeting, you must obtain a legal proxy from such bank or brokerage firm to vote at the Annual Meeting. If you vote in person, your vote will supersede any proxy that you previously executed.

Table of Contents

**6. Who is entitled to receive notice and vote shares?**

Stockholders of record at the close of business on September 18, 2012 are entitled to receive this notice and to vote their shares of common stock at the Annual Meeting and at any continuations, adjournments or postponements thereof. On September 18, 2012, there were 74,553,082 shares of common stock (63,516,723 shares of Class A Common Stock and 11,036,359 shares of Class B Common Stock) outstanding and entitled to vote at the Annual Meeting. Class A Common Stock and Class B Common Stock are the Company's only classes of outstanding voting securities and each holder thereof is entitled to one vote for each share on all matters properly presented, and for each director to be elected at the Annual Meeting.

**7. What are the Board's voting recommendations and how will shares be voted?**

The Board of Directors recommends that stockholders vote FOR each of the director nominees named in this Proxy Statement, FOR ratification of the selection of Deloitte & Touche LLP, and FOR the advisory vote regarding the approval of the compensation of our named executive officers. If the accompanying proxy card is properly signed and returned in the enclosed envelope (provided to stockholders who have received their Proxy Materials by mail), or voted via telephone or Internet, and not revoked, it will be voted. Unless contrary instructions are given, the persons designated as proxy holders on the accompanying proxy will:

.  
vote in favor of Proposal No. 1, to elect eight Directors to serve until the 2013 Annual Meeting of Stockholders, or until their successors are elected and qualified;

.  
vote in favor of Proposal No. 2, to ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2013;

.  
vote in favor of Proposal No. 3, in favor of the advisory vote regarding the approval of our named executive officers compensation; and

.  
vote in their own discretion as to any other matters that may properly come before the Annual Meeting.

You may revoke your proxy at any time before it is exercised by filing a revocation notice or a duly executed proxy to vote your shares bearing a later date with the Secretary of the Company at 901 N. Glebe Road, Arlington, Virginia 22203.

**8. How many shares must be present to hold the Annual Meeting?**

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding at the close of business on September 18, 2012 is necessary to hold the Annual Meeting and conduct business. This is called a quorum.

**9. What are the voting requirements to elect the Directors and to approve each of the proposals contained in the Proxy Statement?**

*Proposal No. 1: Elect eight Directors to serve until the next Annual Meeting of Stockholders, or until their successors are elected and qualified.*

The Company's Amended and Restated Bylaws standard for voting for the election of Directors is a majority of votes cast in uncontested elections. A majority of the votes cast means that a number of votes cast FOR a director nominee must exceed the number of votes cast AGAINST that director nominee. In contested elections the vote standard is a plurality of votes cast. The Amended and Restated Bylaws provide that director nominees must deliver a statement that if elected, they agree to tender an irrevocable resignation promptly upon failure to receive the required vote in a subsequent election, in accordance with the Company's Corporate Governance Guidelines that are applicable to all director nominees.

*Proposal No. 2: Ratify the Selection of Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ending June 30, 2013.*

The affirmative vote of a majority of the shares represented at the Annual Meeting and entitled to vote is required to approve Proposal No. 2.



Table of Contents

*Proposal No. 3: Hold a non-binding advisory vote to approve the compensation of our named executive officers.*

The affirmative vote of a majority of the shares represented at the Annual Meeting and entitled to vote is required to approve Proposal No. 3.

**10. How are abstentions and broker non-votes counted for determining a quorum and for voting my shares for each proposal?**

Abstentions and proxies conferring authority to vote only on certain matters ( broker non-votes ) are counted as present and entitled to vote for purposes of determining a quorum.

In accordance with Delaware law, abstentions and broker non-votes will not be treated as votes cast with respect to Proposal No. 1, Election of Directors, Proposal No. 2, Ratification of the Selection of Deloitte & Touche LLP, Proposal No. 3, Advisory Vote to Approve the Compensation of our Named Executive Officers, or any other matter presented at the Annual Meeting, unless provided otherwise in our governing documents or under applicable law. A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular proposal and has not received instructions from the beneficial owner. Broker non-votes are not considered to have been votes cast at the Annual Meeting with respect to such matter.

**11. Is there a list of stockholders entitled to vote at the Annual Meeting?**

A list of stockholders of record will be available for inspection at the Annual Meeting and for ten days prior to the Annual Meeting at Towers Watson & Co., Office of the Secretary, 901 N. Glebe Road, Arlington, Virginia 22203.

**12. Who will pay the cost of soliciting proxies for the Annual Meeting?**

The cost of soliciting proxies will be borne by the Company. Employees of the Company may, but without compensation other than their regular compensation, solicit proxies by additional mailings, personal conversations,



telephone, facsimile, or electronically. We have engaged InvestorCom, Inc., a proxy solicitation firm, to assist us in soliciting proxies for a fee of \$7,500 plus reimbursement of reasonable expenses. The Company will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of the Company's common stock. Other proxy solicitation expenses that we will pay include those for preparation, mailing and tabulating the proxies.

**13. If another matter comes before the board for action, how will the matter be voted?**

Management knows of no other matter that may come up for action at the Annual Meeting. However, if any other matter properly comes before the meeting, the proxies named on the enclosed proxy card will vote in accordance with their judgment on such matter.

**14. How is my vote counted?**

Individual proxies will be counted by Broadridge Financial Solutions, Inc. Whether or not you expect to be present at the Annual Meeting, you are urged to vote your proxy via the Internet. If you have received your Proxy Materials by mail, you may also vote by telephone or by signing, dating and promptly mailing in your proxy card. It is very important that you vote your shares.

**15. What is Householding ?**

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports for those stockholders receiving the proxy materials by mail. This means that only one copy of this Proxy Statement and our Annual Report may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you if you contact the Secretary of the Company in writing at the following address: Towers Watson & Co., Office of the Secretary, at 901 N. Glebe Road, Arlington, Virginia 22203, or by telephone at 703-258-8000. If you would like to receive separate copies of our Annual Report and Proxy Statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address or phone number.

Table of Contents

**GOVERNANCE OF THE CORPORATION**

**Corporate Governance Guidelines**

Towers Watson is committed to exercising the highest standard of ethical conduct and corporate governance which we believe best serve our stockholders, employees and clients. We have established and adopted Corporate Governance Guidelines for maintaining our ethical standards, and adopted corporate governance practices that form a solid framework for effectively aligning our business objectives. Stockholders may obtain copies of our Codes of Business Conduct and Ethics, the Corporate Governance Guidelines and our Board committee charters under the Investor Relations page on the Company's website at <http://www.towerswatson.com> or send a request addressed to Towers Watson & Co., Office of the Secretary, 901 N. Glebe Road, Arlington, Virginia 22203.

**Code of Business Conduct and Ethics**

The Company has a Code of Business Conduct and Ethics that applies to all of its employees, including the Chief Executive Officer, President, the Chief Financial Officer and the Controller. The Company also has a Code of Business Conduct and Ethics that applies to all of the Company's Directors. Any amendment or waiver of the Codes for the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller, or any of the Company's Directors will be disclosed on the Company's website or reported in a Form 8-K filing.

**Communications with the Board or Lead Independent Director**

It is the policy of the Company to facilitate communications of stockholders and other interested parties with the Board of Directors and the Company's Lead Independent Director. Communications to Directors of the Company must be in writing and may be sent to any Director, in care of the Secretary, Towers Watson & Co., Office of the Secretary, 901 N. Glebe Road, Arlington, Virginia 22203. Communications may be sent by email to all Directors as a group or to the Lead Independent Director using the e-mail addresses posted by the Company on its web site at [www.towerswatson.com](http://www.towerswatson.com) under Investor Relations. Communications should identify the person submitting the communication, including whether the person is a stockholder, the interest of such person in the subject matter of the communication, and the address, telephone number and email address of the person submitting the communication. Each communication will be forwarded to the Director(s) to whom it is addressed. The Board has authorized the Company's Secretary to adopt reasonable procedures for collecting and distributing communications to Directors. If such procedures are adopted, they will be made available on the Company's website at [www.towerswatson.com](http://www.towerswatson.com) under

Investor Relations.

### **Board Leadership and Lead Independent Director**

Towers Watson's Chief Executive Officer also serves as Chairman of our Board. Our Board believes that the combined role of Chairman and Chief Executive Officer currently is an appropriate leadership structure for our Company. In this regard, having a combined Chairman and Chief Executive Officer provides an efficient and effective leadership model. The board believes that this structure promotes unambiguous accountability, effective decision-making, and alignment on corporate strategy. In addition, because our Board works closely with our executive officers and members of senior management, there is a natural synergy in the combined Chairman and Chief Executive Officer role that facilitates our Board's oversight and guidance of management.

The Board has designated a Lead Independent Director. Among other responsibilities, our Lead Independent Director presides at all executive sessions of the independent Directors of the Board, coordinates the activities of our other independent Directors, approves Board meeting schedules, agendas and information sent to our Board, chairs all executive sessions of our independent Directors, and serves as principal liaison between our independent Directors and our Chairman and senior management. The Company's Board of Directors has designated Linda D. Rabbitt as our Lead Independent Director.

### **Risk Assessment of Compensation Policies and Practices**

We have assessed the compensation policies and practices with respect to our employees, including our executive officers, and have concluded that they do not create risks that are reasonably likely to have a material adverse effect on our Company. Our Compensation Committee, in conjunction with management, human resources, legal, finance and our independent consultant, has developed a framework for reviewing the risks and rewards associated with the Company's compensation programs. This framework is intended to ensure that our compensation programs encourage and reward prudent discretion and business judgment and appropriate risk-taking over the long term.

Table of Contents

In developing incentive plans for the Company, our Compensation Committee has validated the plans against our compensation philosophy and has considered the extent to which the metrics used align with corporate plan metrics, business goals and provide balance, how incentive pools will be developed and whether they are capped, the highest amount of compensation that can be achieved under the plans through consistent superior performance over a sustained period of time, whether the plans are appropriately focused on long-term results, and whether sufficient operational controls are in place to prevent participants from manipulating results. In addition, the Company has substantial stock ownership requirements in place for senior executives which, when combined with conditioning the payment of large amounts of compensation payable solely in Company stock upon the achievement of long-term performance metrics, provide strong incentives to manage the Company for the long term, while avoiding excessive risk taking in the short term. Moreover, the Compensation Committee retains a significant amount of discretion to adjust compensation to ensure that it is matched appropriately with Company performance.

Management and the Compensation Committee regularly evaluate the risks of all of the Company's compensation programs on a global basis and do not believe that any of the Company's compensation programs create risks that are reasonably likely to result in a material adverse impact to the Company.

**Board's Role in Risk Oversight**

Risk is inherent in every business. As is the case in virtually all businesses, we face a number of risks, including operational, economic, financial, legal, regulatory, and competitive risks. Our management is responsible for the day-to-day management of the risks we face. Our Board of Directors, as a whole and through its committees, has responsibility for oversight of risk management.

In its oversight role, our Board of Directors' involvement in developing our business strategy and overseeing management's execution of strategic plans plays a key role in its oversight of risk management and in its assessment of the appropriate level of enterprise risk tolerance. Our Board of Directors receives updates at least quarterly from senior management and periodically from outside advisors regarding the various risks we face, including operational, economic, financial, legal, regulatory, and competitive risks. Our Board of Directors also reviews the various risks we identify in our filings with the Securities and Exchange Commission (the "SEC") as well as risks relating to various specific developments, such as acquisitions, securities repurchase, debt and equity placements, and product introductions.

Our Board committees assist our Board of Directors in fulfilling its risk oversight role. Our Risk Committee provides oversight and guidance to members of management who are responsible for the timely identification, mitigation and management of those risks that could have a material impact on the Company. Pursuant to its charter, the Audit

Committee oversees the financial reporting processes and the audit of the financial statements of our Company and provides assistance to our Board of Directors with respect to the oversight and integrity of the financial statements of our Company, our Company's compliance with legal and regulatory matters, the independent registered public accountant's qualification and independence, and the performance of our independent registered public accountant. The Compensation Committee considers the risk that our compensation policies and practices may have in attracting, retaining, and motivating valued employees and endeavors to assure that it is not reasonably likely that our compensation plans and policies would have a material adverse effect on our Company. Our Nominating and Governance Committee oversees governance related risk, such as board independence and conflicts of interests.

## **Board Diversity**

Towers Watson seeks diversity in experience, viewpoint, education, skill, and other individual qualities and attributes to be represented on our Board of Directors. We believe directors should have various qualifications, including individual character and integrity; business experience; leadership ability; strategic planning skills, ability, and experience; requisite knowledge of our industry and finance, accounting, and legal matters; strong communication and interpersonal skills; and the ability and willingness to devote time to our Company. We also believe the skill sets, backgrounds, and qualifications of our Directors, taken as a whole, should provide a significant mix of diversity in personal and professional experience, background, viewpoints, perspectives, knowledge, and abilities. Nominees are not to be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability, or any other basis prescribed by law. The assessment of prospective Directors is made in the context of the perceived needs of our Board of Directors from time to time.

All of our Directors have held high-level positions in academia, business, or professional service firms and have experience in dealing with complex issues. We believe that all of our Directors are individuals of high character and integrity and satisfy the other qualifications described above. In addition to these attributes, the description of each Director's background set forth below indicates the specific experience, qualifications, and skills necessary to conclude that each individual should continue to serve as a Director of our Company.

Table of Contents**Nominees for Director**

The Nominating and Governance Committee makes recommendations to the Board concerning individuals who are qualified to stand for election as Directors. The Nominating and Governance Committee seeks individuals with a broad and diverse range of skills who have demonstrated the highest levels of personal and business integrity and sound business judgment, particularly in professional services industries. The Nominating and Governance Committee will consider suggestions of possible nominees for Director from the Board of Directors and management, and may in the future retain a search firm to assist it in identifying possible nominees for Director.

The Nominating and Governance Committee also will consider recommendations of possible nominees for Director submitted by stockholders. Recommendations may be submitted to any member of the Nominating and Governance Committee in care of the Office of the Secretary, Towers Watson & Co., 901 N. Glebe Road, Arlington, Virginia 22203. Candidates recommended by stockholders will be evaluated in the same manner as other candidates considered by the Nominating and Governance Committee.

**Standing Committees of the Board**

The Company has four standing committees: Audit, Compensation, Nominating and Governance, and Risk. These committees operate pursuant to written charters adopted by the Board of Directors, which are available on the Company's website at <http://www.towerswatson.com> under Investor Relations. Each committee consists only of independent Directors.

**Nominating and**

	<b>Audit</b>	<b>Compensation</b>	<b>Governance</b>	<b>Risk</b>
<b>John J. Gabarro</b>				
<b>Victor F. Ganzi</b>				
<b>Leslie S. Heisz</b>				
<b>Brendan R. O'Neill</b>				
<b>Linda D. Rabbitt*</b>				
<b>Gilbert T. Ray</b>				
<b>Paul Thomas</b>				
<b>Wilhelm Zeller</b>				
	<b>= Chair</b>	<b>* Lead Independent Director</b>		

***Audit Committee***

The Audit Committee's principal responsibilities, as set forth in its charter, are to assist the Board in overseeing the Company's financial reporting process that is established and implemented by management. The Audit Committee oversees the work of the independent registered public accounting firm and also reviews information provided by the Company's Director of Internal Audit, independent registered public accounting firm, and management concerning internal accounting procedures and controls.

The Audit Committee is currently composed of four independent Directors, Victor F. Ganzi (Chair), John J. Gabarro, Leslie S. Heisz, and Gilbert T. Ray, all of whom meet the current independence requirements of NYSE and NASDAQ's listing standards. The Board of Directors has determined that Mr. Ganzi is both independent and an audit committee financial expert, as defined by SEC guidelines and NYSE and NASDAQ listing standards. The Audit Committee held eight meetings during fiscal year 2012.

***Compensation Committee***

The Compensation Committee oversees executive compensation policies, including the compensation of the Chief Executive Officer (CEO), and oversees administration of Tower Watson's equity and non-equity incentive and compensation plans. The Board has delegated to the Compensation Committee matters associated with succession planning for the CEO. For additional information regarding the Compensation Committee's procedures and processes for setting executive compensation, please see "Context of Our Executive Compensation Programs for Our Named Executives", on page 20 of this Proxy Statement under the heading "Compensation Discussion and Analysis". Compensation of non-employee Directors is fully described under "Compensation of Directors" on page 44 of this Proxy Statement.

Table of Contents

The Compensation Committee currently is composed of Gilbert T. Ray (Chair), Linda D. Rabbitt, Paul Thomas and Wilhelm Zeller, all of whom meet the independence requirements of the NYSE and NASDAQ's listing standards. The Compensation Committee held six meetings during fiscal year 2012.

*Nominating and Governance Committee*

The Nominating and Governance Committee provides assistance to the Board of Directors of the Company in fulfilling its responsibilities: by identifying individuals qualified to become Directors and approving the nomination of candidates for all Directorships to be filled by the Board of Directors or by the stockholders of the Company; identifying Directors qualified to serve on the committees established by the Board of Directors and recommending to the Board of Directors members for each committee to be filled by the Board of Directors; maintaining and reviewing the Corporate Governance Guidelines; and otherwise taking a leadership role in shaping the corporate governance of the Company.

The Nominating and Governance Committee currently is composed of John J. Gabarro (Chair), Victor F. Ganzi, Brendan R. O'Neill and Paul Thomas, all of whom meet the independence requirements of the NYSE and NASDAQ's listing standards. The Nominating and Governance Committee held five meetings during fiscal year 2012.

*Risk Committee*

The Risk Committee assists the Board of Directors in exercising its oversight of the Company by providing oversight and guidance to members of management who are responsible for the timely identification, mitigation, and management of those risks that could have a material impact on the Company.

The Risk Committee is currently composed of three independent Directors, Wilhelm Zeller (Chair), Brendan R. O'Neill and Linda D. Rabbitt. The Risk Committee held four meetings during fiscal year 2012.

Membership of these Board committees may change after this Annual Meeting.



## **Board Meetings**

During the fiscal year ended June 30, 2012, the Board of Directors held ten meetings. All Directors attended 75 percent or more of the meetings of the Board and the committees on which they served.

## **Meetings of Non-Employee Directors**

The non-employee Directors met without any management Directors or employees present four times during the fiscal year ended June 30, 2012 to discuss board policies, processes and practices. The Lead Independent Director chaired these meetings.

## **Annual Meeting Attendance**

All Director nominees are expected to attend the Company's Annual Meeting of Stockholders.

## **Director Independence**

The Board is composed of a majority of Directors who qualify as independent Directors pursuant to the corporate governance standards for companies listed on the NYSE and NASDAQ. The Board committee structure includes an Audit Committee, Compensation Committee, Nominating and Governance Committee and a Risk Committee, all of these committees consisting entirely of independent Directors.

In determining independence, each year the Board affirmatively determines whether Directors have any material relationship with the Company. When assessing the materiality of a Director's relationship with the Company, the Board considers all relevant facts and circumstances, not merely from the Director's standpoint, but from that of the persons or organizations with which the Director has an affiliation, and the frequency or regularity of the services, if any, provided to or by such persons or organizations, whether the services are being carried out at arm's length in the ordinary course of business and whether the services are being provided substantially on the same terms to the Company as those prevailing at the time from unrelated parties for comparable transactions. Material relationships can include commercial, banking, industrial, consulting, legal, accounting, charitable and familial relationships. A Director will not be considered independent if the Director:



Table of Contents

1.

has an Immediate Family Member who is now, or has been in the past three years, an Executive Officer of the Company, legacy Towers Perrin or legacy Watson Wyatt or any of their respective subsidiaries or other Affiliates;

2.

now, or has been in the past three years, employed by the Company, legacy Towers Perrin or legacy Watson Wyatt or any of their respective subsidiaries or other Affiliates;

3.

has received, or has an Immediate Family Member who has received, more than \$120,000 during any twelve-month period within the last three fiscal years in direct compensation from the Company, legacy Towers Perrin or legacy Watson Wyatt, other than (i) director and committee fees or (ii) pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

4.

has accepted, or has an Immediate Family Member who has accepted, more than \$120,000 in compensation from the Company, legacy Towers Perrin, legacy Watson Wyatt or any parent or subsidiary of the Company, legacy Towers Perrin or legacy Watson Wyatt during any period of 12 consecutive months within the Company's current fiscal year or any of the previous three fiscal years, other than (i) compensation paid to an Immediate Family Member who is or was an employee (other than an executive officer) of the Company, legacy Towers Perrin, legacy Watson Wyatt or any of their respective subsidiaries; or (ii) benefits under a tax-qualified retirement plan, or non discretionary compensation;

5.

is, or has an Immediate Family Member who is, currently a partner of a firm that is the Company's internal or external auditor;

6.

is a current employee of the Company's internal or external auditor;

7.

has an Immediate Family Member who is a current employee of the Company's internal or external auditor and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice;

8.

has, or had an Immediate Family Member who has, served within the last three years as a partner or employee of the Company's, legacy Towers Perrin's or legacy Watson Wyatt's internal or external auditor and personally worked on the

Company's, legacy Towers Perrin's or legacy Watson Wyatt's audit within that time;

9.

is employed, or has an Immediate Family Member currently employed, or is or had an Immediate Family Member employed during the previous three years, as an Executive Officer of another company where any of the Company's present Executive Officers serve or served at the same time on that company's compensation committee;

10.

is currently, or has an Immediate Family Member who is currently, an Executive Officer of a company (including any business entity or any nonprofit organization) that has made payments to, or received payments from, the Company, legacy Towers Perrin or legacy Watson Wyatt for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues;

11.

is, or has an Immediate Family Member who is, currently a partner in, controlling shareholder or owner of, or executive officer of any organization (including any business entity or any nonprofit organization) to which the Company, legacy Towers Perrin or legacy Watson Wyatt made, or from which the Company, legacy Towers Perrin or legacy Watson Wyatt received, payments for property or services, in the current fiscal year or any of the past three fiscal years, that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more.

For these purposes, an Immediate Family Member includes a Director's spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than a domestic employee) who shares the Director's home.

Applying these standards, and because there were no transactions, relationships or arrangements that triggered any of these questions, the Board has determined that the following Directors are independent: John J. Gabarro, Victor F. Ganzi, Leslie S. Heisz, Brendan R. O'Neill, Linda D. Rabbitt, Gilbert T. Ray, Paul Thomas, and Wilhelm Zeller. In making these determinations, the board determined that none of the independent Directors, their family members or organizations with which the Directors are affiliated have any material direct or indirect relationship with the Company.

Table of Contents

**PROPOSAL NO. 1: ELECTION OF DIRECTORS**

The first proposal to be voted on at the Annual Meeting is the election of the following eight Directors, each of whom including all the non-management Directors were recommended by the Board of Directors and approved by the Nominating and Governance Committee for inclusion on the Company's proxy card. The eight nominees for the Board of Directors are Victor F. Ganzi, John J. Haley, Leslie S. Heisz, Brendan R. O'Neill, Linda D. Rabbitt, Gilbert T. Ray, Paul Thomas and Wilhelm Zeller. Biographical information about each of these nominees is included below. Pursuant to its authority under our Amended and Restated Bylaws, the Board of Directors has set the number of Directors at eight, effective as of the Annual Meeting.

Each nominee elected will serve a one-year term expiring at the 2013 Annual Meeting of Stockholders or until his or her successor shall have been elected and qualified. If any nominee is unable to serve as a Director at the time of the Annual Meeting, the proxies may be voted for a substitute nominee selected by the Board of Directors. Each of the nominees listed above has consented to being named as a nominee, and the Company does not know of any reason that any of the nominees listed above would be unable to serve if elected.

**The Board of Directors Recommends that Stockholders Vote For Proposal No. 1 to elect Eight Directors to serve until the next Annual Meeting of Stockholders, or until their successors are elected and qualified.**

**Director Information**

The information set forth below states the name of each nominee for Director, his or her age, a listing of present and previous employment positions, the year in which he or she first became a Director of the Company and other directorships held and the experience, qualifications, attributes or skills that led to the conclusion that each person should serve as a Director.

**John J. Haley (age 62)** has served as the Chief Executive Officer and as Chairman of the Board of Directors of Towers Watson since January 1, 2010, and as President since October 3, 2011. Previously, he served as President and Chief Executive Officer of Watson Wyatt beginning on January 1, 1999, as Chairman of the Board of Watson Wyatt beginning in 1999 and as a director of Watson Wyatt beginning in 1992. Mr. Haley joined Watson Wyatt in 1977. Prior to becoming President and Chief Executive Officer of Watson Wyatt, he was the Global Director of the Benefits Group at Watson Wyatt. Mr. Haley is a Fellow of the Society of Actuaries, and a member of the American Academy of Actuaries and the Conference of Consulting Actuaries. He is also a co-author of Fundamentals of Private Pensions

(University of Pennsylvania Press). Mr. Haley also serves on the boards of MAXIMUS, Inc., a provider of health and human services program management, consulting services and system solutions, and Hudson Global, Inc., an executive search, specialty staffing and related consulting services firm. He has an A.B. in Mathematics from Rutgers College and studied under a Fellowship at the Graduate School of Mathematics at Yale University.

Mr. Haley's qualifications to serve as Chairman of the Board of Directors of Towers Watson include the leadership and management experience he gained during more than thirty years of service as an employee, manager, officer, Chief Executive Officer and director of Watson Wyatt, as well as his service on the boards of other public companies and his substantive expertise in employee benefits and actuarial consulting.

**Victor F. Ganzi (age 65)** has served as a director of Towers Watson since January 1, 2010. He is presently a consultant and corporate director. Mr. Ganzi was the President and Chief Executive Officer of The Hearst Corporation, a private diversified communications company, from 2002 to 2008. He served as Hearst's Executive Vice President from 1997 to 2002 and as its Chief Operating Officer from 1998 to 2002. Prior to joining Hearst in 1990, Mr. Ganzi was the managing partner at the international law firm of Rogers & Wells (now part of Clifford Chance). Mr. Ganzi graduated summa cum laude from Fordham University with a B.S. in Accounting, received a J.D. degree from Harvard Law School and holds an L.L.M. in Taxation from New York University. Mr. Ganzi currently serves as the lead director of Gentiva Health Services, Inc. and previously served as a director of Wyeth and Hearst-Argyle Television, Inc.

Mr. Ganzi's qualifications to serve as a director of Towers Watson include his experience as a general counsel, chief financial officer and chief executive officer of a large diversified media company, as well as his expertise gained during a long career in both law and finance and his service on several boards of directors.

Table of Contents

**Leslie S. Heisz (age 51)** has served as a director of Towers Watson since April 2012. Ms. Heisz was a managing director at Lazard Freres & Co from 2004 through April 2010 and a senior advisor from 2003 to 2004, providing strategic financial advisory services for clients in a variety of industries. Ms. Heisz was a managing director of Dresdner Kleinwort Wasserstein (and its predecessor Wasserstein Perella & Co.) from 1996 to 2002 and a director from 1995 to 1996. She was also a vice president at Salomon Brothers, and was a senior consultant specializing in strategic information systems at Price Waterhouse. Ms. Heisz is currently a member of the board of directors of HCC Insurance Holdings, Inc. and Ingram Micro, Inc. She previously served on the Board of Directors of International Game Technology and the Board of Managers of Eldorado Resorts LLC. Ms. Heisz holds a B.S. in Economics - Systems Science from the University of California at Los Angeles, and a M.B.A. from the John E. Anderson Graduate School of Management at UCLA.

Ms. Heisz's qualifications to serve as a director of Towers Watson include her extensive investment banking and finance experience, strong business acumen and leadership record, deep understanding of the capital markets, broad knowledge of mergers and acquisitions, and her service as a member of a number of other boards.

**Brendan R. O Neill (age 63)** has served as a director of Towers Watson since January 1, 2010. He previously served as a director of Watson Wyatt from July 2006 to 2009. Dr. O Neill was Chief Executive Officer and Director of Imperial Chemical Industries PLC ( ICI ), a manufacturer of specialty products and paints, until April 2003. From 2003 until 2006, Dr. O Neill was an independent director for a range of companies. Dr. O Neill joined ICI in 1998 as its Chief Operating Officer and Director, and was promoted to Chief Executive Officer in 1999. Prior to Dr. O Neill's career at ICI, he held numerous positions at Guinness PLC, including Chief Executive of Guinness Brewing Worldwide Ltd, Managing Director International Region of United Distillers, and Director of Financial Control. Dr. O Neill also held positions at HSBC Holdings PLC, BICC PLC, Aegis Group PLC, and the Ford Motor Company. He has an M.A. in Natural Sciences from the University of Cambridge and a Ph.D. in Chemistry from the University of East Anglia, and is a Fellow of the Chartered Institute of Management Accountants (U.K.). Dr. O Neill is also a director of Tyco International Ltd., Informa Group PLC, Endurance Specialty Holdings Ltd. and Drambuie Ltd.

Dr. O Neill's qualifications to serve as a director of Towers Watson include his experience as the chief executive officer of an international business, his extensive accounting and finance experience and his prior service as an independent director of a number of companies, including Watson Wyatt.

**Linda D. Rabbitt (age 63)** has served as a director of Towers Watson since January 1, 2010. She previously served as a director of Watson Wyatt from 2002 to 2009 and is the founder and Chief Executive Officer of Rand Construction Corporation, a commercial construction company founded in 1989 that specializes in building renovation and tenant build-outs. Prior to founding Rand Construction Corporation, Ms. Rabbitt was the co-founder and co-owner of Hart Construction Company, Inc., a commercial tenant construction company. From 1981 to 1985, Ms. Rabbitt was with KPMG (formerly Peat Marwick), where she was Director of Marketing from 1982 to 1985. Ms. Rabbitt previously

served as a director of Brookfield Properties, a commercial real estate company, and currently is a Class C director of the Federal Reserve Bank of Richmond. Ms. Rabbitt is also a director of the Greater Washington Board of Trade and served as its Chair in 2002. Ms. Rabbitt has also served as a director of the Economic Club of Washington, D.C., as a director of Leadership Washington, and is Chairman of the Federal City Council and is a trustee of George Washington University. Ms. Rabbitt holds a B.A. from the University of Michigan, Ann Arbor and an M.A. from George Washington University.

Ms. Rabbitt's qualifications to serve as a director of Towers Watson include her experience as a founder and chief executive officer of a prominent construction business, her prior experience with a global auditing/consulting firm and her service as a director of several other entities, including her prior service as a director of Watson Wyatt.

**Gilbert T. Ray (age 68)** has served as a director of Towers Watson since January 1, 2010. Formerly, Mr. Ray served as a director of Watson Wyatt from 2000 to 2009. Mr. Ray was a partner of the law firm of O Melveny & Myers LLP until his retirement in 2001. He practiced corporate law for almost three decades. He has extensive experience with corporate and tax exempt transactions, as well as international finance. Mr. Ray is a member of the boards of Advance Auto Parts, Inc., a retailer of automotive parts; DiamondRock Hospitality Company, a real estate investment trust; and DineEquity, Inc., a restaurant management and franchise company. Mr. Ray is also a trustee of two variable annuity funds managed by SunAmerica Asset management and The John Randolph Haynes and Dora Haynes Foundation. He holds a B.A. in Business from Ashland University, an M.B.A. from the University of Toledo and a J.D. from Howard Law School.



Table of Contents

Mr. Ray's qualifications to serve as a director of Towers Watson include his expertise in corporate law and international finance, his long service as a partner of a major international law firm and his service on several other boards of directors, including his prior service as chair of the compensation committee of Watson Wyatt (and currently as chair of that committee for the Company), and as chair of the Nominating and Governance Committee of Advance Auto Parts.

**Paul Thomas (age 56)** has served as a director of Towers Watson since January 1, 2010. He has been a senior executive with the Rank Group NA since January 2011. He was previously the Chief Executive Officer of Reynolds Packaging Group from February 2008 through January 2011, when Alcoa sold the Reynolds Packaging Group business to the Rank Group. Mr. Thomas joined Alcoa in 1978 and, prior to the sale of its packaging businesses, most recently served as Executive Vice President for Alcoa and Group President for its Packaging and Consumer businesses. Mr. Thomas holds a B.S. in Material Sciences and Metallurgical Engineering from Lehigh University and an Executive M.B.A. from the University of Tennessee.

Mr. Thomas's qualifications to serve as a director of Towers Watson include the leadership and management experience he gained serving in a number of executive positions, including chief executive officer.

**Wilhelm Zeller (age 68)** has served as a director of Towers Watson since January 1, 2010. He is presently a consultant and corporate director. Formerly, he served as the chief executive officer of Hannover Re Group from 1996 until his retirement in June 2009. Prior to joining Hannover Re, Mr. Zeller was a member of the Executive Board of Cologne Re and then a member of the Executive Council of General Re Corporation, Cologne Re's new principal shareholder. Currently, Mr. Zeller serves as a member of various advisory and supervisory boards in Germany as well as on the board of directors of Axis Capital Holdings Ltd. Mr. Zeller has received numerous awards and recognitions from worldwide trade periodicals including Reinsurance Personality of the Year and the Lifetime Achievement Award. He holds a B.A. in Business Administration from the University of Applied Sciences in Cologne, Germany.

Mr. Zeller's qualifications to serve as a director of Towers Watson include his familiarity with the international insurance and reinsurance industry, his experience serving as the chief executive officer of a reinsurance company and his service as a member of a number of boards.

Table of Contents

**PROPOSAL NO. 2: RATIFY THE SELECTION OF DELOITTE & TOUCHE LLP AS  
THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR  
THE FISCAL YEAR ENDING JUNE 30, 2013**

The Audit Committee has selected Deloitte & Touche LLP ( Deloitte ) to serve as our independent registered public accounting firm for the fiscal year ending June 30, 2013. We are asking stockholders to ratify the selection of Deloitte as our independent registered public accounting firm. Although ratification is not required by our Amended and Restated Bylaws or otherwise, the Board is submitting the selection of Deloitte to our stockholders for ratification because we value our stockholders' views on the Company's independent registered public accounting firm and as a matter of good corporate governance.

In the event stockholders fail to ratify the selection, the Board of Directors and the Audit Committee will reevaluate the selection and any factors raised in connection with the vote. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

**Fees Paid to the Independent Registered Public Accounting Firm**

The Audit Committee has responsibility for the appointment, compensation and oversight of the work of the independent registered auditor. Deloitte is the Company's independent registered public accounting firm and audited the Company's financial statements for fiscal year 2012.

As part of its oversight responsibility, the Audit Committee must pre-approve all permissible services to be performed by the independent registered public accounting firm. The Audit Committee has established policies and procedures for the pre-approval of audit and non-audit services to be performed by the independent registered public accounting firm.

Under the policy, the Committee must give prior approval for any amount or specific type of service within four categories: (i) audit, (ii) audit-related, (iii) tax services or, to the extent permitted by law, and (iv) other services that the independent registered public accounting firm provides. Prior to the annual engagement, the Audit Committee may grant pre-approval for specific independent registered public accounting firm services within these four categories at

maximum pre-approved fee levels. If circumstances arise that would require the Company to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval, then the engagement for such services would require separate pre-approval by the Audit Committee. The Chair of the Audit Committee is authorized to approve a request for pre-approval provided the additional service is presented to the Audit Committee for approval at its next scheduled meeting.

The following table presents fees for professional audit services rendered by Deloitte for the audit of the Company's annual financial statements for the fiscal years ended June 30, 2011 and 2012.

	<b>2011</b>		<b>2012</b>	
<b>Fee Category</b>	<b>Deloitte &amp; Touche LLP</b>		<b>Deloitte &amp; Touche LLP</b>	
Audit Fees (1)	\$	4,228,209	\$	5,240,450
Audit-Related Fees (2)		688,000		337,697
Tax Fees (3)		0		150,971
Subtotal		4,916,209		5,729,118
All Other Fees (4)		0		20,400
Total Fees	\$	4,916,209	\$	5,749,518

---

(1)

Audit Fees consists of fees billed for professional services performed by Deloitte for the audit of the Company's annual financial statements, review and audit of internal controls to ascertain compliance with the Sarbanes-Oxley Act, review of financial statements included in the Company's quarterly and annual filings, and services that are normally provided in connection with statutory and regulatory filings or engagements.

(2)

Audit-Related Fees includes fees for benefit plan audits, assurance and related services performed by Deloitte that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under Audit Fees.

Table of Contents

(3)

Tax Fees includes fees for professional services performed by Deloitte for tax compliance, tax advice, and tax planning.

(4)

All Other Fees consists of fees for all products or services provided by Deloitte that do not fall into any of the other three categories above. The \$20,400 in fees in 2012 represent fees for the Company's subscriptions to certain of Deloitte's database products.

It is anticipated that representatives of Deloitte will be present at the Annual Meeting of Stockholders to respond to appropriate questions and to make a statement if such representatives so desire. Deloitte audited the Company's financial statements for the fiscal year ended June 30, 2012.

**The Board of Directors Recommends a Vote For Proposal No. 2 to Ratify the Selection of Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for the Fiscal Year Ending June 30, 2013.**

Table of Contents

**REPORT OF THE AUDIT COMMITTEE**

Management has primary responsibility for (i) the preparation, presentation and integrity of the Company's financial statements; (ii) accounting and financial reporting principles; (iii) internal controls; and (iv) procedures designed to reasonably assure compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm is responsible for expressing opinions on the conformity of our audited financial statements to generally accepted accounting principles and the effectiveness of our internal control of our financial reporting.

The Audit Committee reviews the Company's financial reporting process on behalf of the Board of Directors, although the committee members are not engaged in the practice of accounting or auditing.

The Committee meets regularly with management and the Company's independent registered public accounting firm to, among other activities, review the Company's financial statements, financial press releases, and quarterly and annual SEC filings; receive the independent registered public accounting firm's report of its review of the Company's quarterly financial statements and its audit of the Company's annual financial statements; review significant developments in generally accepted accounting principles and financial reporting requirements; to discuss the application of significant accounting policies; and review the Company's internal controls and the activities of the Company's internal auditor.

The Committee meets regularly in executive session, and also meets separately with the independent registered public accounting firm, the Company's Chief Financial Officer, and the Company's Director of Internal Audit.

With respect to the Company's audited financial statements for the fiscal year ended June 30, 2012, the Audit Committee:

1.

Reviewed and discussed the audited financial statements included in the Annual Report, including Management's Discussion and Analysis, with management; and discussed the reasonableness of significant judgments and subjective determinations;

2.

Discussed with the independent registered public accounting firm the scope for its audit and the results of the audit; and also reviewed and discussed with management and the independent registered public accounting firm the audited financial statements, as well as the auditor's report concerning its examination of the Company's audited financial statements;

3.

Discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, as adopted by the PCAOB in

Rule 3200T; and

4.

Received from the independent registered public accounting firm the written disclosures and letter from the independent registered public accounting firm required by applicable requirements adopted by the PCAOB regarding the independent accountant's communications with the audit committee concerning independence and has discussed with the independent accountant the independent accountant's independence.

Following the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012 that was filed with the Securities and Exchange Commission on August 29, 2012.

SUBMITTED BY THE TOWERS WATSON & CO. AUDIT COMMITTEE

Victor F. Ganzi (Chair)

John J. Gabarro

Leslie S. Heisz

Gilbert T. Ray

Table of Contents

**PROPOSAL NO. 3: ADVISORY (NON-BINDING) VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ) enables our stockholders to approve, in a nonbinding vote, the compensation of the Company s named executive officers, as disclosed in this proxy statement, including the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure set forth herein.

The Dodd-Frank Act requires us to hold the advisory vote to approve the compensation of our named executive officers at least once every three years. Based on the results of the 2011 stockholder vote, and consistent with the Company s recommendation, the Board has determined to hold advisory votes to approve executive compensation on an annual basis. Accordingly, the next say on pay vote will occur at our 2013 Annual Meeting of Stockholders unless the Board modifies its policy on the frequency of holding say on pay advisory votes. This advisory vote on executive compensation is not binding on our Compensation Committee or our Board of Directors. However, our Compensation Committee and our Board of Directors will carefully consider the result of the vote when assessing future executive compensation arrangements. This proposal, commonly known as a say-on-pay proposal, is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

As described in the Compensation Discussion and Analysis section, our executive compensation policies and programs are designed to attract and retain the most highly qualified and capable professionals while motivating them to lead the Company and our diverse businesses in ways that promote the long-term interests of our stockholders. Our pay-for-performance philosophy, including the manner in which it links executive compensation to performance and aligns the interests of our executive officers with those of our stockholders, is more fully described in the Compensation Discussion and Analysis section beginning on page 20.

**WE BELIEVE THAT THE INFORMATION PROVIDED ABOVE AND WITHIN THE COMPENSATION DISCUSSION & ANALYSIS SECTION, AND THE COMPENSATION TABLES AND NARRATIVE DISCUSSION FOLLOWING THE COMPENSATION TABLES, OF THIS PROXY STATEMENT DEMONSTRATES THAT OUR EXECUTIVE COMPENSATION PROGRAM IS DESIGNED APPROPRIATELY, TAKES INTO ACCOUNT A VARIETY OF PERFORMANCE MEASURES AND IS EFFECTIVE IN ALIGNING THE INTERESTS OF OUR EXECUTIVE OFFICERS WITH THE INTERESTS OF OUR STOCKHOLDERS TO SUPPORT LONG-TERM VALUE CREATION. ACCORDINGLY, WE ASK OUR STOCKHOLDERS TO VOTE FOR THE FOLLOWING RESOLUTION AT THE ANNUAL MEETING:**

RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in this Proxy Statement for the Annual Meeting of Stockholders, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion following such compensation tables, and the other related disclosure.

**The Board of Directors Recommends a Vote For Proposal No. 3 to provide advisory approval of the compensation of the Company's named executive officers.**



Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information known to the Company concerning the shares of Class A and Class B common stock beneficially owned, as of September 18, 2012, by (i) each Director or nominee; (ii) the executive officers named in the Summary Compensation Table herein under Compensation of Executive Officers; and (iii) all executive officers and Directors as a group. Except as otherwise indicated in the footnotes to the table below, the Company believes that the beneficial owners of the common stock, based on information furnished by such owners, have sole investment power and voting power with respect to such shares.

**Number of Outstanding Shares Beneficially**

Name of Beneficial Owner	Owned on September 18, 2012			
	Number and Class		Percent of Class (a)	
	Class A	Class B	Class A	Class B
<i>Directors</i>				
John J. Haley (1)	208,513.00	0.00	*	*
John J. Gabarro (2)	27,129.68	0.00	*	*
Victor F. Ganzi (3)	10,947.68	0.00	*	*
Leslie S. Heisz (4)	2,003.34	0.00	*	*
Brendan R. O'Neill	13,936.33	0.00	*	*
Linda D. Rabbitt (5)	28,317.31	0.00	*	*
Gilbert T. Ray	24,208.59	0.00	*	*
Paul Thomas (6)	10,947.68	0.00	*	*
Wilhelm Zeller (7)	9,532.89	0.00	*	*
<i>Named Executive Officers (except Directors)</i>				
James K. Foreman (8)	57,017.993	0.00	*	*
Patricia L. Guinn	96,154.765	136,912.295	*	1.24%
Roger F. Millay (9)	31,332	0.00	*	*
Gene H. Wickes (10)	68,914	0.00	*	*
All Towers Watson Directors and executive officers				
as a group (16 persons)	685,442.29	237,120.357	1.08%	2.14%

(a) Beneficial ownership of 1 percent or less of a class of common stock is indicated with an asterisk (\*).

Edgar Filing: Towers Watson & Co. - Form DEF 14A

- (1) Includes (i) 55,530 currently exercisable stock options with an exercise price of \$42.47 and (ii) 51,403 currently exercisable stock options with an exercise price of \$45.88.
- (2) Includes 51 shares of Class A Common Stock held indirectly in the Marilyn Gabarro Revocable Trust.
- (3) Includes 500.835 restricted stock units that will vest within 60 days and be payable in that number of shares of Class A Common Stock.
- (4) Includes 500.835 restricted stock units that will vest within 60 days and be payable in that number of shares of Class A Common Stock.
- (5) Includes 500.835 restricted stock units that will vest within 60 days and be payable in that number of shares of Class A Common Stock.
- (6) Includes 500.835 restricted stock units that will vest within 60 days and be payable in that number of shares of Class A Common Stock.
- (7) Includes 500.835 restricted stock units that will vest within 60 days and be payable in that number of shares of Class A Common Stock.
- (8) Includes 46,560 shares of Restricted Class A Common Stock that will vest on January 1, 2013.
- (9) Includes (i) 13,042 currently exercisable stock options with an exercise price of \$42.47 and (ii) 12,073 currently exercisable stock options with an exercise price of \$45.88.
- (10) Includes (i) 10,908 currently exercisable stock options with an exercise price of \$42.47 and (ii) 10,097 currently exercisable stock options with an exercise price of \$45.88.

Table of Contents**Security Ownership Of Certain Beneficial Owners**

The following table sets forth information known to the Company concerning the shares of Class A common stock beneficially owned by entities that have reported beneficial ownership of greater than five percent, as of September 18, 2012.

<b>Name of Beneficial Owner</b>	<b>Number of Outstanding</b>	
	<b>Number of Class A</b>	<b>Percent</b>
	<b>Shares (1)</b>	<b>of Class</b>
Artisan Partners Holdings LP (2)	4,112,987	7.7%
FMR LLC (3)	4,973,477	9.36%

- (1) Pursuant to current regulations of the SEC, securities must be listed as beneficially owned by a person who directly or indirectly has or shares the power to vote ( voting power ) or the power to dispose of ( dispositive power ) the securities, whether or not the person has any economic interest in the securities. In addition, a person is deemed a beneficial owner if he or she has the right to acquire beneficial ownership within 60 days, whether upon exercise of a stock option or warrant, conversion of a convertible security or otherwise. The information contained in this table has been included solely in reliance upon, and without independent investigation of, the disclosures contained in the schedules and forms referenced in the footnotes below.
- (2) Based solely on an amendment to a Schedule 13G filed with the SEC on February 6, 2012 by Artisan Partners Holdings LP, Artisan Investment Corporation, Artisan Partners Limited Partnership, Artisan Investments GP LLC, ZFIC, Inc., Andrew A. Ziegler, Carlene M. Ziegler and Artisan Partners Funds, Inc. The stockholders reported that they have shared dispositive power over all 4,112,987 shares of Class A Common Stock and shared voting power with respect to 3,994,387 shares of Class A Common Stock. The principal business address of the stockholders is 875 East Wisconsin Avenue, Suite 800, Milwaukee, WI 53202.
- (3) Based solely on a Schedule 13G filed with the SEC on February 14, 2012. The Schedule 13G reported that FMR LLC has sole voting power over 1,172,017 shares and sole dispositive power over 4,973,477 shares. Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC and a registered investment adviser, is the beneficial owner of 3,801,827 shares, or 7.158% of the outstanding shares of the Company's common stock, as a result of acting as investment adviser to various registered investment companies. The principal business address of the stockholders is 82 Devonshire Street, Boston, MA 02109.

**Biographical Information For Other Executive Officers Of The Company**

**Walter W. Bardenwerper (age 61)** has served as Vice President, General Counsel and Secretary of Towers Watson since January 1, 2010. He served as Vice President and General Counsel of Watson Wyatt since joining Watson Wyatt in 1987 and served as Secretary since 1992. Mr. Bardenwerper was a director of Watson Wyatt & Company from 1992 to 1997. Mr. Bardenwerper was previously an attorney with Cadwalader, Wickersham & Taft and Assistant General Counsel and Secretary of Satellite Business Systems. Presently, Mr. Bardenwerper is a director of the Professional Consultants Insurance Company and has served on the board of directors of the Association of Management Consulting Firms. He has a B.A. with Honors in Economics and graduated Phi Beta Kappa from the University of Virginia, has a J.D. from the University of Virginia Law School and served as a law clerk to United States District Court Judge Albert W. Coffrin.

Mr. Bardenwerper has notified the Company of his intention to retire as of November 30, 2012.

**James K. Foreman (age 54)** has served as Managing Director of the North, Central and South America regions of Towers Watson since April 1, 2011 and, immediately prior to that, was Managing Director of the North America region of Towers Watson since January 1, 2010. Prior to the the merger of legacy Towers Perrin and legacy Watson Wyatt (the Merger ), Mr. Foreman served as Managing Director of the Human Capital Group of Towers Perrin beginning June 2007, with overall responsibility for the global lines of business and geographic operations of Towers Perrin s Human Capital Group. Mr. Foreman joined Towers Perrin in 1985 and worked for almost 20 years at Towers Perrin in a number of leadership positions, including Managing Director of Towers Perrin s Health & Welfare practice and member of Towers Perrin s board of directors from 2003 to 2005, before joining Aetna Inc. in 2005 to become the executive vice president of their national businesses division. He rejoined Towers Perrin in June 2007. Mr. Foreman holds a B.A. in Business Economics from the University of California at Los Angeles.

Table of Contents

**Julie J. Gebauer (age 51)** has served as Managing Director of Towers Watson's Talent and Rewards business segment since January 1, 2010. Beginning in 2002, she served as a Managing Director of Towers Perrin and led Towers Perrin's global Workforce Effectiveness Practice and the global Towers Perrin-International Survey Research Corporation line of business. Ms. Gebauer was a member of Towers Perrin's board of directors from 2003 through 2006. She joined Towers Perrin in 1986 as a consultant and held several leadership positions at Towers Perrin, serving as the Managing Principal for the New York office from 1999 to 2001 and the U.S. East Region Leader for the Human Capital Group from 2002 to 2006. Ms. Gebauer is a fellow of the Society of Actuaries and is an Enrolled Actuary in the Joint Board for Enrolled Actuaries. Ms. Gebauer graduated Phi Beta Kappa from the University of Nebraska-Lincoln with a B.S. in Mathematics.

**Patricia L. Guinn (age 57)** has served as Managing Director of the Risk and Financial Services business segment of Towers Watson since January 1, 2010. Previously, she served as Managing Director of the Risk and Financial Services business segment of Towers Perrin beginning in 2001. She was a member of Towers Perrin's board of directors from 2001 through 2004 and from 2007 until the consummation of the Merger. She joined Towers Perrin in 1976 and has held a number of leadership positions at the firm. She is a fellow of the Society of Actuaries, and a member of the American Academy of Actuaries and the Conference of Consulting Actuaries. Ms. Guinn graduated with honors from Hendrix College with a B.A. degree in Mathematics.

**Roger F. Millay (age 55)** has served as Vice President and Chief Financial Officer of Towers Watson since January 1, 2010, and he previously held the same position at Watson Wyatt from August 2008 until the consummation of the Merger. Prior to joining Watson Wyatt, Mr. Millay was with Discovery Communications LLC, a global cable TV programmer and digital media provider, where he served as Senior Executive Vice President and Chief Financial Officer beginning in 2006. At Discovery, he was responsible for the global financial functions, including accounting, treasury, budgeting, audit and tax. From 1999 to 2006, Mr. Millay was Senior Vice President and Chief Financial Officer with Airgas, Inc., an industrial gases and supplies distributor and producer. Mr. Millay has over 25 years of experience in financial officer positions, including roles at Arthur Young & Company, Citigroup, and GE Capital. He holds a B.A. degree from the University of Virginia and an M.S. in Accounting from Georgetown University's Graduate School of Business, and he is a Certified Public Accountant.

**Paul G. Morris (age 48)** has served as Managing Director for Towers Watson in Europe, the Middle East and Africa since September 1, 2011. Previously, he served as Director, Consulting Services for Towers Watson since January 1, 2010. Mr. Morris served as a Managing Consultant of Watson Wyatt from 2005 until the consummation of the Merger. He joined The Wyatt Company in 1988. Following the establishment of the global Watson Wyatt Worldwide alliance in 1995, Mr. Morris served as a Senior Consultant of Watson Wyatt Partners from 1995 through 1999 and became a partner in 1999. Mr. Morris is a Fellow of the Society of Actuaries, a Member of the Institute of Actuaries, and has a B.A. in Applied Mathematics from Harvard College and an M.Sc. in Applied Mathematics from Harvard Graduate School of Arts and Sciences.

**Gene H. Wickes (age 60)** has served as the Managing Director of the Benefits business segment of Towers Watson since January 1, 2010. Previously, he served as the Global Director of the Benefits Practice of Watson Wyatt beginning in 2005 and as a member of Watson Wyatt's board of directors from 2002 to 2007. Mr. Wickes was Watson Wyatt's Global Retirement Practice Director in 2004 and the U.S. West Division's Retirement Practice Leader from 1997 to 2004. Mr. Wickes joined Watson Wyatt in 1996 as a senior consultant and consulting actuary. Prior to joining Watson Wyatt, he spent 18 years with Towers Perrin, where he assisted organizations with welfare, retirement, and executive benefit issues. Mr. Wickes is a Fellow of the Society of Actuaries and has a B.S. in Mathematics and Economics, an M.S. in Mathematics and an M.S. in Economics, all from Brigham Young University.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and Directors, among others, to file with the SEC initial reports of ownership and reports of changes in ownership of the Company's securities. Persons subject to Section 16 are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. As a matter of practice, the Company assists the Company's executive officers and Directors in preparing initial reports of ownership and reports of changes in ownership and files those reports with the SEC on their behalf.

Based solely on a review of the copies of such forms furnished to the Company and written representations from the Company's executive officers and Directors, the Company believes that all of its executive officers and Directors filed required reports on a timely basis under Section 16(a) during fiscal year 2012, except that due to an inadvertent Company oversight, the Company filed a late report on Form 5 for one transaction on behalf of each of Gene Wickes and Walter Bardenwerper regarding a gift of shares of the Company.

Table of Contents

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

**Review, Approval or Ratification of Transactions with Related Persons**

Our Related Person Transactions Policy (the Policy ) is designed to avoid entering into transactions with Directors, executive officers, immediate family members and certain other persons with specified relationships to the Company (a Related Person ) except where clearly in the interest of the Company and appropriately reviewed and approved. This Policy is set forth in writing and administered by the Audit Committee and applies to any transaction or relationship or series of similar transactions, arrangements or relationships with a Related Person (a Related Person Transaction ). Under the Policy, Related Persons must inform the Chief Financial Officer of any proposed Related Person Transaction, and the Chief Financial Officer must seek approval of the Audit Committee for any proposed transaction with a Related Person of which he is informed or becomes aware.

The Audit Committee will review the material facts of any Related Person Transaction and approve such transaction prior to committing the Company to such transaction. If advance approval is inadvertently not obtained, then the Audit Committee must ratify the Related Person Transaction or take other appropriate action. In making its determination, the Audit Committee will consider all relevant factors, including (i) the extent of the Related Person s interest in the Related Person Transaction, (ii) if applicable, the availability of other sources of comparable products or services, (iii) whether the terms of the Related Person Transaction are no less favorable than terms generally available in unaffiliated transactions under like circumstances, (iv) benefit to the Company, and (v) the aggregate value of the Related Person Transaction.

**Related Person Transactions**

Mark Mactas, who served as the Chief Executive Officer and President of Towers Perrin prior to the Merger, was employed as the President and Chief Operating Officer of Towers Watson until his retirement on October 3, 2011. Mark Mactas brother, Edward Mactas, is currently employed as an Account Director with Towers Watson. Edward Mactas served as the Managing Consultant for Watson Wyatt s Atlanta office from April 2005 (when he joined Watson Wyatt) through the closing of the Merger. Edward Mactas annual compensation exceeds \$120,000.





Table of Contents

**EXECUTIVE AND DIRECTOR COMPENSATION**

**Compensation Discussion and Analysis**

Beginning on page 30 of this proxy statement, we present a series of tables containing specific information about the compensation earned or paid for the fiscal year beginning July 1, 2011 through June 30, 2012 (our 2012 fiscal year) to the following individuals, whom we refer to as our named executives:

.

John J. Haley, Chief Executive Officer and Chairman of the Board

.

Roger F. Millay, Vice President and Chief Financial Officer

.

Mark V. Mactas, former President, Chief Operating Officer and Deputy Chairman of the Board

.

James K. Foreman, Managing Director, The Americas

.

Gene H. Wickes, Managing Director, Benefits

.

Patricia L. Guinn, Managing Director, Risk and Financial Services

This Compensation Discussion and Analysis provides you with an overview and analysis of (i) our compensation programs for our executive officers; (ii) the material compensation decisions made with respect to the compensation of our named executives by the Compensation Committee (the Committee) of the Board of Directors under those programs, including material factors considered by the Committee; and (iii) the processes utilized by the Committee in making those decisions.

## Executive Summary

The Company's executive compensation philosophy and the elements of our executive compensation program with regard to the fiscal year are summarized below:

The main objectives of the Company's executive compensation program are attracting, motivating and retaining the best executives and aligning their interests with our strategy of maximizing stockholder value. These objectives are implemented through:

.

base salary,

.

fiscal year-end bonuses that take into account financial, business unit and individual performance,

.

long-term incentive opportunities implemented through grants of performance-vested restricted stock units, and

.

defined benefit pension plans that encourage sustained service to the Company by providing for the future retirement security of our associates.

### *Context of Our Executive Compensation Programs for Our Named Executives*

For fiscal year 2012, revenues were \$3.42 billion, an increase of 5 percent from \$3.26 billion in fiscal year 2011 despite a challenging global economic environment. The Company achieved organic revenue growth of 3.0 percent from the prior fiscal year on a constant currency basis and solid profit growth. EBITDA was \$564 million and adjusted EBITDA was \$674 million, resulting in an adjusted EBITDA margin of 19.7 percent of revenues, an increase from 18.9 percent from the prior fiscal year.

In fiscal year 2011, the first full fiscal year of the combined Company following the merger of Watson Wyatt and Towers Perrin effective January 1, 2010 (the Merger), the Company's focus had been on harmonizing the pay programs of the legacy companies. In fiscal year 2012, the focus turned to (i) assessing the competitiveness of our

executive compensation target pay levels and opportunities; (ii) adjusting our overall pay mix to reflect the adoption of a new defined benefit pension plan applicable to our named executives and other U.S. associates; and (iii) bringing our pay mix more in line with our peer group companies by increasing long-term incentive opportunities for our named executives.

Table of Contents

Within this context, the Committee took the following considerations into account and made the following executive compensation decisions for fiscal year 2012:

Total cash compensation for our named executives, consisting of base salary and a fiscal year-end bonus, is generally aligned with the market median of our peer group. However, total direct compensation, consisting of base salary, a fiscal year-end bonus and long-term incentives, is positioned at or below the market 25th percentile for most of our named executives, primarily reflecting lower target long-term incentive opportunities for our named executives.

However, all of our named executives currently participate in our defined benefit pension plan, and Towers Watson is one of only a few companies in our peer group with such a plan. Historically, taking into account both the change in pension value as well as actual total direct compensation for the fiscal year has generally increased the total compensation of our named executives to at or above median. This pay mix historically reflected the Company's view that, due to the need to focus on the strategic integration of the Company following the Merger, the compensation of our named executives should be more heavily weighted towards annual cash compensation than long-term incentives as compared with our peer group.

Effective December 31, 2011, benefit accruals were frozen under legacy company defined benefit pension plans, and benefits will accrue under a new stable value pension design for service rendered on or after January 1, 2012. In light of this change, which was approved by the Board in August 2011, the Committee re-evaluated both the level and mix of compensation for our named executives to ensure that they continue to be competitive and in the best interests of the Company and its stockholders. As a result of this review, the Committee increased the long-term incentive opportunities for our named executive officers for fiscal year 2012.

The Committee approved grants of performance-vested restricted stock units ( PVRsUs ) to certain executive officers of the Company, including the Company's named executives, for the fiscal year 2012 to fiscal year 2014 performance period. The Committee adjusted upward the multipliers applicable to each of the named executives under the long-term incentive program from the previous fiscal year in order to increase the long-term incentive opportunity so as to move overall compensation closer to the market median. Between zero and 204 percent of the target number of PVRsUs will vest based on the extent to which the specified performance metrics of (i) an adjusted measure of earnings before interest, taxes, depreciation and amortization (EBITDA), expressed as a percentage of revenues (adjusted EBITDA margin), and (ii) revenue growth during the performance period, are achieved over a three-year performance period (July 1, 2011 to June 30, 2014). Such vesting is subject to the named executive's continued employment with the Company through the end of the performance period.

For long-term incentive opportunities granted in fiscal year 2012, the Committee has designated adjusted EBITDA margin and revenue growth as the primary quantitative metrics used to determine long-term incentive compensation to

be earned during the applicable three-year performance period designated by the Committee for measuring long-term performance. The Company is incurring significant transaction and integration costs as a result of the Merger, as well as significant non-cash charges from stock-based compensation arising from the Merger and the amortization of merger accounting intangible assets. The adjustments to EBITDA remove these costs in determining adjusted EBITDA margin, which provides a clearer indication of the Company's results of operations and provides a baseline for the evaluation of future operating results.

The Committee awarded annual bonuses that were above target levels for each named executive, based on discretionary assessments of relevant business unit performance, individual contributions to business performance, and overall financial results.

*Say on Pay Vote*

In 2011, we provided our stockholders with the opportunity to vote in favor of, or against, the compensation of our named executives, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). Although this vote was non-binding, the Committee has considered, and will continue to consider, the results of this vote each year when making compensation decisions for our executive officers. At our 2011 annual meeting, approximately 93% of the stockholders who voted on the say-on-pay proposal approved the compensation of our named executives. The Committee took this stockholder vote into account in determining not to adopt any changes to the Company's executive compensation policies and programs as a result of the vote. The Committee will continue to consider stockholder feedback and relevant competitive factors in determining compensation for our named executives.

Table of Contents

The Company's compensation programs and determinations are discussed in greater detail below.

**Our Executive Compensation Programs and Decisions**

*Base Salary*

In order to provide a fixed level of compensation for the performance of an executive's regular duties, the Company pays all of its named executives a fixed annual base salary, which the Committee reviews and approves at the beginning of each fiscal year and which becomes effective on October 1 of each year. Base salary decisions reflect the median compensation of our peer group for comparable positions, published survey data, and subjective considerations including the individual's experience and past performance. Base salaries are not targeted to be any particular percentage of total compensation. Mr. Haley makes salary recommendations to the Committee for the named executives other than himself. For fiscal year 2012, Mr. Haley recommended salary increases for the other named executives (other than Mr. Millay) that ranged from 2.5 percent to 3.9 percent, effective October 1, 2011, which range was consistent with our average salary increase budget on a global basis. For Mr. Millay, Mr. Haley recommended a salary increase of 9.1 percent, as Mr. Millay's base salary was determined to be below median. Mr. Haley discussed each recommendation with the Committee and, thereafter, the Committee approved the recommended salaries.

For fiscal year 2012, Mr. Haley's annual base salary was \$951,600 through September 30, 2011. Effective October 1, 2011, Mr. Haley's annual base salary was adjusted to \$981,000, a 3.1 percent increase from his previous year's base salary. In determining Mr. Haley's base salary increase, the principal factors that the Compensation Committee considered were the Company's overall financial results in a difficult economic environment, recognition of the increased complexity of the CEO role following the Merger, and salary levels of CEOs in the Company's peer group.

*Fiscal Year-End Bonuses*

The Company's named executives participate in an annual fiscal year-end bonus program, which the Company provides in order to supplement base salary and reward achievement of individual, business segment/function and/or overall Company results for the most recently completed fiscal year. The bonus program is operated under the stockholder-approved Towers Watson & Co. Incentive Compensation Plan. Pursuant to this program, for the 2012 fiscal year, the Committee established each named executive's bonus target as a percentage of base salary in accordance with the level to which the named executive had been assigned following the Merger, as shown in the

table below. These levels were designed to result in target total cash compensation at the market median, while also taking into account internal pay equity considerations across the integrated operations. Note that although a target bonus percentage was established for Mr. Mactas, he was not eligible for a bonus under the fiscal year-end bonus program due to his retirement from the Company effective October 3, 2011, prior to the end of the fiscal year.

Overall, actual target total cash approximates the market median. As a result, the target total cash pay positioning for our named executives is consistent with the Company's compensation philosophy of median total target cash.

**Target Bonus as a**

<b>Name</b>	<b>Percentage of Base Salary</b>
John J. Haley	125%
Roger F. Millay	80%
Mark V. Mactas	100%
James K. Foreman	80%
Gene H. Wickes	80%
Patricia L. Guinn	80%

The amount of fiscal year-end bonuses awarded as a percentage of target is discretionarily determined. Following the end of the fiscal year, Mr. Haley's fiscal year-end bonus was approved by the Board of Directors based on the recommendations of the Committee. The Committee recommended, and the Board of Directors approved, a bonus of \$1,594,125, equal to 130 percent of Mr. Haley's target bonus.

The principal factors taken into account by the Committee in determining Mr. Haley's bonus were his performance against a variety of objective and subjective performance criteria established by the Committee for the 2012 fiscal year, with no specific weighting assigned to each criterion. The primary financial goals established by the Committee were to exceed an adjusted EBITDA margin target of 18.25 percent and to achieve 4 percent organic constant currency growth over fiscal year 2011 revenue. Adjusted EBITDA margin is calculated based on a normalized income tax rate and excludes transaction and integration costs resulting from the Merger, non-cash stock-based compensation arising from the Merger and amortization of

Table of Contents

Merger accounting intangible assets. The Committee determined that adjusted EBITDA margin was the most appropriate objective profitability goal for measuring Mr. Haley's performance during the 2012 fiscal year because, as noted above, it removes Merger-related costs to provide a clearer indication of the Company's results of operations. The Company's board and management use adjusted measures of income to evaluate management's overall performance as well as to separately evaluate management's performance with respect to transaction and integration activities.

Adjusted EBITDA margin for the fiscal year ended June 30, 2012 as reported by the Company was 19.7 percent, while organic constant currency revenue growth was 3.0 percent. The Committee noted that although there was a shortfall in terms of the percentage of organic constant currency revenue growth, the Company nevertheless had a very successful fiscal year overall, with 5 percent revenue growth and solid profit growth. The Committee also evaluated Mr. Haley's performance against a number of other established goals, including (i) progress in implementing executive succession planning; (ii) achieving synergy cost savings in connection with the Merger and moving to integrated Finance and Human Resources information systems; (iii) monitoring the Company's significant risks and ensuring effective risk management across the enterprise; and (iv) implementing the Company's new three-pillar growth strategy.

In determining bonus payments for the fiscal year ended June 30, 2012 for the named executives other than Mr. Haley, the Committee asked for recommendations from Mr. Haley for each of his direct reports. In making his recommendations for the named executives, Mr. Haley reviewed the performance of each of the named executives against the executive's individual, business segment/region/function and overall Company goals for the fiscal year.

Towers Watson uses a scorecard approach for assessing associate performance on an annual basis. At the beginning of each fiscal year, our CEO develops an enterprise scorecard that frames our business priorities for the upcoming fiscal year and illustrates how we will measure progress in our four performance areas: Clients and Innovation; Financials/Profitable Growth; People; and Excellence. Our associates, including our named executives other than the CEO, then reference the enterprise scorecard in setting goals at the beginning of each fiscal year across the four key performance areas.

Mr. Foreman, Mr. Wickes and Ms. Guinn, each of whom has revenue and/or profit and loss responsibilities for a large region or segment, were assessed across the four focus areas based upon pre-established objectives that reflected both segment- or region-specific ( Line of Sight ) and Company-wide ( Enterprise ) accountabilities. During fiscal 2012, the weighting of these factors was 40 percent for Line of Sight results (if applicable) and 60 percent for Enterprise-wide accomplishments. Conversely, because Mr. Millay has responsibilities that extend across the entire enterprise, his goals were focused entirely on Enterprise-wide accomplishments.



The table below demonstrates the allocation of goals for each named executive within this process:

Named Executive	Clients & Innovation Goals		Financial Goals		People Goals		Excellence Goals	
	Line of Sight	Enterprise	Line of Sight	Enterprise	Line of Sight	Enterprise	Line of Sight	Enterprise
Millay		X		X		X		X
Foreman	X	X	X	X	X	X	X	X
Wickes	X	X	X	X	X	X	X	X
Guinn	X	X	X	X	X	X	X	X

Goals were developed and weighted for each named executive based upon the business conditions and areas of opportunity that existed at the beginning of the fiscal year.

Mr. Haley reviews both quantitative and qualitative outcomes against goals. Quantitative goals and outcomes may include financial performance, market share metrics, quality metrics and human capital metrics such as the level of unwanted turnover. Qualitative goals and outcomes may include client relationships, progress toward integration goals, effectiveness of change leadership, progress on succession planning, and cross-team effectiveness. Qualitative input also includes feedback received on each individual from other executive leaders.

Mr. Haley assesses the performance of each executive, assigning a score which is then weighted to reflect Line of Sight results (40 percent) (if applicable) and Enterprise performance (60 percent – 30 percent for overall Company leadership contributions, and 30 percent for contributions to our three-pillar growth strategy). For region and segment leaders, the Line of Sight weightings are adjusted based upon the financial performance of each individual's operation, further reinforcing the importance of financial results on Towers Watson's performance. A named executive's actual bonus recommendation is then determined based on this weighted rating. While this process reflects a methodical approach to evaluating the job performance of our named executives, achievement of these goals is evaluated subjectively, and the amount of fiscal year-end bonuses awarded as a percentage of target is discretionarily determined.

Table of Contents

In addition to the sustained profitability of the Company during the fiscal year relative to its peers, the bonus recommendations provided to the Committee by Mr. Haley took into account the qualitative assessment described below of each named executive's performance during the fiscal year.

During the fiscal year, Mr. Millay led the Company's efforts to maintain shareholder value by helping business unit leaders maintain profitability as the economy impacted demand. In addition, Mr. Millay was responsible for the implementation of global integrated support systems, country-by-country legal entity consolidation planning and execution, and the restructuring of key corporate functions. He also played a key role in the Company's acquisition of Extend Health, Inc. during fiscal year 2012.

Mr. Foreman achieved strong results in the Americas region (Line of Sight outcomes), with revenue growth that exceeded 5 percent (including the impact of the Aliquant and EMB acquisitions) and a 9.7 percent increase in operating profitability for the region. In addition, he contributed to the Company's overall success (Enterprise outcomes) by leading significant workstreams to implement global, Company-wide strategic growth plans. Mr. Foreman also effectively led our client development group in the Americas while maintaining an excellent degree of client retention. He also provided crucial guidance regarding the creation and operation of the new Exchange Solutions business segment.

Mr. Wickes led our Benefits segment to strong results, exceeding results of similarly situated businesses (Line of Sight results). Organic revenue growth for the mature Benefits segment was 3% on a constant currency basis, and operating profit increased by over 6% during a challenging year. Mr. Wickes sponsored significant Company-wide projects (Enterprise outcomes) related to the final integration of benefit programs and governance structures, and contributed to the Company's strategic growth plans through his personal leadership and participation in special projects.

Ms. Guinn led our Risk and Financial Services segment to a successful year, with 11.1 percent revenue growth (including the impact of the EMB acquisition) and a significant increase in profitability (net operating income for the segment improved by 20 percent from fiscal year 2011). In addition to these Line of Sight results, Ms. Guinn led Enterprise-wide efforts to develop a robust approach to risk and quality management within the Company, including the creation of an ongoing risk dashboard presented to the Risk Committee on a quarterly basis.

Based on his review of their performance, Mr. Haley recommended annual bonuses ranging from 117 percent to 130 percent of target for the named executives, as set forth below.<sup>1</sup>

**Bonus as a**

<b>Name</b>	<b>Percentage of Target</b>
Millay	118%
Foreman	130%
Wickes	127%
Guinn	117%

1 Because of the retirement of Mr. Mactas from the Company effective October 3, 2011, prior to the end of the fiscal year, Mr. Mactas was not eligible for a bonus under the Company's fiscal year-end bonus program.

Mr. Haley discussed each recommendation with the Committee. The Committee has final authority to determine the actual bonus amounts (though not above the maximum incentive award established by the Committee, described under "Tax and Accounting Treatments of Elements of Compensation" below) and determined to approve all of the recommended payouts without adjustment.

***Long-Term Incentive Compensation: PVRsUs***

In September 2010, the Committee finalized the design of a long-term, equity-based compensation program for executive officers, consisting of PVRsUs granted pursuant to the Company's shareholder-approved 2009 Long Term Incentive Plan. The PVRsUs are designed to provide the Company an opportunity to offer long-term incentives and to provide key executives with a long-term stake in the success of the Company. Under the PVRsU award agreements, participants become vested in a number of PVRsUs based on the achievement of specified levels of financial performance during the performance period set forth in the award agreement. The Committee has the authority to determine the number of PVRsUs that become vested and payable pursuant to the PVRsU Awards. Any PVRsUs that become vested shall thereafter be payable in shares of Class A Common Stock of the Company.

Dividend equivalents will accrue on the PVRsUs but only vest and are paid to the same extent and at the same time as the underlying shares.

Table of Contents

The Committee approved grants of PVRsUs (the PVRsU Awards ) to the Company's named executives for the fiscal year 2012 to fiscal year 2014 performance period. Individual target grant amounts, based on the grant date fair value, were set at 220 percent of salary for the Chairman and Chief Executive Officer and 100 percent of salary for the other named executives. These percentages represent an increase from the prior fiscal year and were instituted by the Committee at the suggestion of the Committee's independent compensation consultant following an assessment of competitive practice in order to increase target total direct compensation so as to move overall compensation closer to the market median. The following table shows the target number of PVRsUs awarded to each of the named executives:

<b>Name</b>	<b>Target Number of PVRsUs</b>
John J. Haley	37,216
Roger F. Millay	10,346
Mark V. Mactas	0
James K. Foreman	10,605
Gene H. Wickes	10,174
Patricia L. Guinn	9,225

Between zero and 204 percent of the target number of PVRsUs may vest based on the extent to which specified performance metrics are achieved over the three-year performance period running from July 1, 2011 to June 30, 2014. The Committee established revenue growth during the performance period (based on fiscal year 2014 revenue versus fiscal year 2011 revenue) and adjusted EBITDA margin (discussed above with respect to the determination of year-end bonuses) for the twelve-month period ending June 30, 2014 as the performance metrics for the PVRsU Awards. These measures were selected as appropriate performance measures because, for fiscal year 2012, the focus of our named executives was on driving profitable revenue growth while also maintaining stable profit margins at a relatively high level. The Committee has the authority to exercise negative discretion in determining the number of PVRsUs that become vested and payable pursuant to the PVRsU Awards. See the discussion following the table on Grants of Plan-Based Awards in Fiscal Year 2012 on page 32 for more information on the target performance goals and the formula to be used to determine the amount payable based on results for the fiscal year 2012 through 2014 performance period.

Named executives generally will forfeit unvested PVRsUs upon a termination of employment prior to the end of the performance period. On September 22, 2011, the Committee approved an amendment to the form of PVRsU award agreement. The amendment to the PVRsU award agreement (including all currently outstanding award agreements) provides that in all jurisdictions in which a benefit can lawfully be conditioned on age and/or years of service, the awards will continue to vest following a "qualifying retirement", subject to (i) the performance conditions with respect to the PVRsUs; (ii) compliance with certain non-competition obligations; and (iii) completion of the first fiscal year (July 1 to June 30) of service during the performance period at or before the date of retirement. The decision to provide for continued vesting following retirement, subject to ultimate achievement of the applicable performance

metrics over the remaining performance period, is consistent with the approach that had been taken by the Watson Wyatt Compensation Committee with respect to performance-vested awards in the context of executives who had announced their retirement prior to completion of the relevant performance period. Due to Mr. Mactas' pending announced retirement from the Company on October 3, 2011, which would have led to forfeiture of his PVRsUs, the amendment under applicable accounting standards effectively resulted in a modified new award of PVRsUs to Mr. Mactas for the three-year performance period beginning July 1, 2010 and ending June 30, 2013.

Although the PVRsU Awards are not currently subject to a formal clawback restriction, the Company intends to adopt a clawback policy to comply with the Dodd-Frank Act after final rules have been promulgated and will subject all future grants to a clawback restriction.

### ***Retirement and Savings Plans***

Each of the named executives participates in a defined benefit plan sponsored by the Company that is available to associates in the United States. The Company's sponsorship of such plans is consistent with its belief that defined benefit plans continue to represent a crucial and viable means for it to provide for the future retirement security of our associates and to encourage sustained service to the Company. More details regarding the defined benefit plans are included in the discussion following the Pension Benefits table on page 36. Each of our named executives is also eligible to participate in a 401(k) plan that is available to associates in the United States.

Effective December 31, 2011, benefit accruals were frozen under the qualified and nonqualified defined benefit plans that had been maintained by Towers Perrin and Watson Wyatt for U.S. associates. The plans were then merged to form the corresponding Towers Watson defined benefit plans as of December 31, 2011.

Table of Contents

The Towers Watson defined benefit plans provide benefits using a stable value formula for service rendered on or after January 1, 2012. Under this formula, the qualified and supplemental non-qualified plans will provide each eligible participant with a lump sum benefit payable at age 65 equal to 15 percent of each covered year's pay up to the Social Security wage base, and 20 percent of each covered year's pay in excess of the wage base, with pay for these purposes consisting of salary, bonuses and, for non-executives, any overtime wages. The lump sum will be reduced for commencement prior to age 62. Participants in the qualified pension plan may, in most instances, choose to receive the value of their lump sum benefit as an annuity at the time of retirement.

In connection with these changes, Watson Wyatt also froze contributions under the Watson Wyatt Deferred Savings Plan, a non-qualified supplemental savings plan, effective immediately following the date that contributions were made with respect to the short plan year ending December 31, 2011.

***Employee Welfare Benefit Plans***

Our named executives are eligible for medical, life insurance and other welfare benefits available to other associates, depending upon the organization they were employed by prior to the Merger and, after January 1, 2011, through participation in common harmonized plans. There are no special medical plans or other welfare plans for our named executives, except that the named executives are covered by an officers and directors liability policy that the Company provides only to certain of its senior executives and its non-employee directors.

**Severance Benefits**

The Company has not entered into employment agreements with its named executives. Effective July 1, 2011, Towers Watson adopted a severance pay plan for U.S.-based associates, which includes our named executives. The plan provides for severance pay in an amount equal to three weeks base pay for each completed year of the named executive's service, plus twelve weeks, up to a maximum of 44 weeks pay payable in a lump sum upon termination.

The Company assumed transaction-based compensation agreements that Towers Perrin entered into effective December 31, 2008 with certain of its executives, including Messrs. Mactas and Foreman and Ms. Guinn. These agreements provided for severance benefits in the event of a termination of employment under certain circumstances within two years after a Change in Control (as defined in the agreement). As a Change in Control resulted from the Merger effective January 1, 2010, the agreements expired as of January 1, 2012. These agreements were provided as an incentive to these executives to exert their maximum efforts for, and remain in the employ of, Towers Perrin

leading up to, and during the transition period following, a change in control. The Merger constituted a change in control for purposes of the transaction-based compensation agreements. However, no amounts were paid to Messrs. Mactas and Foreman and Ms. Guinn pursuant to these agreements prior to, or in conjunction with, their expiration on January 1, 2012.

### **Tax and Accounting Treatments of Elements of Compensation**

Section 162(m) of the Code disallows a tax deduction for the Company for compensation paid to certain executives exceeding \$1 million in any taxable year, excluding compensation that is considered to be performance based. Under the Incentive Compensation Plan, which was approved by the stockholders of Watson Wyatt and assumed by Towers Watson in connection with the Merger, annual fiscal year-end bonuses paid to senior executives may qualify as performance-based compensation that is not counted toward the \$1 million limitation on deductibility of compensation ..

At the beginning of fiscal year 2012, the Committee established the maximum annual bonus award as 2.5 percent of net income for the fiscal year in the case of the CEO and any other participant who is a member of the Board, and 1.5 percent of net income for each other named executive. For fiscal year 2012, the Committee certified the amount of net income as defined under the plan for the performance period and each participant's maximum award under the plan, and determined each participant's actual award as described above, exercising discretion so that the bonuses actually paid were well below the maximum incentive awards permissible under the performance goals.

As a result, it is expected that the 2012 fiscal year-end bonuses paid to the named executives under the Incentive Compensation Plan will not be counted toward the \$1 million limitation on deductibility of compensation . Likewise, because they were granted under a stockholder-approved plan and other requirements were satisfied, it is expected that the PVRsUs awarded to the named executives will not be subject to the \$1 million limitation on deductibility of compensation.

Table of Contents

**Compensation Decision Process and Methodology**

***Role of Internal and External Compensation Consultants***

The Committee is responsible for evaluating the compensation levels for each of the named executives of the Company and for administering the Company's cash- and equity-based plans. The Committee has engaged Compensation Advisory Partners, LLC (CAP) as its compensation consultant to support the Committee in meeting those responsibilities. CAP's work is performed directly under the guidance of the Committee, in cooperation with management, to assist the Committee with executing its executive compensation-related responsibilities. In such role, CAP serves as an objective third-party advisor in assessing the reasonableness of compensation levels and the appropriateness of the design of the Company's evolving compensation program structure in supporting the Company's current and future business strategy and human resource objectives. The Committee has the sole authority to retain and terminate the services of CAP.

CAP supported the Committee by:

.

Conducting a competitive review and analysis of the Company's current executive compensation program in comparison to competitive market survey data and executive pay at a revised peer group of companies, for reference in determining the appropriate levels for future long-term incentive awards and in determining fiscal year 2012 compensation decisions;

.

Performing a comprehensive risk assessment of the Company's compensation plans, practices and policies for the purpose of ensuring that the Company's compensation programs are sufficiently balanced and do not create incentives for excessive risk taking;

.

Providing information on executive compensation trends, as requested; and

.

Participating in many of the Committee's meetings and conference calls (there were six such meetings or calls during fiscal year 2012) and, when requested by the Committee chair, in the Committee's executive sessions.



Also, for the fiscal year ended June 30, 2012, the Company's Human Resources department utilized internal Company executive compensation consultants to provide various services pertaining to executive compensation. These services included assisting in recommending financial and other targets to be achieved under the Company's compensation and incentive programs and in preparing analyses of financial data, peer group comparisons and other briefing materials for management's review, which information was ultimately shared with the Committee. The Committee considered the information provided by the Company's Human Resources department and its internal consultants; however, such information did not have a significant impact upon, or a direct role in, the Committee's deliberations or decisions.

### *Use of Peer Company Data*

In making its determinations, the Committee relied on publicly available information for a select group of peer group companies, commissioned survey data and its own knowledge of the market for key executives. The peer group was selected by the Committee based on the recommendations of CAP and input from management on the comparability of the business operations of potential peer group companies. Information regarding the peer group companies was utilized to inform decisions regarding the assessment of competitive pay levels and mix, annual performance/merit driven compensation and future program design, but not to benchmark or target a specific relative level of compensation.

The peer group companies include those few public companies with human resources consulting lines of business.

Because many of the Company's direct competitors are privately owned (e.g., the Hay Group) or are subsidiaries of larger public companies (e.g., Mercer Human Resource Consulting, Aon Hewitt and Buck Consultants), the number of direct competitors for which public information is available for peer group comparison is limited. Therefore, additional peer group companies in other industries were selected using the following criteria: (a) reasonably comparable size (based on revenue and market capitalization); (b) positive EBITDA; (c) high human capital/low financial capital business model; and (d) global reach.

Table of Contents

For conducting a competitive assessment of the compensation levels of each of its named executives for fiscal year 2012, the Committee approved a peer group of fifteen companies, as follows:

.	.
AllianceBernstein Holdings L.P.	ManTech International Corporation
.	.
Aon Corp. (now Aon plc)*	Marsh & McLennan Companies, Inc.*
.	.
Arthur J. Gallagher & Co.	Paychex, Inc.
.	.
Booz Allen Hamilton Holding Corporation	Robert Half International Inc.
.	.
CACI International Inc.	SRA International, Inc.
.	.
Cognizant Technologies Solutions	Unisys
.	.
FTI Consulting, Inc.	Willis Group Holdings Plc.
.	.
Gartner, Inc.	

\* The full peer group is used while examining pay levels, while these direct competitors receive greater focus for pay practice information (i.e., the specific mix including base, bonus, long term incentives, etc.) relating to the CEOs of their relevant subsidiaries, Mercer Human Resource Consulting and Aon Hewitt, respectively.

In comparison to the peer group of companies at the beginning of the fiscal year Towers Watson was between the 25<sup>th</sup> percentile and the median in terms of revenues, and between the median and the 75<sup>th</sup> percentile in terms of market capitalization. The competitive assessment performed by CAP at the beginning of the fiscal year, utilizing publicly-disclosed compensation data from the Company's peer group as well as published survey data then available, indicated that overall, the Towers Watson executives' target total direct compensation (target total cash plus target long-term incentive opportunity) was positioned at or below the 25th percentile for most of the executives, including the CEO. Although all of our named executives currently participate in Company-sponsored defined benefit pension plans, and Towers Watson is one of only a few companies in our peer group with such plans, the pension plans were modified during fiscal year 2012. In light of this change, the Committee re-evaluated both the level and mix of compensation for our named executive officers to ensure that they continue to be competitive and in the best interests of the Company and its stockholders. As a result of this review, the Committee increased the long-term incentive opportunity for each of the named executives under the long-term incentive program from the previous fiscal year with the intention of moving overall compensation closer to the market median. Although this had the effect of generally increasing the total compensation opportunity of our named executives to at or above median based on the data available at the beginning of the fiscal year, Towers Watson continues to have lower absolute and relative amounts of equity compensation in comparison to our peer group companies due to the Committee taking into account benefits provided under its defined benefit pension arrangements.

### **Stock Ownership Guidelines**

During fiscal year 2011, the Company adopted new global stock ownership guidelines which superseded the guidelines that had been in place for legacy Watson Wyatt associates. The new stock ownership guidelines are intended to align associates' financial interest with the interests of other stockholders and the Company.

The stock ownership guidelines are expressed as a multiple of base salary. Mr. Haley's ownership requirement is five times his base salary, Mr. Mactas' ownership requirement prior to his retirement was three times his base salary, and the ownership requirement for our remaining named executives is two times their respective base salaries. The aforementioned guidelines are prorated over the first six years of employment with Towers Watson as measured beginning July 1, 2010. Each of our actively employed named executives had satisfied his or her guideline as of June 30, 2012, and owned substantially more stock than required by the guidelines.

Table of Contents

**COMPENSATION COMMITTEE REPORT**

Our Committee is composed of four independent Directors, each of whom meets the independence requirements of the NYSE and NASDAQ listing standards and the rules and regulations of the SEC. The Compensation Committee operates under a written charter adopted by the Board. Our charter can be viewed on the Company's website ([www.towerswatson.com](http://www.towerswatson.com)) in the Investor Relations section.

We have reviewed and discussed the Compensation Discussion and Analysis (CD&A) with the CEO and CFO. Based upon our review and such discussion, we recommended to the Board that the CD&A be included in the Proxy Statement.

THE COMPENSATION COMMITTEE:

Gilbert T. Ray (Chair)

Linda D. Rabbitt

Paul Thomas

Wilhelm Zeller

Table of Contents**Compensation of Executive Officers***General Overview*

The tables and narratives set forth below provide specified information concerning the compensation of our named executives. The Summary Compensation Table below reports compensation paid or accrued by Towers Watson with respect to services rendered to Towers Watson for the fiscal year ended June 30, 2012.

*Summary Compensation Table*

Name and Principal Position	Fiscal Year <sup>(1)</sup>	Salary (\$) <sup>(2)</sup>	Bonus (\$) <sup>(3)</sup>	Stock Awards (\$) <sup>(4)</sup>	Option Awards (\$)	Nonqualified Deferred Compensation Earnings (\$) <sup>(5)</sup>	Change in Pension Value and Non-Equity Nonqualified Deferred Compensation All other Compensation (\$) <sup>(6)</sup>	Total (\$)
John J. Haley President, Chief Executive Officer, Chairman of the Board and Director	2012	\$973,650	\$1,594,125	\$2,158,156	\$0	\$2,815,354	\$76,228	\$7,617,513
	2011	942,450	1,405,000	1,903,170	0	1,951,861	86,148	6,288,629
	2010	457,500	571,875	0	614,995	1,460,279	117,494	3,222,143
	2010	457,500	640,500	0	566,965	0	0	1,664,965
Roger F. Millay Vice President and Chief Financial Officer	2012	587,500	565,000	599,965	0	301,686	54,417	2,108,568
	2011	550,000	520,000	439,966	0	225,486	31,720	1,767,172
	2010	275,000	198,000	0	144,444	122,900	33,123	773,467
	2010	275,000	200,000	0	133,160	71,619	1,800	681,579

Edgar Filing: Towers Watson & Co. - Form DEF 14A

Mark V. Mactas(7) Former President, Chief Operating Officer, Deputy  Chairman of the Board and  Director	2012	208,417	0	3,215,620	0	1,694,305	2,448	5,120,790
	2011	811,875	970,000	1,229,986	0	996,655	70,188	4,078,704
	2010	350,000	503,125	0	0	1,134,734	12,700	2,000,559
James K. Foreman Managing Director, Americas	2012	611,250	640,000	614,984	0	448,164	107,684	2,422,082
	2011	598,613	565,000	1,990,467	0	205,221	50,303	3,409,604
	2010	267,500	285,000	5,283,274	0	157,690	12,700	6,006,164
Gene H. Wickes Managing Director, Benefits	2012	586,250	600,000	589,990	0	1,015,647	46,289	2,838,176
	2011	575,000	545,000	459,966	0	620,993	94,729	2,295,688
	2010	287,500	220,000	0	120,802	538,630	86,204	1,253,136
	2010	287,500	225,000	0	111,371	328,109	0	951,980
Patricia L. Guinn Managing Director, Risk and Financial Services	2012	530,000	500,000	534,958	0	760,213	94,719	2,419,890

- (1) With respect to Messrs. Haley, Millay and Wickes, who served at Watson Wyatt prior to the Merger, the table reflects compensation paid or accrued with respect to services rendered to Watson Wyatt for the first six months of its 2010 fiscal year from July 1, 2009 to December 31, 2009, the day before the effective date of the Merger, and for the six months following the Merger for the fiscal year ended June 30, 2010. With respect to Messrs. Mactas and Foreman, who previously served at Towers Perrin, 2010 compensation reflects the six months from the effective date of the Merger, January 1, 2010 to June 30, 2010.
- (2) Salary adjustments become effective on October 1 of each fiscal year. Effective October 1, 2011, Mr. Haley's base salary increased from \$951,600 to \$981,000, Mr. Millay's base salary increased from \$550,000 to \$600,000, Mr. Mactas' salary remained unchanged at \$820,000 due to his retirement from the Company effective October 3, 2011, Mr. Foreman's base salary increased from \$600,000 to \$615,000, Mr. Wickes' base salary increased from \$575,000 to \$590,000 and Ms. Guinn's base salary increased from \$515,000 to \$535,000. For Messrs. Haley, Millay, Foreman and Wickes and Ms. Guinn, the salary amounts shown in the Summary Compensation Table for fiscal year 2012 reflect three months of salary at the rate in effect prior to October 1, 2011 and nine months of salary at the new rate effective October 1, 2011.
- (3) Reflects the value of fiscal year-end bonuses earned during fiscal year 2012 and which were paid in September 2012. The fiscal year-end bonus program is a discretionary bonus program, which is designed to reward achievement of individual, business segment/function and/or overall results for Towers Watson during the fiscal year. For fiscal year 2012, Mr. Haley's target bonus was 125 percent of his base salary, Mr. Millay's target bonus was 80 percent of his base salary, Mr. Mactas' target bonus was 100 percent of his base salary, Mr. Foreman's target bonus was 80 percent of his base salary, Mr. Wickes' target bonus was 80 percent of his base salary and

Ms. Guinn's target bonus was 80 percent of her base salary, in each case at the rate in effect at the end of the fiscal year. The amount of the bonus awarded as a percentage of target was discretionarily determined at fiscal year-end by Towers Watson's Compensation Committee based on the achievement of individual, business segment/function and/or overall results for Towers Watson during the fiscal year, as described above in the Compensation Discussion and Analysis.

Table of Contents

- (4) For 2012, represents the aggregate target grant date fair value under applicable accounting standards of PVRSU awards under the Company's 2009 Long Term Incentive Plan. The aggregate grant date fair value of the PVRSU awards, assuming the maximum level of achievement of the performance metrics over the three-year performance period beginning July 1, 2011 and ending June 30, 2014, is \$4,402,638 for Mr. Haley, \$1,223,929 for Mr. Millay, \$1,254,567 for Mr. Foreman, \$1,203,580 for Mr. Wickes and \$1,091,314 for Ms. Guinn.

For Mr. Mactas, the amount shown represents the aggregate grant date fair value under applicable accounting standards of a modified PVRSU award under the Company's 2009 Long Term Incentive Plan for the three-year performance period beginning July 1, 2010 and ending June 30, 2013. On September 22, 2011, the Committee approved an amendment to the form of PVRSU award agreement, including Mr. Mactas' then outstanding award agreement. The amendment to the PVRSU award agreement provides that in all jurisdictions in which a benefit can lawfully be conditioned on age and/or years of service, the awards will continue to vest following a "qualifying retirement", subject to (i) the performance conditions with respect to the PVRSU; (ii) compliance with certain non-competition obligations; and (iii) completion of the first fiscal year (July 1 to June 30) of service during the performance period at or before the date of retirement. Mr. Mactas' retirement from the Company constituted a "qualifying retirement" and Mr. Mactas subsequently entered into a two-year Confidentiality and Non-Solicitation Agreement that, in part, prohibits him from competing with the Company for a period of two years following his retirement date. Due to Mr. Mactas' pending announced retirement from the Company on October 3, 2011, which would have led to forfeiture of his PVRSU, the amendment effectively resulted in a modified new award of PVRSU to Mr. Mactas.

- (5) During the fiscal year ended June 30, 2012, the Watson Wyatt & Company Pension Plan for U.S. Employees was merged with the Towers Perrin Retirement Plan for U.S. Employees, with the combined plan renamed as the Towers Watson Pension Plan for U.S. Employees (which we refer to as the Towers Watson Pension Plan). In addition, the Excess Compensation Plan of Watson Wyatt & Company was merged with the Towers Perrin Retirement Income Restoration Plan, with the combined plan renamed the Towers Watson Supplemental Executive Retirement Plan (which we refer to as the Towers Watson SERP). This column reflects any aggregate increase in actuarial present values of accumulated benefits during the fiscal year ended June 30, 2012 for the named executives under the Towers Watson Pension Plan and the Towers Watson SERP. Any increase in actuarial present value was determined using assumptions that are the same as those used in Towers Watson's financial statements for the fiscal year ended June 30, 2012, except that retirement is assumed to occur at the earliest unreduced retirement age for the named executives, and no pre-retirement terminations or deaths are assumed to occur.

The earliest unreduced retirement age for Messrs. Millay and Wickes is age 62. The earliest unreduced retirement age assumed for Mr. Foreman and Ms. Guinn is age 60 because the vast majority of their accrued benefits are unreduced at age 60. The earliest unreduced retirement age for Mr. Haley is his current age because he attained age 62 during the fiscal year. The earliest unreduced retirement age for Mr. Mactas is not applicable because he has already retired.



The increases in the actuarial present values for Messrs. Haley, Millay, Mactas, Foreman and Wickes and Ms. Guinn for fiscal year 2012 of \$2,815,012, \$301,653, \$1,694,305, \$448,164, \$1,015,515 and \$760,213, respectively, can be attributed to several factors. First, assumption changes made by Towers Watson for financial reporting purposes increased the present values. Most notable were decreases in the assumed interest rate used to determine the value of benefits from 6.00 percent to 5.00 percent for benefits from the Towers Watson Pension Plan and from either 5.75 percent (for Towers Perrin Retirement Income Restoration Plan benefits) or 5.50 percent (for the Excess Compensation Plan of Watson Wyatt & Company benefits) to 5.00 percent for the Towers Watson SERP. The assumption changes increased the actuarial present value amounts by \$1,756,169 for Mr. Haley, \$45,390 for Mr. Millay, \$750,008 for Mr. Mactas, \$115,639 for Mr. Foreman, \$359,325 for Mr. Wickes and \$156,302 for Ms. Guinn. Second, the increases are due to current compensation levels for compensation earned through December 31, 2011, including one-half of the fiscal year 2012 year-end bonus paid in September 2012, raising the highest average compensation being used in the calculations for Messrs. Haley, Millay and Wickes. Third, Messrs. Haley, Millay, Foreman and Wickes and Ms. Guinn accrued an additional year of service. Mr. Mactas accrued an additional four months of service. Fourth, because Messrs. Millay, Foreman and Wickes and Ms. Guinn are younger than the earliest unreduced retirement age, the actuarial present value increased because they are one year closer to the assumed retirement date and retirement benefits are thus assumed to be one year closer to payment.

For fiscal year 2012, the above-market interest accrued on the balance in the Deferred Savings Plan for U.S. Employees of Watson Wyatt & Company (which we refer to as the Watson Wyatt Deferred Savings Plan ) is \$342 for Mr. Haley, \$33 for Mr. Millay and \$132 for Mr. Wickes, respectively. Interest is considered above-market to the extent it exceeds 120 percent of the applicable federal long-term rate. Nonqualified deferred compensation earnings and account balances under the Watson Wyatt Deferred Savings Plan are disclosed in the Nonqualified Deferred Compensation table of this proxy statement.

- (6) With respect to Messrs. Haley, Millay and Wickes, for the fiscal year ended June 30, 2012, all other compensation consists of (a) Company matching contributions made to a legacy Watson Wyatt qualified savings plan in the amount of \$2,750 for Mr. Millay; (b) Company contributions made to a legacy Watson Wyatt nonqualified deferred compensation plan in the amount of \$56,645 for Mr. Haley, \$21,475 for Mr. Millay and \$25,087 for Mr. Wickes; (c) Company matching contributions made to a new combined Towers Watson qualified savings plan in the amount of \$10,000 for Mr. Haley, \$10,000 for Mr. Millay and \$10,000 for Mr. Wickes; and (d) other miscellaneous compensation, including payment for the cash out or sale back to the Company of excess unused paid time off (all U.S.-based legacy Watson Wyatt associates are subject to the same paid time off limits) in the amount of \$9,583 for Mr. Haley, \$20,192 for Mr. Millay and \$11,202 for Mr. Wickes.

With respect to Messrs. Mactas and Foreman and Ms. Guinn, for the fiscal year ended June 30, 2012, all other compensation consists of (a) Company contributions made to a legacy Towers Perrin nonqualified deferred compensation plan in the amount of \$92,992 for Mr. Foreman and \$73,468 for Ms. Guinn; (b) Company matching contributions made to a new combined Towers Watson qualified savings plan in the amount of \$10,000 for Mr. Foreman and \$10,000 for Ms. Guinn; (c) premiums paid by Towers Perrin for group term life insurance in the amount of \$2,034 for Mr. Mactas, \$1,080 for Mr. Foreman and \$1,080 for Ms. Guinn; and (d) other miscellaneous compensation, including payment for the cash out or sale back to the Company of excess unused paid time off in the amount of \$414 for Mr. Mactas, \$3,612 for Mr. Foreman and \$10,171 for Ms. Guinn.

Edgar Filing: Towers Watson & Co. - Form DEF 14A

Towers Watson provides to its named executives no perquisites or other personal benefits having an aggregate incremental cost for any named executive in excess of \$10,000, and as a result, the value of any such perquisites or other personal benefits is not included in this column.

(7) Mr. Mactas retired from the Company effective October 3, 2011.

Table of Contents***Grants of Plan-Based Awards in Fiscal Year 2012***

The table below shows the equity awards that were made to each of the named executives during fiscal year 2012 under the Company's 2009 Long Term Incentive Plan.

**Estimated Future Payouts Under Equity Incentive Plan Awards**

<b>Name</b>	<b>Grant</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>	<b>Grant Date</b>	<b>Fair Value of</b>
	<b>Date</b>	<b>(#)</b>	<b>(#)</b>	<b>(#)</b>		<b>Stock Awards</b>
John J. Haley	9/22/2011	3,721	37,216	75,920		\$ 2,158,156
Roger F. Millay	9/22/2011	1,034	10,346	21,105		599,965
Mark V. Mactas	9/22/2011	10,872	27,182	55,451		3,215,620
James K. Foreman	9/22/2011	1,060	10,605	21,634		614,984
Gene H. Wickes	9/22/2011	1,017	10,174	20,754		589,990
Patricia L. Guinn	9/22/2011	922	9,225	18,819		534,958

For Messrs. Haley, Millay, Foreman and Wickes and Ms. Guinn, amounts shown under the Estimated Future Payouts Under Equity Incentive Plan Awards columns represent threshold, target and maximum number of PVRSU Awards that may be earned (that is, become vested) under the Company's 2009 Long Term Incentive Plan following the end of the three-year performance period beginning July 1, 2011 and ending June 30, 2014. Amounts actually earned are payable in shares of Company stock. Dividend equivalents are accrued during the performance period for outstanding awards but are only paid out to the extent such awards are earned. See a discussion of the PVRSU Awards in the Compensation Discussion and Analysis beginning on page 20 of this disclosure.

For the fiscal year 2012 PVRSU Awards, the Committee established organic revenue growth during the performance period (based on fiscal year 2014 revenue versus fiscal year 2011 revenue on a constant currency basis) and adjusted EBITDA margin for the twelve-month period ending June 30, 2014 as the performance metrics for the PVRSU Awards. For the fiscal 2012 through 2014 performance period, the number of PVRSU that may become vested and payable pursuant to the Award shall be determined as the product of multiplying items (a), (b) and (c) below, where:

(a) is the target number of PVRSU subject to the Award;

(b) is the contingent percentage (as set forth in Table A) that corresponds to the percentage change in Company revenue achieved over the performance period; and

(c) is the adjusted EBITDA margin multiplier (as set forth in Table B) that corresponds to adjusted EBITDA Margin achieved for the twelve-month period ending June 30, 2014.

**Table A**

<b>Fiscal Year 2014</b>	
<b>Company Revenue</b>	<b>Contingent</b>
<b>as a Percentage of</b>	<b>Percentage</b>
<b>Fiscal Year 2011</b>	<b>of Award Earned</b>
≥ 116%	170%
≥ 114%	140%
≥ 112%	120%
≥ 110%	100%
≥ 108%	90%
≥ 107%	75%
≥ 106%	50%
≥ 105%	25%
< 105%	0%

Table of Contents**Table B****Adjusted EBITDA Margin****(for the Twelve-Month  
Period****Adjusted EBITDA****Ending June 30, 2014)****Margin Multiplier**

< 17.75%	0%
≥ 17.75%	40%
≥ 18.00%	80%
≥ 18.50%	100%
≥ 19.00%	120%

For example, at the end of the three-year performance period, if revenue growth is 113.0% and the adjusted EBITDA margin for the twelve-month period ending June 30, 2014 is 19.5%, Mr. Haley would vest in 53,591 PVRsUs (37,216 x 120% x 120%), in addition to the dividend equivalents credited to his PVRsU Award during the performance period that would vest on the same basis.

For Mr. Mactas, amounts shown under the Estimated Future Payouts Under Equity Incentive Plan Awards columns represent threshold, target and maximum number of PVRsU Awards to be earned (vested) under the Company's 2009 Long Term Incentive Plan following the end of the three-year performance period beginning July 1, 2010 and ending June 30, 2013. On September 22, 2011, as discussed above, the Committee approved an amendment to the form of PVRsU award agreement, including Mr. Mactas' then outstanding award agreement for the July 1, 2010 to June 30, 2013 performance period. The amendment had the effect of allowing for continued vesting following retirement in certain circumstances, subject to (i) the performance conditions with respect to the PVRsUs; (ii) compliance with certain non-competition obligations; and (iii) completion of the first fiscal year (July 1 to June 30) of service during the performance period at or before the date of retirement. Due to Mr. Mactas' pending announced retirement from the Company on October 3, 2011, which would have led to forfeiture of his PVRsUs, the amendment effectively resulted in a modified new award of PVRsUs to Mr. Mactas. Amounts actually earned are payable in shares of Company stock. Dividend equivalents are accrued during the performance period but are only paid out to the extent such awards are earned.

The grant date fair value of all of the PVRsUs reported in the table above for Messrs. Haley, Millay, Mactas, Foreman and Wickes and Ms. Guinn was determined in accordance with applicable accounting standards based on the closing price of the Company's Class A Common Stock on the date of grant of \$57.99.



Table of Contents*Outstanding Equity Awards at 2012 Fiscal Year-End*

The following table sets forth information concerning the outstanding stock awards held at June 30, 2012 by each of the named executives.

Name	Option Awards			Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares (\$) <sup>(6)</sup>
	Number of Securities Underlying Unexercised Options (#) Exercisable <sup>(1)</sup>	Option Exercise Price <sup>(2)</sup> (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#) <sup>(3)</sup>	Market Value of Stock That Have Not Vested <sup>(4)</sup> (\$)	
John J. Haley	51,403	\$45.88	3/4/17			
	55,530	42.47	9/9/16			86,269 <sup>(7)</sup> 53,853 <sup>(8)</sup>
Roger F. Millay	12,073	45.88	3/4/17			
	13,042	42.47	9/9/16			19,943 <sup>(7)</sup> 14,971 <sup>(8)</sup>
Mark V. Mactas	0	N/A	N/A			55,755 <sup>(7)</sup>
James K. Foreman	0	N/A	N/A	46,560	\$2,788,490	21,756 <sup>(7)</sup> 15,346 <sup>(8)</sup>
Gene H. Wickes	10,097	45.88	3/4/17			
	10,908	42.47	9/9/16			20,850 <sup>(7)</sup> 14,722 <sup>(8)</sup>

Patricia L. Guinn	0	N/A	N/A	18,674 <sup>(7)</sup>	1,118,573
				13,350 <sup>(8)</sup>	799,665

- (1) All options reported are fully vested and represent the right to purchase Towers Watson Class A Common Stock at the stated exercise price.
- (2) All option exercise prices were set at the closing price on the date of grant of Watson Wyatt common stock (for those options issued prior to the Merger) or Towers Watson Class A Common Stock (for those options issued subsequent to the Merger).
- (3) Represents the unvested portion of the restricted stock awards made to Mr. Foreman on January 1, 2010 and December 10, 2010, respectively. The remaining unvested portion of the awards will vest on January 1, 2013, subject to Mr. Foreman remaining in continuous service with the Company through the applicable vesting date. In the event that Mr. Foreman's employment with the Company is terminated for reasons other than death, disability or termination by the Company without cause, all of the shares underlying the awards that have not yet vested will be forfeited. Dividends will accrue on shares underlying the awards and will be paid around the time, and only to the extent, that the underlying shares vest.
- (4) Represents the market value of the unvested restricted shares based on the closing price of the Company's Class A Common Stock on June 29, 2012 of \$59.90.



Table of Contents

- (5) Represents the number of PVRsUs granted under the Company's 2009 Long Term Incentive Plan and credited with dividend equivalents, assuming projected earn-out of 204 percent following completion of the three-year performance period ending June 30, 2013 and assuming projected earn-out of 144 percent following completion of the three-year performance period ending June 30, 2014, such projections based on actual performance through June 30, 2012. Awards vest at between zero and 204 percent of the target number of PVRsUs based on the extent to which specified performance metrics are achieved over the applicable three-year performance period, subject to the named executive's continued employment with the Company through the end of the performance period. See the discussion following the table on Grants of Plan-Based Awards in Fiscal Year 2012 on page 32 for more information on the formula to be used to determine the amount payable based on results for the fiscal year 2012 through 2014 performance period.

The Committee has the authority to exercise negative discretion in determining the number of PVRsUs that become vested and payable pursuant to the PVRsU Awards.

- (6) Reflects the value as calculated based on the closing price of the Company's stock on June 29, 2012 of \$59.90 per share.
- (7) Represents an award of PVRsUs granted for the three-year performance period beginning July 1, 2010 and ending June 30, 2013.
- (8) Represents an award of PVRsUs granted for the three-year performance period beginning July 1, 2011 and ending June 30, 2014.

***Options Exercised and Stock Vested During the Fiscal Year Ended June 30, 2012***

The following table sets forth information concerning stock awards that vested during fiscal year 2012 for each of the named executives.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise <sup>(1)</sup> (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting <sup>(2)</sup> (#)	Value Realized on Vesting <sup>(3)</sup> (\$)
John J. Haley	0	\$0	0	\$0
Roger F. Millay	0	0	0	0
Mark V. Mactas	0	0	0	0

Edgar Filing: Towers Watson & Co. - Form DEF 14A

James K. Foreman	0	0	46,560	2,790,341
Gene H. Wickes	0	0	0	0
Patricia L. Guinn	0	0	0	0

- (1) With respect to the named executives, no option awards were exercised during the fiscal year ended June 30, 2012.
- (2) Represents the portion of the restricted stock awards made to Mr. Foreman on January 1, 2010 and December 10, 2010, respectively, that vested on January 1, 2012. Mr. Foreman also received cash payment of \$28,127 of accrued dividends on his restricted shares that vested on January 1, 2011.
- (3) Reflects the value as calculated based on the closing price of Towers Watson Class A common stock on December 30, 2011 of \$59.93 per share.

***Pension Benefits at 2012 Fiscal Year-End***

With respect to each of the named executives, the table below provides information as of June 30, 2012 regarding the number of years of credited service and the present value of accumulated benefits payable at the earliest unreduced retirement age with respect to the Towers Watson Pension Plan and the Towers Watson SERP.

Table of Contents

Messrs. Haley and Wickes received distributions of \$21,703 and \$8,777, respectively, from the Watson Wyatt Excess Compensation Plan during the fiscal year ended June 30, 2012 to pay the employee portion of the Social Security tax attributable to benefits earned under the plan during fiscal year 2011, as well as to cover the income tax thereon. Mr. Wickes received distributions of \$34,419 from the Towers Watson Pension Plan and \$64,426 from the Towers Watson SERP during fiscal year 2012 for a prior period of service with Towers Perrin. Mr. Mactas retired from the Company during the fiscal year ended June 30, 2012 and received distributions of \$63,936 from the Towers Watson Pension Plan and \$4,233,599 from the Towers Watson SERP.

Name	Plan	Number of Years Credited Service (#)	Pension Benefits Present Value	Payments During the Twelve Months Ended June 30, 2012
			of Accumulated Benefit (\$) <sup>(1)</sup>	(\$)
John J. Haley	Towers Watson Pension Plan	35.17	\$2,123,685	\$0
	Towers Watson SERP	35.17	16,108,307	21,703
	Total		18,231,992	21,703
Roger F. Millay	Towers Watson Pension Plan	3.83	172,182	0
	Towers Watson SERP	3.83	670,083	0
	Total		842,265	0
Mark V. Mactas	Towers Watson Pension Plan	32	1,300,160	63,936
	Towers Watson SERP	32	11,640,250	4,233,599
	Total		12,940,410	4,297,535
James K. Foreman	Towers Watson Pension Plan	26	669,171	0
	Towers Watson SERP	26	2,086,530	0
	Total		2,755,701	0
Gene H. Wickes	Towers Watson Pension Plan	33.50 <sup>(2)</sup>	1,360,731	34,419
	Towers Watson SERP	33.50 <sup>(2)</sup>	3,808,103	73,203
	Total		5,168,834	107,622
Patricia L. Guinn	Towers Watson Pension Plan	36	942,441	0
	Towers Watson SERP	36	5,882,675	0
	Total		6,825,116	0

(1) The assumptions and methodology used in calculating the estimated present value shown in this column are the same as those used and disclosed in Note 10, Retirement Benefits, to our audited financial statements for the fiscal year ended June 30, 2012, on page 87 of the Company's Annual Report on Form 10-K, except the named

executives are assumed to retire at their earliest unreduced retirement age and no pre-retirement terminations or deaths are assumed to occur. Also, no additional compensation or service is assumed beyond the June 30, 2012 calculation date. The specific relevant assumptions include a discount rate of 5.00 percent for both the Towers Watson Pension Plan and the Towers Watson SERP, and a post-retirement interest rate for the Towers Watson SERP of 2.00 percent for retirements occurring during fiscal year 2013, 2.50 percent for retirements occurring during fiscal year 2014 and 3.00 percent for retirements occurring after fiscal year 2014. The mortality assumption for the Towers Watson Pension Plan is based on the mortality table described in Section 430(h)(3)(A) of the Code for annuitants. In addition, for the Towers Watson SERP benefits, which require the conversion of life annuity benefits into a lump sum or annual installments, post-retirement mortality was based on the 1983 Group Annuity Mortality table (blended 50/50 for males and females) for Messrs. Haley, Millay and Wickes, while the UP-94 Static Mortality table (blended 90/10 for males and females) were used for Messrs. Mactas and Foreman and Ms. Guinn.

Effective December 31, 2011, benefit accruals were frozen under the qualified and nonqualified defined benefit plans that had been maintained by Towers Perrin and Watson Wyatt for U.S. associates, and benefits began to accrue under the stable value pension design for service rendered on or after January 1, 2012. In addition, as mentioned above, during the fiscal year ended June 30, 2012, the qualified plans of Watson Wyatt and Towers Perrin were merged to form the Towers Watson Pension Plan for U.S. Employees and the non-qualified pension plans were merged to form the Towers Watson Supplemental Executive Retirement Plan.

- (2) Includes 18 years of service with Towers Perrin before joining Watson Wyatt.

Table of Contents

*Towers Watson Pension Plan*

The Towers Watson Pension Plan is a broad-based, tax-qualified defined benefit pension plan that provides a benefit to eligible associates of Towers Watson. In general, all U.S. salaried and hourly associates, with the exception of associates paid on a bi-weekly basis and associates joining the Company through the Company's acquisition of Extend Health, Inc. during fiscal year 2012, are eligible to participate.

The Towers Watson Pension Plan provides benefits using a stable value formula. Under the stable value formula, each eligible participant will earn a lump sum benefit at the Participant's Normal Retirement Age (65) equal to 15 percent of each covered year's pay up to the Social Security wage base, and 20 percent of each covered year's pay in excess of the wage base, with pay for this purpose consisting of salary, bonus and, for non-executives, any overtime. The lump sum is unreduced at age 62 and for commencement prior to age 62, it is reduced at a compounding rate of 5 percent per year. Participants may choose to receive the value of their lump sum benefit as an actuarial equivalent annuity at the time of retirement. The standard form of benefit payment for benefits earned under the stable value provisions is a single life annuity benefit for participants who are not married and a 100 percent joint and contingent annuity for married participants. Alternatively, participants may elect a joint and contingent annuity with a continuation percentage of either 50 percent or 75 percent or a certain and continuous annuity with either 5 or 10 years of guaranteed payments. A single lump sum benefit is also available.

Benefits earned prior to December 31, 2011 are specified in the legacy plan formulas as outlined below.

*Legacy Watson Wyatt Formulas*

Benefit accruals earned under this formula ceased on December 31, 2011. Defined benefit plan accruals after December 31, 2011 are earned under the stable value provisions described above.

In general, all U.S. salaried and hourly associates who were employed by Watson Wyatt prior to the Merger or who were hired into a Watson Wyatt office prior to January 1, 2011, with the exception of temporary associates, leased associates and contract associates, were eligible to participate. Benefits earned under the legacy Watson Wyatt Pension formulas were based upon combined years of service with Watson Wyatt and Towers Watson through the earlier of date of termination and December 31, 2011 and the highest consecutive 60-month average of total compensation (base pay, overtime and bonus) through the earlier of date of termination and December 31, 2011. The credited service amounts shown in the table above for Messrs. Haley, Millay and Wickes represent actual combined years of service with Watson Wyatt and Towers Watson.

The standard form of benefit payment under the legacy Watson Wyatt formula is a single life annuity benefit for participants who are not married and a 100 percent joint and contingent annuity benefit for married participants. Alternatively, participants may elect a joint and contingent annuity with a continuation percentage of 50, 75 or 100 percent, or a certain and continuous annuity benefit with 5 or 10 years of guaranteed payments, subject to the plan provisions and statutory limits. The payout option must be elected by the participant before benefit payments begin.

The monthly benefit at normal retirement (age 65) under the legacy Watson Wyatt formula is equal to 1.7 percent times the participant's average monthly compensation for the 60 consecutive months with the highest compensation plus 0.4 percent times the average monthly compensation for the 60 consecutive months with the highest compensation that exceeds the Social Security Covered Compensation (as defined in the plan), all times the number of completed years and months of continuous service up to 25 years. Mr. Haley's benefits under this formula are based on the maximum 25 years of credited service.

For terminations after June 30, 2003, the legacy Watson Wyatt formula's early retirement age is age 55 with three years of service (except as noted below for grandfathered associates). For associates who are eligible for early retirement and who retire prior to age 62, gross benefits are reduced 8 percent per year between ages 58 and 62, and 6 percent per year between ages 55 and 58. For deferred vested associates who retire prior to age 65, gross benefits are actuarially reduced from age 65. As of June 30, 2012, Mr. Haley and Mr. Wickes are eligible for early retirement benefits.

Associates who were employed by Watson Wyatt on June 30, 2003 were grandfathered in prior pension plan provisions for five years, or until June 30, 2008. During the five-year grandfathering period, eligible associates continued to accrue benefits under the legacy Watson Wyatt provisions in effect before July 1, 2003, except that the five-year certain and continuous annuity form of payment was not grandfathered. Under these provisions, the same formula described above is used except that an associate's average pay is determined to be the highest average 36 consecutive months of total pay. In addition, the benefit can never be less than the June 30, 2003 accrued benefit indexed by 3 percent each year.

## Table of Contents

Benefits accrued under the grandfathered formulas were frozen on the earlier of June 30, 2008 or termination of employment, except for the formula that indexes the June 30, 2003 accrued benefit which was frozen at December 31, 2011. At retirement or termination, whether before or after June 30, 2008, an associate's accrued benefit will not be less than the frozen grandfathered benefit. If the associate terminates employment after age 50, the frozen grandfathered benefit will be reduced by 5 percent per year for commencement before age 60. For termination before age 50, this benefit will be actuarially reduced from age 65. Grandfathered associates who attain age 50 with 10 years of service will be eligible for early retirement under the legacy Watson Wyatt formula. Messrs. Haley and Wickes currently qualify for the grandfathered provisions and are eligible for early retirement under those provisions.

### *Legacy Towers Perrin Formulas*

In general, all U.S. associates who were employed by Towers Perrin prior to the Merger or who were hired into a legacy Towers Perrin office prior to January 1, 2011, with the exception of those associates paid on a bi-weekly basis, were eligible for benefits under these provisions. Employees earned benefits under two formulas up to the limits on compensation and benefits under the Code. Under the first formula, benefits were based upon final average plan compensation as of the earlier of the date of the participant's termination of employment or December 31, 2007, for which plan compensation included base pay and both the bonus paid under the individual bonus program and the bonus paid under the Principal bonus program for the year in which they were earned. Under the second formula, benefits were determined using a cash balance methodology, for which plan compensation included base pay, the bonus paid under the individual bonus program and other incentive bonuses when paid, but did not include the bonus paid under the Principal bonus program. The normal retirement age under these provisions is the later of (i) age 65 and (ii) the earlier of (a) three years of service under the plan or (b) the fifth anniversary of employment.

Active employees as of January 1, 2003 accrued benefits under both the final average earnings formula and the cash balance formula until December 31, 2007. Upon termination of employment, the values of the benefits under both of these formulas are compared, with the participant receiving the greater of the two. Employees hired (or rehired) on or after January 1, 2003, but prior to January 1, 2011, earned benefits solely under the cash balance formula. Beginning January 1, 2008 through December 31, 2011, benefits were earned only under the cash balance formula. Messrs. Mactas and Foreman and Ms. Guinn have earned benefits under both the final average earnings formula and the cash balance formula and are each eligible to retire with reduced benefits as described below. The credited service amounts shown for Messrs. Mactas and Foreman and Ms. Guinn represent actual combined years of service with Towers Watson and Towers Perrin.

### Final Average Formula

Benefits earned under the final average earnings formula are equal to 2 percent of the final five-year average of plan compensation (subject to the IRS statutory maximum) as of the earlier of termination of employment or December 31, 2007, multiplied by credited service as of December 31, 2007, subject to a maximum of 20 years. Under this formula, participants may retire as early as age 50 with 5 years of service and receive a reduced benefit. A participant may retire early with an unreduced benefit after the later of age 60 or 3 years of service. This is the participant's unreduced early retirement date. Reduction factors are based upon either 5 percent per year or actuarial equivalent reductions based on the specified assumptions in Code Section 417(e)(3) from age 60, whichever produces the greater benefit.

Prior to October 1, 2008, the accrued benefit for participants terminating prior to eligibility for early retirement was equal to 2 percent of the final five-year average of plan compensation (subject to the IRS statutory maximum) multiplied by credited service projected to unreduced early retirement date (maximum of 20 years) multiplied by the ratio of credited service as of the earlier of date of termination or December 31, 2007 divided by projected credited service as of the unreduced early retirement date. Participants terminating after October 1, 2008 are not subject to such projection and proration. Mr. Foreman terminated his employment prior to his early retirement eligibility and after January 1, 2003, and was subsequently rehired. His benefit earned prior to his termination date is subject to the projection and proration described above. Ms. Guinn is a former Tillinghast employee. As a result, a Tillinghast pro-rate, which is a ratio of Towers Perrin plus Towers Watson service divided by total service through the date of termination, is applied to the benefit earned under the final average earnings formula.

Participants earning benefits under the final average earnings formula are also entitled to a Social Security supplemental benefit. This benefit is equal to \$9,600 per year multiplied by the ratio of the participant's credited service at the earlier of date of termination or December 31, 2007 to the participant's projected service at unreduced early retirement date. This amount is payable from the later of the participant's unreduced early retirement date or actual retirement date to the date the participant attains age 62.



## Table of Contents

Participants with service prior to December 31, 1993 are entitled to a subsidized joint and survivor spousal annuity, provided that they terminate employment after attaining age 50. The subsidized percentage equals 100 percent multiplied by the ratio of credited service as of December 31, 1993 divided by credited service at the earlier of date of termination or December 31, 2007, both subject to a maximum of 20 years.

Mr. Wickes terminated employment with Towers Perrin in 1996 prior to attaining age 50.

## Cash Balance Formula

Benefits earned under the cash balance formula are expressed in the form of a notional account balance. Each month a participant's cash balance account was increased by (1) pay credits based on the participant's plan compensation for that month and (2) interest credits based on the participant's hypothetical account balance at the end of the prior month.

As of December 31, 2011, pay credits were frozen, but interest credits continue. Pay credits were 5 percent of plan compensation up to the Social Security taxable wage base and 10 percent of pay over the Social Security taxable wage base, subject to the IRS statutory maximum on plan compensation. Interest credits are based on 10-year Treasury bond yields.

An opening cash balance account was established for all active plan participants as of January 1, 2003. This opening account balance was equal to the present value of the final average earnings accrued benefit and Social Security supplemental benefit payable at the participant's unreduced early retirement date. Since his rehire through December 31, 2011, Mr. Foreman only earned benefits under the cash balance formula.

Participants with benefits under both the final average earnings formula and the cash balance formula may elect to receive their entire benefit as an annuity with the Social Security supplement or receive their cash balance formula benefit as a lump sum with the remaining benefit value distributed as an annuity. Participants with benefits under just the cash balance formula may receive their entire benefit as a lump sum payment or as an actuarially equivalent annuity.

## *Towers Watson SERP*

The Towers Watson SERP is designed to restore benefits to plan participants whose qualified plan compensation or benefit levels are impacted by Internal Revenue Code maximums. For service rendered after December 31, 2011, benefits are earned under the stable value formula set forth in the Towers Watson Pension Plan, where the participant would accrue a lump sum payable at Normal Retirement Age (65) equal to 20% of plan compensation for the SERP.

For purposes of the SERP, plan compensation is the same as the qualified plan, but only amounts over the Internal Revenue Code limit (\$250,000 for 2012) shall be considered in determining the SERP benefit. A participant will receive a lump sum distribution six months after termination of employment equal to his or her stable value account with reductions for payments made prior to age 62 of a compounding 5 percent per year. Other than the timing and form of payment, all other stable value provisions are the same as those described in the Towers Watson Pension Plan.

*Legacy Watson Wyatt Formulas*

The legacy Watson Wyatt Excess Benefit and Watson Wyatt Excess Compensation formulas were designed to restore to eligible associates the reductions to their pension benefit imposed by Code limitations. When the excess formula benefits are added to the benefit provided by the legacy Watson Wyatt qualified plan formula, eligible associates will receive a total benefit equal to the benefit that would have been provided by the Watson Wyatt Pension Plan formula had the limitations not existed. The form of benefit payment provided under the excess plans for retirement eligible individuals is a lump sum generally payable six months following the termination of employment for the named executive. The portion of the vested benefit earned before January 1, 2005 is payable immediately at the end of the month following the retirement date. For associates that are not retirement eligible, the benefit accrued prior to June 30, 2003 is paid as a lump sum with the accrued benefit earned after June 30, 2003 paid as a life annuity at age 65.

*Legacy Towers Perrin Formulas*

The benefits provided under the Towers Perrin Restoration Plan formula will be approximately equal to the difference between the benefits provided under the legacy Towers Perrin qualified plan formula and benefits that would have been provided under such plan if not for the limitations applicable to qualified plans under the Code, except that:

Participants with service prior to December 31, 1993 are entitled to a subsidized joint and survivor spousal annuity, provided that they terminate employment after attaining age 50. The subsidized percentage on the total benefit equals 60 percent multiplied by the ratio of credited service as of December 31, 1993 divided by credited service at the earlier of the date of termination or December 31, 2007, both subject to a maximum of 20 years.

Table of Contents

For participants terminating prior to eligibility for early retirement with an unreduced benefit, the total accrued benefit is equal to 2 percent of the final five-year average of plan compensation (subject to the IRS statutory maximum) multiplied by credited service projected to unreduced early retirement date (maximum of 20 years) multiplied by the ratio of credited service as of the earlier of date of termination or December 31, 2007 divided by projected credited service as of unreduced early retirement date.

Benefits earned under this plan are distributed in four approximately equal annual installments, beginning six months after separation from service.

With respect to the Towers Watson Pension Plan and the Towers Watson SERP, the amounts shown in the Pension Benefit Table above are actuarial present values of the benefits accumulated through June 30, 2012. An actuarial present value is calculated by estimating expected future payments starting at an assumed retirement age, weighting the estimated payments by the estimated probability of surviving to each post-retirement age, and discounting the weighted payments at an assumed discount rate to reflect the time value of money. The actuarial present value represents an estimate of the amount which, if invested today at the discount rate, would be sufficient on an average basis to provide estimated future payments based on the current accumulated benefit. The assumed retirement age for each executive is the earliest age at which the executive could retire without any benefit reduction due to age (age 62, except for the final average earnings portion of the legacy Towers Perrin formulas, which was age 60) or the current age if the executive has already attained such earliest age. Actual benefit present values upon an executive's retirement will vary from these estimates depending upon many factors, including an executive's actual retirement age.

*Nonqualified Deferred Compensation for the Fiscal Year Ended June 30, 2012*

The following table provides information as of June 30, 2012 concerning the Watson Wyatt nonqualified deferred compensation plans assumed by Towers Watson in connection with the Merger, in which Messrs. Haley, Millay and Wickes are participants. In connection with approval of the stable value pension plan amendments discussed above, Watson Wyatt also froze contributions under the Watson Wyatt Deferred Savings Plan, effective immediately following the date that contributions were made for the short plan year ended December 31, 2011.

Name	Nonqualified Deferred	Executive Contributions for the Fiscal	Registrant Contributions for the Fiscal	Aggregate Earnings for the Fiscal	Aggregate Withdrawals/ Distributions	Aggregate Balance at June 30,
------	--------------------------	--	---	---	--	-------------------------------------

	<b>Compensation Plan<sup>(1)</sup></b>	<b>Year Ended June 30, 2012 (\$)</b>	<b>Year Ended June 30, 2012 (\$)<sup>(2)</sup></b>	<b>Year Ended June 30, 2012 (\$)</b>	<b>(\$)</b>	<b>2012 (\$)<sup>(4)</sup></b>
John J. Haley	Watson Wyatt Deferred Savings Plan	\$0	\$56,645	\$17,731 <sup>(3)</sup>	\$0	\$606,489
Roger F. Millay	Watson Wyatt Deferred Savings Plan	0	21,475	1,524 <sup>(3)</sup>	0	66,464
Mark V. Mactas		---	---	---	---	---
James K. Foreman		---	---	---	---	---
Gene H. Wickes	Watson Wyatt Deferred Savings Plan	0	25,087	6,837 <sup>(3)</sup>	0	236,609
Patricia L. Guinn		---	---	---	---	---

- (1) With respect to Messrs. Haley, Millay and Wickes, the Watson Wyatt Deferred Savings Plan was established to supplement the benefits of those participants in the Watson Wyatt & Company Savings Plan for U.S. employees whose company matching contributions to the Savings Plan are limited by the compensation and elective deferral limitations, or the nondiscrimination requirements, imposed by the Code. The Watson Wyatt Deferred Savings Plan does not allow for employee contributions. Participants generally vest in their account after three years of service. Mr. Haley and Mr. Wickes are fully vested in their account balances in the Watson Wyatt Deferred Savings Plan. Mr. Millay became a participant in the Watson Wyatt Deferred Savings Plan in 2010. Participants are eligible for payment of their vested account balance upon termination of employment or retirement.

Table of Contents

- (2) Represents Watson Wyatt contributions accrued as of June 30, 2012 and credited to each participant's account on March 15, 2012 for the short plan year ended December 31, 2011. These amounts are reported in the All Other Compensation column of the Summary Compensation Table for the fiscal year ended June 30, 2012.
- (3) Represents interest earned during the fiscal year ended June 30, 2012 on the account balance in the Watson Wyatt Deferred Savings Plan. Interest under the Watson Wyatt Deferred Savings Plan is calculated using the prime rate of interest as reported by Towers Watson's primary bank, determined as of the first day of the calendar year. Of the amounts shown, a portion was determined to represent above-market interest and thus is included in the Summary Compensation Table for Messrs. Haley, Millay and Wickes. The amount of such above-market interest is \$342 for Mr. Haley, \$33 for Mr. Millay and \$132 for Mr. Wickes, respectively. Interest is considered above-market to the extent it exceeds 120 percent of the applicable federal long-term rate.
- (4) Other than the amounts shown as Registrant contributions for the fiscal year ended June 30, 2012 and accruals attributable to above-market interest, no portion of the amounts shown has been reported in the Summary Compensation Table for the fiscal year ended June 30, 2012 or in prior fiscal years. Of the balances reported, \$227,251 for Mr. Haley, \$42,754 for Mr. Millay and \$95,063 for Mr. Wickes is attributable to Watson Wyatt contributions reported in the Summary Compensation Table for prior fiscal years, and \$13,302 for Mr. Haley and \$4,777 for Mr. Wickes is attributable to above-market interest accruals reported in the Summary Compensation Table for prior fiscal years.

***Post-Termination Payments and Benefits***

The account values payable to Messrs. Haley, Millay and Wickes through the Nonqualified Deferred Compensation Plans are shown in the Nonqualified Deferred Compensation For the Fiscal Year Ended June 30, 2012 table and would not change based on early retirement, death, disability or a change in control of Towers Watson. The value of benefits payable to Messrs. Haley, Millay, Foreman and Wickes and Ms. Guinn under the Towers Watson Pension Plan or the Towers Watson SERP outlined above may increase (or decrease) in the event of the early retirement, pre-retirement death or disability of the named executive. These potential events do not apply to Mr. Mactas because he has already retired and has begun to receive payment of his benefits as reported in the Pension Benefits table on page 36 (the PBT). Benefits do not become payable under the Towers Watson Pension Plan or the Towers Watson SERP as a result of a change in control of Towers Watson. Using the assumptions employed in the PBT with the exception of using the actual Towers Watson SERP lump sum interest rates as of June 30, 2012, the present value of the pension and disability benefit (as applicable) payable to the named executives (other than Mr. Mactas) as of June 30, 2012 in the event of early retirement, death or disability is shown in the following table.

**Total Present Value as of June 30, 2012 in case of:**

<b>Name</b>	<b>Plan</b>	<b>Early Retirement<sup>(1)</sup></b>	<b>Increase / (Decrease)</b>	<b>Pre-Retirement Death<sup>(2)</sup></b>	<b>Increase / (Decrease)</b>	<b>Disability<sup>(3)</sup></b>	<b>Increase / (Decrease)</b>
-------------	-------------	---------------------------------------	------------------------------	---	------------------------------	---------------------------------	------------------------------

Edgar Filing: Towers Watson & Co. - Form DEF 14A

		from PBT		from PBT		from PBT	
Haley	TW Pension Plan	\$2,123,685	\$0	\$1,893,502	\$(230,183)	\$1,854,407	\$(269,278)
	TW SERP	16,813,316	705,009	15,067,035	(1,041,272)	12,120,419	(3,987,888)
	Disability	N/A	N/A	N/A	N/A	812,708	812,708
	Total	18,937,001	705,009	16,960,537	(1,271,455)	14,787,534	(3,444,458)
Millay	TW Pension Plan	N/A	N/A	95,115	(77,067)	403,095	230,913
	TW SERP	N/A	N/A	247,108	(422,975)	916,122	246,039
	Disability	N/A	N/A	N/A	N/A	2,841,511	2,841,511
	Total	N/A	N/A	342,223	(500,042)	4,160,728	3,318,463
Foreman	TW Pension Plan	689,484	20,313	426,968	(242,203)	775,221	106,050
	TW SERP	2,501,307	414,777	2,501,307	414,777	1,978,386	(108,144)
	Disability	N/A	N/A	N/A	N/A	3,103,727	3,103,727
	Total	3,190,791	435,090	2,928,275	172,574	5,857,334	3,101,633
Wickes	TW Pension Plan	1,334,688	(26,043)	1,263,072	(97,659)	1,351,927	(8,804)
	TW SERP	4,140,192	332,089	3,713,449	(94,654)	3,058,930	(749,173)
	Disability	N/A	N/A	N/A	N/A	1,575,140	1,575,140
	Total	5,474,880	306,046	4,976,521	(192,313)	5,985,997	817,163
Guinn	TW Pension Plan	955,752	13,311	834,267	(108,174)	947,416	4,975
	TW SERP	6,956,302	1,073,627	6,956,302	1,073,627	4,654,675	(1,228,000)
	Disability	N/A	N/A	N/A	N/A	2,263,581	2,263,581
	Total	7,912,054	1,086,938	7,790,569	965,453	7,865,672	1,040,556

Table of Contents

- (1) The increase for early retirement compared to the PBT is due primarily to reflecting the immediate early retirement benefit payable under the legacy Watson Wyatt and legacy Towers Perrin final average earnings formulas for those under the unreduced retirement age. The early retirement factors available to the named executives through the legacy provisions reflect a subsidy compared to the benefit at unreduced retirement age. Note that these factors are generally available to all plan participants eligible for final average earnings benefits, depending on age and service conditions. An additional cause for the increase is the use of the actual lump sum interest rate for the Towers Watson SERP benefit as of June 30, 2012 compared to the rate assumed in future years for financial accounting purposes.

The Towers Watson Pension Plan benefit attributable to the stable value formula is assumed payable to the named executives as a lump sum at retirement. The Towers Watson Pension Plan benefit for Messrs. Haley, Millay and Wickes attributable to the legacy Watson Wyatt formula is payable as an annuity at retirement.

The Towers Watson Pension Plan benefit for Mr. Foreman and Ms. Guinn attributable to their cash balance benefit is assumed payable as a lump sum at retirement with the remaining legacy Towers Perrin formula benefit value distributed as an annuity. The Towers Watson SERP benefit attributable to the stable value formula and the legacy Watson Wyatt formula is payable as a lump sum upon early retirement. The Towers Watson SERP benefit attributable to the legacy Towers Perrin formula is payable in four approximately equal annual installments beginning six months after early retirement. Messrs. Haley, Foreman and Wickes and Ms. Guinn are currently eligible for early retirement under the terms of the Towers Watson Pension Plan and the Towers Watson SERP.

- (2) In case of death, the stable value benefits earned by the named executives are immediately payable to the surviving spouse or beneficiary in a lump sum.

For Messrs. Haley and Wickes, the legacy Watson Wyatt formula provides a death benefit to the named executive's spouse assuming the named executive retired on the date of his death, elected the 100 percent joint and contingent benefit form and died the next day. This benefit is provided if the participant is early retirement eligible at death and is available to all plan participants with a legacy Watson Wyatt formula benefit. Because Mr. Millay is not yet eligible for early retirement, the death benefit to his spouse under the legacy Watson Wyatt formula is based on the assumption that he survived to and retired at age 55, elected the 50 percent joint and contingent benefit form and died the next day. The qualified portion of this death benefit is payable to the spouse as a life annuity from the Towers Watson Pension Plan. The nonqualified portion of this death benefit is payable in an immediate lump sum from the Towers Watson SERP.

For Mr. Foreman and Ms. Guinn, the legacy Towers Perrin qualified formula provides a death benefit equal to the greater of their cash balance account through December 31, 2007 and the value of the survivor portion of their final average earnings benefit, plus their cash balance account earned from January 1, 2008 through December 31, 2011. The legacy Towers Perrin nonqualified formula provides benefits payable upon their death as an active employee equal to the amount they would have received if terminating employment on the

date of their death. The qualified death benefit is assumed to be paid as a lump sum to their spouse, immediately upon death, from the Towers Watson Pension Plan. The nonqualified death benefit is assumed to be paid in four approximately equal annual installments beginning six months after the date of death from the Towers Watson SERP.

Decreases in the Towers Watson Pension Plan benefit value as compared to the amounts shown in the Pension Benefits table are due to the payment of benefits related to the survivor portion of the final average earnings benefit only. Increases in the Towers Watson SERP benefit value as compared to the amounts shown in the Pension Benefits table are due primarily to the assumed earlier payment date of the benefit.

- (3) In case of disability, Towers Watson provides a disability benefit equal to 60 percent of base salary plus target bonus, subject to a maximum monthly benefit of \$30,000. This benefit is payable until age 65 or for at least 12 months, assuming the participant continues to meet the definition of disability. The table shows the value of the temporary disability benefit that would be payable to age 65 along with the pension benefits payable at age 65. Participants also receive continued benefit accruals for pension purposes while on disability. The continued benefit accruals are provided as additional stable value accruals under the plans at the same base pay level prior to their disability. The table shows that the present value increases or decreases for Messrs. Haley, Millay, Foreman and Wickes and Ms. Guinn. This is primarily a function of whether the named executive's current salary exceeds the maximum monthly disability benefit.

In addition, upon any termination of employment, Messrs. Haley, Millay, Foreman and Wickes and Ms. Guinn may be entitled to benefits that are provided generally by the Company to salaried employees, including distributions under the Company's 401(k) plan, health care benefits, disability benefits and accrued vacation pay. Mr. Haley, in addition to accruing annual vacation during the fiscal year ended June 30, 2012, has a frozen vacation balance from prior years which, if unused, will be paid out to him upon termination of employment at his then current rate of hourly base salary. At June 30, 2012, the liability for frozen vacation pay was \$308,092 for Mr. Haley. In the context of any particular separation from Towers Watson, the company and the executive may mutually agree on severance terms that could include additional benefits or payments.



Table of Contents

Messrs. Haley, Millay, Foreman and Wickes and Ms. Guinn do not have employment agreements with Towers Watson. In addition, Towers Watson has not entered into any change in control agreements with any of Mr. Haley, Mr. Millay or Mr. Wickes.

Towers Perrin entered into transaction-based compensation agreements with Messrs. Mactas and Foreman and Ms. Guinn, providing for severance benefits in the event their employment is involuntarily terminated other than for cause or by the executive for good reason within two years after a change in control, which includes the Merger. As a Change in Control resulted from the Merger effective January 1, 2010, the agreements expired as of January 1, 2012. These agreements were provided as an incentive to these executives to exert their maximum efforts for, and remain in the employ of, Towers Perrin leading up to, and during the transition period following, a change in control. The Merger constituted a change in control for purposes of the transaction-based compensation agreements. However, no amounts were paid to Messrs. Mactas and Foreman and Ms. Guinn pursuant to these agreements prior to, or in conjunction with, their expiration on January 1, 2012.

In addition to the foregoing, Mr. Foreman's Transaction Award Agreement, as well as his Restricted Stock Award Agreement dated December 10, 2010, provide that if Mr. Foreman's employment is terminated without cause on or after January 1, 2011 but on or before January 1, 2013, all of his remaining shares of restricted stock will automatically fully vest. If Mr. Foreman's employment had been terminated without cause as of June 30, 2012, the value of the Towers Watson restricted Class A Common Stock that would have immediately vested as of that date under his Transaction Award Agreement and his Restricted Stock Award Agreement would have been \$2,788,944. In the event of Mr. Foreman's death or disability as of June 30, 2012, the full amount of his restricted Class A Common Stock would have immediately vested under his Transaction Award Agreement and his Restricted Stock Award Agreement, with a value as of that date of \$2,788,944. In case of termination without cause, death or disability as of June 30, 2012, Mr. Foreman would also have received payment of accrued dividends in the amount of \$37,439.

*PVRSUs*

Named executives generally will forfeit unvested PVRSUs upon a termination of employment prior to the end of the performance period. On September 22, 2011, the Committee approved an amendment to the form of PVRSU award agreement. The amendment to the PVRSU award agreement (including all currently outstanding award agreements) provides that in all jurisdictions in which a benefit can lawfully be conditioned on age and/or years of service, the awards will continue to vest following a "qualifying retirement", subject to (i) the performance conditions with respect to the PVRSUs; (ii) compliance with certain non-competition obligations; and (iii) completion of the first fiscal year (July 1 to June 30) of service during the performance period at or before the date of retirement. For associates who participate in a company-sponsored pension plan, a "qualifying retirement" is defined as a retirement under the pension plan in which the associate participates unless the Committee determines that a basis exists for termination for cause (as defined in the Plan). For associates who do not participate in a company-sponsored pension plan or who

participate in a plan that does not include a definition of retirement, a "qualifying retirement" will be separately defined by the Committee based upon the recommendations of management.

Following a change in control of the Company, vesting will remain subject to the named executive's continued employment through the end of the performance period; provided, however, that if a named executive's service is terminated without cause upon or within 12 months following the change in control, the PVRsUs immediately will become vested. The number of PVRsUs that may vest following a change in control is determined based on the 100 percent target level.

If a change in control had occurred on June 30, 2012, and a named executive's employment had been terminated, the value of PVRsUs that he or she would have received (based on the Company's closing stock price on June 29, 2012 of \$59.90 and including accrued dividend equivalents) would have been \$4,773,251 for Mr. Haley, \$1,208,363 for Mr. Millay, \$1,277,188 for Mr. Foreman, \$1,224,656 for Mr. Wickes and \$1,103,658 for Ms. Guinn. If a named executive had retired from the Company on June 30, 2012 in a qualifying retirement, the value of PVRsUs as of June 30, 2012 that he or she would receive in the future would be \$5,139,442 for Mr. Haley, \$1,188,112 for Mr. Millay, \$3,321,532 for Mr. Mactas, \$1,296,133 for Mr. Foreman, \$1,242,122 for Mr. Wickes and \$1,112,472 for Ms. Guinn, assuming projected earn-out of 204 percent following completion of the three-year performance period ending June 30, 2013, and \$3,210,101 for Mr. Haley, \$892,390 for Mr. Millay, \$914,733 for Mr. Foreman, \$877,535 for Mr. Wickes and \$795,712 for Ms. Guinn, assuming projected earn-out of 144 percent following completion of the three-year performance period ending June 30, 2014.

Table of Contents

*Towers Watson Severance Pay Plan*

Effective July 1, 2011, Towers Watson adopted a severance pay plan for U.S.-based associates, which would include any named executives who are not otherwise subject to individually negotiated severance agreements. As of June 30, 2012, none of the named executives were subject to individually negotiated severance agreements. The plan provides for severance pay for eligible employees whose employment has been terminated involuntarily for reasons other than performance. For eligible senior level employees, including the eligible named executives, the plan provides for severance pay in an amount equal to three weeks' base pay for each completed year of the employee's service, plus twelve weeks, up to a maximum of 44 weeks' pay payable in a lump sum upon such involuntary termination. As of June 30, 2012, amounts payable to the eligible named executives upon a qualifying severance would have been \$830,077 for Mr. Haley, \$242,308 for Mr. Millay, \$319,327 for Mr. Foreman, \$499,231 for Mr. Wickes and \$452,692 for Ms. Guinn. In the context of any particular separation from Towers Watson, the Company and an executive may mutually agree on severance terms that could include additional benefits or payments.

**Compensation of Directors**

Our Board of Directors relies on the Committee, which is composed of independent directors, to recommend the form and amount of compensation to be paid to our non-employee directors.

On May 14, 2010, upon recommendation of the Committee, the Board of Directors adopted the Towers Watson & Co. Compensation Plan for Non-Employee Directors, effective January 1, 2010, and the Towers Watson & Co. Voluntary Deferred Compensation Plan for Non-Employee Directors. Directors of Towers Watson who are also full-time employees of Towers Watson do not receive any additional compensation for their services as directors.

During the fiscal year ended June 30, 2012, we provided the following compensation to our non-employee directors pursuant to the Compensation Plan for Non-Employee Directors:

*Directors' Compensation for the Fiscal Year Ended June 30, 2012*

<b>Name</b>	<b>Fees Earned or</b>	<b>Stock</b>	<b>Total (\$)</b>
-------------	-----------------------	--------------	-------------------

	Paid in Cash (\$)	Awards (\$) <sup>1</sup>	
John J. Gabarro	\$79,582	\$120,000	199,582
Victor F. Ganzi	89,085	120,000	209,085
Leslie S. Heisz	18,125	0	18,125
Brendan R. O Neill	63,500	120,000	183,500
Linda D. Rabbitt	87,585	120,000	207,585
Gilbert T. Ray	86,500	120,000	206,500
Paul Thomas	64,605	120,000	184,605
Wilhelm Zeller	72,000	120,000	192,000

- (1) Represents the aggregate grant date fair value under applicable accounting standards of restricted stock units ( RSUs ) awarded under the Towers Watson & Co. 2009 Long Term Incentive Plan, based on the grant date value of our common shares. As of June 30, 2012, each non-employee director, with the exception of Ms. Heisz, held 1,379.44 unvested Towers Watson RSUs. Ms. Heisz was appointed as a director of Towers Watson on April 5, 2012.

Effective January 1, 2010, the schedule of fees payable to non-employee directors pursuant to this plan is as follows:

1.

Annual Cash Retainer: \$45,000 per year, paid quarterly.

2.

Annual Restricted Stock Unit (RSU) Grant: Annual RSUs, equivalent to \$120,000, granted at the beginning of each fiscal year (with the number of shares underlying the RSUs based on the closing price per share of the Company's Class A Common Stock on the last business day of the just completed fiscal year) for services to be provided during the current fiscal year. Annual RSUs vest in equal quarterly installments over a 12-month period beginning on the date of grant, and unless deferred under the terms of the Voluntary Deferred Compensation Plan for Non-Employee Directors, shall be paid upon vesting. Each RSU represents a notional unit interest equal in value to a share of the Company's Class A Common Stock. All RSUs payable to non-employee directors under the plan are issued pursuant to the terms of the Towers Watson & Co. 2009 Long Term Incentive Plan.

Table of Contents

3.

Initial RSU Grant: Initial RSUs, equivalent to \$135,000 granted on the second business day following the Company's first earnings announcement after the date that the Non-Employee Director is initially elected to the Board (whether elected by stockholders or the Board) with the number of shares underlying the RSUs based on the closing price per share of the Class A Common Stock on the date of grant. Initial RSUs will vest in equal annual installments over a three-year period beginning on the date of grant. With respect to non-employee directors serving on the date the plan was adopted by the Board, Initial RSUs equivalent to \$135,000 were granted on May 14, 2010, based on the closing price per share of the Common Stock on that date, and vest in equal annual installments on January 1, 2011, January 1, 2012 and January 1, 2013. Unless deferred under the terms of the Voluntary Deferred Compensation Plan for Non-Employee Directors, Initial RSUs are settled in shares upon vesting. On August 26, 2011, the Towers Watson Board of Directors resolved to prospectively eliminate the Initial RSU grants for future new independent directors.

4.

Board Meetings: \$1,000 per meeting

5.

Committee Member Fees:

a.

Audit Committee: \$7,500 annual retainer, paid quarterly, and \$1,000 per meeting

b.

Compensation Committee: \$5,000 annual retainer, paid quarterly, and \$500 per meeting

c.

Nominating and Governance Committee: \$2,500 annual retainer, paid quarterly, and \$500 per meeting

d.

Risk Committee: \$2,500 annual retainer, paid quarterly, and \$500 per meeting

6.

Committee Chair Fees (paid in lieu of Committee Member Fees):

a.

Audit Committee Chair: \$15,000 annual retainer, paid quarterly, and \$2,000 per meeting

b.  
Compensation Committee Chair: \$10,000 annual retainer, paid quarterly, and \$1,000 per meeting

c.  
Nominating and Governance Committee Chair: \$5,000 annual retainer, paid quarterly, and \$1,000 per meeting

d.  
Risk Committee Chair: \$5,000 annual retainer, paid quarterly, and \$1,000 per meeting

e.  
Lead Director Annual Retainer (paid in addition to regular Board and Committee Fees): \$20,000 per year, paid quarterly

Additional Terms Applicable to Director Compensation. Vesting of RSUs is conditioned upon continued service as a director of the Company, provided that vesting shall be accelerated upon the director's death or disability or upon a Change in Control. RSUs will be paid out in shares of Class A Common Stock on the date of vesting to an account established for each non-employee director at a brokerage firm designated by the Company. Notwithstanding the foregoing, a non-employee director can elect to defer all or any portion of his/her director compensation pursuant to the terms of the Towers Watson & Co. Voluntary Deferred Compensation Plan for Non-Employee Directors and in accordance with deferral procedures established by the Company, in which case cash fees and/or shares of Class A Common Stock issuable under RSUs (and under any associated Dividend Equivalent Rights) that are deferred will be paid out at the time and in the manner provided for pursuant to such deferral. As of June 30, 2012, Mr. Ganzi had deferred 935.44 vested shares and reinvested dividends, Mr. O'Neill had deferred 3,094.21 vested shares and reinvested dividends, Ms. Rabbitt had deferred 1,717.86 vested shares and reinvested dividends, Mr. Ray had deferred 3,094.20 vested shares and reinvested dividends, Mr. Thomas had deferred \$64,056 of fees payable in cash and 1,376.34 vested shares and reinvested dividends, and Mr. Zeller had deferred 2,858.07 vested shares and reinvested dividends. No other amounts had been deferred under the Towers Watson & Co. Voluntary Deferred Compensation Plan for Non-Employee Directors as of June 30, 2012.

Mr. Gabarro will be retiring from the Board in November 2012. The final tranche of RSUs that had been granted to Mr. Gabarro as part of the Initial RSU Grant are scheduled to vest on January 1, 2013, several weeks after Mr. Gabarro's retirement. Such retirement would otherwise result in forfeiture of the RSUs in the absence of affirmative Board action to the contrary. On August 17, 2012, the Board gave approval for the final tranche of Mr. Gabarro's RSUs granted as part of the Initial RSU Grant to continue to vest as scheduled on January 1, 2013, following Mr. Gabarro's retirement.

Director Stock Ownership Policy. Non-employee directors are expected to accumulate shares of Towers Watson Class A Common Stock at least equal to three times the annual cash retainer (i.e., \$135,000), valued as of the last day of the Company's fiscal year. Each non-employee director has three years from the date of appointment to achieve compliance with such ownership guidelines. Until the ownership level is reached, non-employee directors are expected to sell only shares of Class A Common Stock needed to pay state and federal taxes associated with the equity

granted. If as a result of a stock price decline subsequent to a non-employee director meeting the ownership requirements the non-employee director does not satisfy the requirements as of the Company's fiscal year-end, he/she need not buy up to a new number of shares to satisfy the ownership policy. However, he/she is expected to retain the number of shares that originally were acquired to reach the share ownership threshold. Each of our non-employee directors (with the exception of Ms. Heisz, who is new to the Board) had satisfied his or her guideline as of June 30, 2012.

Table of Contents

**Securities Authorized for Issuance Under Equity Compensation Plans**

In connection with the Merger, Towers Watson assumed the amended and restated Watson Wyatt 2001 Employee Stock Purchase Plan, the Watson Wyatt 2000 Long-Term Incentive Plan and the Watson Wyatt & Company Holdings Incentive Compensation Plan, and created the Towers Watson & Co. 2009 Long Term Incentive Plan. Towers Watson did not assume the Watson Wyatt 2001 Deferred Stock Unit Plan for Selected Employees or the Watson Wyatt Amended Compensation Plan for Outside Directors.

***Towers Watson & Co. Employee Stock Purchase Plan***

Towers Watson assumed the amended and restated Watson Wyatt 2001 Employee Stock Purchase Plan (the Stock Purchase Plan ) which enables employees to purchase shares of Towers Watson stock at a 5 percent discount. The Stock Purchase Plan is a non-compensatory plan under generally accepted accounting principles of stock-based compensation. As a result, no compensation expense is recognized in conjunction with this plan. Watson Wyatt originally registered 750,000 shares of its Class A common stock on December 19, 2001 and an additional 1,500,000 shares of its Class A common stock on December 16, 2003, of which 196,424 shares remained available for issuance immediately prior to the Merger at which time 4,500,000 additional shares were added. Towers Watson filed a Form S-8 Registration Statement in the third quarter of fiscal 2010 registering the 4,696,424 shares available for issuance under the Stock Purchase Plan. See Note 14 of the Notes to the Consolidated Financial Statements in the Annual Report on Form 10-K filed on August 29, 2012 for additional information on the Company's plans.

***Extend Health, Inc. 2007 Equity Incentive Plan***

In connection with the acquisition of Extend Health in May 2012, Towers Watson filed a Form S-8 Registration Statement and assumed the Extend Health, Inc. 2007 Equity Incentive Plan. The outstanding assumed unvested stock options were converted into options to acquire shares of Towers Watson Class A common stock using a conversion ratio stated in the merger agreement for the exercise price and number of options. The Extend Health options are exercisable for 377,614 shares of Towers Watson Class A common stock. The Form S-8 Registration Statement also covers 55,514 shares of Towers Watson Class A common stock available for issuance under the plan.

The following chart gives aggregate information regarding grants under all of the Company's equity compensation plans through June 30, 2012:



<b>Plan Category</b>	<b>Number of shares to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in the first column)</b>
Equity compensation plans approved by stockholders	607,771	\$ 44.18(1)	16,598,100(2)
Equity compensation plans not approved by stockholders(3)	377,614	\$ 8.29	55,514
<b>Total</b>	<b>985,385</b>	<b>\$ 19.44</b>	<b>16,653,614</b>

---

(1)

The weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding restricted stock awards, which have no exercise price.

(2)

Includes 4,464,490 shares available for issuance under the Stock Purchase Plan and 12,133,610 shares available for issuance under the Towers Watson & Co 2009 Long-Term Incentive Plan.

(3)

Represents the 377,614 options assumed in the Extend Health acquisition and the 55,514 shares available for issuance under that plan.

Table of Contents

**ADDITIONAL INFORMATION**

**Stockholder Proposals**

Any stockholder wishing to present a proposal to be included in the Proxy Statement for the 2013 Annual Meeting of Stockholders, currently expected to be held on or about November 15, 2013, may submit such proposal in writing to Towers Watson & Co., Office of the Secretary, 901 N. Glebe Road, Arlington, Virginia 22203. Such proposals must be received no later than June 7, 2013. Submitting a stockholder proposal does not guarantee that we will include it in our Proxy Statement.

Alternatively, stockholders of record may introduce certain types of proposals that they believe should be voted upon at the 2013 Annual Meeting of Stockholders and may nominate persons for election to the Board of Directors. Under the Company's Amended and Restated Bylaws, unless the date of the 2013 Annual Meeting of Stockholders is advanced by more than 30 days or delayed by more than 30 days from the anniversary of the 2012 Annual Meeting, notice of any such proposal or nomination must be provided in writing to the Secretary of the Company no later than the close of business on August 19, 2013 and no earlier than the close of business on July 19, 2013. In addition, stockholders wishing to make such proposals or nominations for Director must satisfy other requirements set forth in the Company's Amended and Restated Bylaws. If a stockholder does not also comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, the Company may exercise discretionary voting authority under proxies it solicits to vote in accordance with its best judgment on any proposal submitted by that stockholder.

**Annual Report**

The Company's Annual Report on Form 10-K containing audited financial statements for the fiscal year ended June 30, 2012 has been made available along with the Proxy Materials via the internet. **A copy of the Company's Annual Report on Form 10-K is available without charge upon request to the Company. Requests may be made to Towers Watson & Co., Office of the Secretary, 901 N. Glebe Road, Arlington, Virginia 22203.**

**By order of the Board of Directors**

Walter W. Bardenwerper

Vice President, General Counsel and Secretary

Arlington, Virginia

October 5, 2012

Table of Contents

**TOWERS WATSON & CO.  
ATTN: LEGAL DEPARTMENT  
901 N. GLEBE ROAD  
ARLINGTON, VA 22203**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time on November 15, 2012. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on November 15, 2012. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK  
AS FOLLOWS:

M49970-P30131-Z58777

KEEP THIS PORTION FOR YOUR  
RECORDS

DETACH AND RETURN THIS PORTION  
ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**TOWERS WATSON & CO.**

**The Board of Directors recommends  
you vote FOR Proposals 1, 2 and 3.**

**Vote on  
Directors**

1. Elect eight Directors to serve until the next Annual Meeting of Stockholders, or until their successors are elected and qualified (Proposal No. 1).

**For Against Abstain**

**For Against Abstain**

Edgar Filing: Towers Watson & Co. - Form DEF 14A

1a.	Victor F. Ganzi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2013 (Proposal 2).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b.	John J. Haley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
1c.	Leslie S. Heisz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. To approve, by non-binding vote, the compensation of the Company's named executive officers (Proposal 3).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1d.	Brendan R. O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
1e.	Linda D. Rabbitt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. In their discretion, the Proxies are authorized to vote on such other business as may properly come before the meeting or any postponement or adjournment thereof.			
1f.	Gilbert T. Ray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
1g.	Paul Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
1h.	Wilhelm Zeller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

Please sign exactly as name appears above. Joint owners should each sign. Executors, administrators, trustees, custodians, etc. should so indicate when signing. If the Stockholder is a corporation, please sign the full name of the duly authorized officer.

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature (Joint Owners)

Date

Table of Contents

# **TOWERS WATSON & CO.**

**Annual Meeting of Stockholders  
Towers Watson & Co.  
71 High Holborn  
London, England WC1V 6TP  
November 16, 2012  
8:00 a.m. Greenwich Mean Time**

**Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:  
The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).**

M49971-P30131-Z58777

**TOWERS WATSON & CO.  
ANNUAL MEETING OF STOCKHOLDERS  
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS**

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, and hereby appoints John J. Haley and Walter W. Bardenwerper, and each of them, as his or her proxies, each with the power of substitution and resubstitution, and authorizes them to represent and to vote all of his or her shares of Capital Stock of Towers Watson & Co., at the Annual Meeting of Stockholders of the Company to be held on November 16, 2012, at Towers Watson's office at 71 High Holborn, London, England WC1V 6TP, at 8:00 a.m. GMT and any adjournment(s) or postponement(s) thereof, with the same authority as if the Stockholder(s) were personally present as provided on this proxy card.

THE UNDERSIGNED HEREBY REVOKES ANY PROXY PREVIOUSLY GIVEN AND ACKNOWLEDGES RECEIPT OF THE NOTICE AND PROXY STATEMENT FOR THE ANNUAL MEETING. Attendance of the undersigned at the meeting or any adjournment(s) or postponement(s) thereof will not be deemed to revoke this proxy unless the undersigned also votes at the meeting.

THIS PROXY CARD, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO DIRECTION IS MADE BUT THE CARD IS SIGNED, THIS PROXY CARD WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES UNDER PROPOSAL 1, FOR PROPOSAL 2, FOR PROPOSAL 3, AND IN THE DISCRETION OF THE PROXIES WITH RESPECT TO SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.

**Continued and to be marked, dated and signed on reverse side**

---