

WATSON WYATT & CO HOLDINGS
Form 424B3
June 23, 2005

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Registration No. 333-124629

June 23, 2005

Dear Fellow Stockholder:

You are cordially invited to attend our special meeting of stockholders of Watson Wyatt & Company Holdings that will be held at the Bethesda Marriott Suites, 6711 Democracy Boulevard, Bethesda, MD 20817, on July 22, 2005 at 10:00 a.m., local time. Watson Wyatt & Company Holdings, Watson Wyatt (UK) Acquisitions 2 Limited, The Wyatt Company Holdings Limited (both wholly owned subsidiaries of Watson Wyatt & Company Holdings) and Watson Wyatt LLP have entered into an agreement providing for the acquisition of substantially all of the assets, and assumption of most liabilities, of Watson Wyatt LLP. We have an alliance arrangement with Watson Wyatt LLP, and we currently jointly market services worldwide under the Watson Wyatt Worldwide brand. We also have an ownership interest in Watson Wyatt LLP. At the special meeting, stockholders will vote on our issuance of Watson Wyatt & Company Holdings common stock in connection with this acquisition. Stockholders will also vote on the election to our board of directors of Mr. Chandrasekhar Ramamurthy, who currently is the Managing Partner of Watson Wyatt LLP.

The acquisition will create a company with a global infrastructure and increased ability to respond efficiently to client needs. The acquisition will increase the scale, scope and diversity of our services and, we believe, will enhance our strategic and market position. To proceed with the acquisition, our stockholders must approve the issuance of 11,040,571 shares of Watson Wyatt & Company Holdings Class A common stock, par value \$0.01 per share, as partial consideration for the acquisition. New York Stock Exchange rules require the approval of a majority of the votes cast on the proposal (provided that at least 50% of the outstanding shares cast votes). Watson Wyatt & Company Holdings Class A common stock is listed on the New York Stock Exchange under the symbol "WW."

The directors of Watson Wyatt & Company Holdings believe that this acquisition will be of great benefit to stockholders and strongly recommend that stockholders approve the issuance of common stock in connection with the acquisition, and vote in favor of the election of Mr. Ramamurthy to our board. Your vote is very important.

John J. Haley
President and Chief Executive Officer

You should consider the matters discussed under "Risk Factors" beginning on page 20 of the enclosed proxy statement/prospectus before voting. Please carefully review the entire proxy statement/prospectus, including the business transfer agreement, which is attached as Annex A.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated June 17, 2005, and is first being mailed to stockholders on or about June 23, 2005.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Watson Wyatt & Company Holdings from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request.

Documents incorporated by reference are also available from Watson Wyatt & Company Holdings without charge, excluding all exhibits, unless Watson Wyatt & Company Holdings has specifically incorporated by reference an exhibit in this proxy statement/prospectus. Stockholders may obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from Watson Wyatt & Company Holdings at the following address:

WATSON WYATT & COMPANY HOLDINGS
901 N. Glebe Rd.
Arlington, VA 22203
Attention: Secretary
(703) 258-8000

If you would like to request documents from us, please do so by July 15, 2005. If you request any incorporated documents from Watson Wyatt & Company Holdings, we will mail them to you by first-class mail, or other equally prompt means, within one business day of receipt of your request.

See "Where You Can Find Additional Information" at page 155.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

July 22, 2005

A special meeting of stockholders of Watson Wyatt & Company Holdings will be held on July 22, 2005, at the Bethesda Marriott Suites, 6711 Democracy Boulevard, Bethesda, MD 20817, at 10:00 a.m., local time, for the following purposes:

I.

To consider and vote on a proposal to approve the issuance of Watson Wyatt & Company Holdings Class A common stock in connection with the acquisition of assets and assumption of liabilities from Watson Wyatt LLP as contemplated by the business transfer agreement, dated as of April 15, 2005, among Watson Wyatt & Company Holdings, Watson Wyatt (UK) Acquisitions 2 Limited, The Wyatt Company Holdings Limited, both wholly owned subsidiaries of Watson Wyatt & Company Holdings, and Watson Wyatt LLP.

II.

To elect Mr. Ramamurthy to Class III of the board of directors of Watson Wyatt & Company Holdings to serve for a term expiring at the 2006 Annual Meeting of Stockholders, or until the election and qualification of his successor. The election of Mr. Ramamurthy is contingent upon consummation of the acquisition.

III.

To vote on adjournment(s) or postponement(s) of the special meeting, including adjournment(s) or postponement(s) to solicit additional votes to approve the issuance of Watson Wyatt & Company Holdings common stock in connection with the acquisition.

IV.

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

The close of business on June 13, 2005 has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

We strongly urge you to review the proxy statement/prospectus and to complete and return your proxy as soon as possible. Your vote is important no matter how many shares you own.

To ensure that your shares will be voted at the meeting, please complete, sign and date the enclosed proxy card promptly and return it in the enclosed envelope (if you have received your proxy materials by mail), or vote your proxy via telephone or Internet as soon as possible.

By Order of the Board of
Directors,

Walter W. Bardenwerper
Vice President, General Counsel
and Secretary

Arlington, VA
June 23, 2005

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SUMMARY

This summary highlights selected information contained in this proxy statement/prospectus and may not contain all of the information that is important to you. To better understand the proposed acquisition and the securities that will be issued in connection with the acquisition, you should read carefully this entire document and the other documents to which we refer. See "Where You Can Find Additional Information" at page 155.

This proxy statement/prospectus is a proxy statement/prospectus of Watson Wyatt & Company Holdings for use in soliciting proxies for its special meeting and to register the issuance of Watson Wyatt & Company Holdings' common stock in connection with the acquisition and the resale of common stock by affiliates of Watson Wyatt LLP. This proxy statement/prospectus also will be provided to voting members of Watson Wyatt LLP, who will vote on the acquisition and will receive acquisition consideration, and to non-voting members and retired members of Watson Wyatt LLP, who will receive a portion of the acquisition consideration from the voting members.

In this proxy statement/prospectus, we will refer to Watson Wyatt & Company Holdings, collectively with its subsidiaries that will effect the acquisition, as Watson Wyatt Holdings. We will refer to Watson Wyatt LLP, collectively with its subsidiaries, as Watson Wyatt LLP. We will refer to the members of Watson Wyatt LLP who have the right to vote on the acquisition as the voting members, and the other members who do not have a right to vote on the acquisition as the non-voting members. We refer to voting members and non-voting members of Watson Wyatt LLP, collectively, as members.

Questions and Answers

Q: What will Watson Wyatt Holdings acquire in the acquisition?

A: In the acquisition, Watson Wyatt Holdings will acquire substantially all of the assets of Watson Wyatt LLP, and will assume most liabilities that have been incurred by Watson Wyatt LLP in conducting its business. The business currently conducted by Watson Wyatt LLP consists of benefits consulting, investment consulting, benefits administration, human capital consulting and insurance and financial services consulting. The assets to be acquired from Watson Wyatt LLP include the stock of all Watson Wyatt LLP subsidiaries. We will assume liabilities relating to the Watson Wyatt LLP business, but generally will not assume any liabilities for professional liability claims. We refer to the assets and liabilities that we will acquire, including those associated with Watson Wyatt LLP's continental European business and non-European business (including subsidiaries in Hong Kong, India, Japan, Singapore, South Korea and the United States), in this proxy statement/prospectus, collectively, as the European business. For a more detailed description of the European business, see "Information About the European Business" at page 119.

Watson Wyatt Holdings and Watson Wyatt LLP have jointly offered services since 1995 pursuant to alliance agreements. In connection with the alliance, Watson Wyatt Holdings currently holds an interest in Watson Wyatt LLP. Before the acquisition, Watson Wyatt Holdings will surrender its economic interest in Watson Wyatt LLP in exchange for a trust interest in certain assets of Watson Wyatt LLP. For information on this transaction, see "The Business Transfer Agreement The Acquisition Distribution of Interest of Watson Wyatt Holdings in Watson Wyatt LLP" at page 63. After the acquisition, the trust interest will be transferred to Watson Wyatt Limited, or WW Limited, a wholly owned indirect subsidiary of Watson Wyatt Holdings. As a result of this transfer of the trust interest and the acquisition of assets described in this proxy statement/prospectus, WW Limited will own all beneficial and legal title to the European business. The combined business will continue to operate under the name "Watson Wyatt Worldwide."

Q: What are Watson Wyatt Holdings' stockholders being asked to vote on at the special meeting?

A: Watson Wyatt Holdings' stockholders are being asked to approve the issuance of Watson Wyatt Holdings' common stock in connection with the acquisition.

Watson Wyatt Holdings' stockholders also are being asked to vote on the election of Mr. Ramamurthy to the board of directors of Watson Wyatt Holdings. Mr. Ramamurthy currently is the Managing Partner of Watson Wyatt LLP. The election of Mr. Ramamurthy is contingent upon consummation of the acquisition.

The stockholders of Watson Wyatt Holdings may be asked to vote in favor of the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the proposals.

Q: What is the position of the Watson Wyatt Holdings' board of directors regarding these proposals?

A: The Watson Wyatt Holdings' board of directors unanimously recommends that Watson Wyatt Holdings' stockholders vote FOR the proposals (with Mr. Paul N. Thornton, a member of the board of directors of Watson Wyatt Holdings' who also is the Senior Partner of Watson Wyatt LLP, not participating in the recommendation).

Q: Why should Watson Wyatt Holdings' stockholders vote for the proposal to approve the issuance of Watson Wyatt Holdings' shares in connection with the acquisition?

A: We believe that Watson Wyatt Holdings' stockholders will benefit from the global infrastructure that will result from the acquisition and from the improved ability to respond to client needs efficiently and nimbly; the enhanced strategic and market position; and increased scale, scope and diversity of services and clients that we expect to achieve as a result of the acquisition of the European business.

Q: What Watson Wyatt Holdings' stockholder approvals are needed?

A: The only Watson Wyatt Holdings' stockholder approval needed for the acquisition is the approval, as required by the New York Stock Exchange, of the issuance of Watson Wyatt Holdings' shares to Watson Wyatt LLP in connection with the acquisition. On the proposal to issue Watson Wyatt Holdings' common stock to Watson Wyatt LLP in connection with the acquisition, the rules of the New York Stock Exchange (NYSE) require that holders of a majority of the votes cast vote in favor (provided that the total vote cast on the proposal represents over 50% in interest of the outstanding votes entitled to vote on the proposal).

On the proposal to elect Mr. Ramamurthy to Watson Wyatt Holdings' board, approval of a plurality of the voting power present in person or represented by proxy and entitled to vote at the special meeting is required.

Q: What approvals are needed from the Watson Wyatt LLP members?

A: Pursuant to Watson Wyatt LLP's membership agreement, at least 75% of the Watson Wyatt LLP voting members must approve the acquisition. At the meeting of Watson Wyatt LLP members, the Watson Wyatt LLP voting members will be asked to vote to approve the acquisition. Watson Wyatt LLP voting members are not being asked for proxies.

Q: Will Watson Wyatt Holdings vote on this transaction as a member of Watson Wyatt LLP?

A: Watson Wyatt Holdings will not vote in the meeting of voting members of Watson Wyatt LLP convened to approve the acquisition. Except where specifically noted, references to members in this proxy statement/prospectus do not include Watson Wyatt Holdings.

Q: Are there risks associated with the acquisition?

A: Yes. Watson Wyatt Holdings may not realize the expected benefits of the acquisition because of the risks and uncertainties discussed in the section entitled "Risk Factors" at page 20 and the section entitled "Special Note Regarding Forward-Looking Statements" at page 31. Those risks include, among others, risks relating to uncertainties relating to integration of the European business and the performance of Watson Wyatt Holdings after the closing of the acquisition, uncertainties relating to the retention of key Watson Wyatt LLP members as employees of WW Limited after the closing and additional debt to be incurred by Watson Wyatt Holdings in connection with the acquisition. In addition, sales of Watson Wyatt Holdings' common stock after the acquisition may adversely affect the market price of Watson Wyatt Holdings' common stock.

Q: When is the acquisition expected to be consummated?

A: If the Watson Wyatt Holdings' stockholders approve the share issuance proposal and the Watson Wyatt LLP voting members approve the acquisition, we expect to close the acquisition as soon as possible after the satisfaction or waiver of the other conditions to the acquisition. We currently anticipate that the acquisition will be closed during the fiscal quarter ended September 30, 2005.

Q: What do Watson Wyatt Holdings' stockholders need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, Watson Wyatt Holdings' stockholders should complete and mail their signed and dated proxy cards in the enclosed return envelope as soon as possible so that their shares will be represented at the special meeting. Watson Wyatt Holdings' stockholders also may provide their proxies by accessing the Internet site listed on the Watson Wyatt Holdings' proxy card or by calling the toll-free number listed on the Watson Wyatt Holdings' proxy card.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q: What if I abstain from voting or fail to instruct my broker?

A: If you are a Watson Wyatt Holdings' stockholder and you abstain from voting or fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting "broker non-vote" will be counted toward a quorum at the Watson Wyatt Holdings special meeting, but will not be counted as a vote for the proposals, and will have the effect of a vote against the proposal relating to issuance of common stock in connection with the acquisition. For the election of the director, withheld votes will not affect whether the nominee has received sufficient votes to be elected.

Q: **What if I do not indicate how to vote on my proxy card?**

A: If you sign and send your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote for the proposals.

Q: **May I attend the special meeting and vote my shares in person?**

A: Yes. All holders of Watson Wyatt Holdings' common stock as of the applicable record date, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record are invited to attend the special meeting, and holders of Watson Wyatt Holdings' common stock may vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership, and you must bring a form of personal photo identification with you in order to be admitted. Watson Wyatt Holdings reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Q: **May I change my vote?**

A: Yes. You may revoke your signed proxy card or preliminary vote card at any time before it is voted by:

signing and returning a proxy card or preliminary vote card with a later date;

delivering a written revocation letter to Walter W. Bardenwerper, Secretary of Watson Wyatt Holdings; or

attending the special meeting in person, notifying Mr. Bardenwerper, Secretary of Watson Wyatt Holdings, and voting by ballot at the special meeting.

The mailing address for Watson Wyatt Holdings' Secretary is 901 N. Glebe Rd., Arlington, VA 22203. If you are a Watson Wyatt Holdings stockholder and you have voted your shares by telephone or through the Internet, you may revoke your prior telephone or Internet vote by recording a different vote using telephone or Internet voting, or by signing and returning a proxy card or preliminary vote card dated as of a date that is later than your last telephone or Internet vote.

Any stockholder entitled to vote in person at the special meeting may vote in person whether or not a proxy has been previously given, but the mere presence (without notifying Watson Wyatt Holdings' Secretary) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Q: **Whom should I call with questions?**

A: Watson Wyatt Holdings' stockholders should call the Watson Wyatt Holdings Investor Relations Department at (703) 258-8000.

The Companies (Page 119)

Watson Wyatt & Company Holdings

901 N. Glebe Rd.
Arlington, VA 22203
(703) 258-8000

Watson Wyatt & Company Holdings is a global human capital consulting firm. Watson Wyatt & Company Holdings helps its clients enhance business performance by improving their ability to attract, retain and motivate qualified employees. Watson Wyatt & Company Holdings focuses on delivering value-added consulting services that help its clients anticipate, identify and capitalize on emerging opportunities in human capital management. We design, develop and implement human resources strategies and programs through three closely-interrelated practice areas: Benefits Group, Technology Solutions Group and Human Capital Group. Watson Wyatt & Company Holdings' common stock is currently traded on the New York Stock Exchange (symbol: "WW"). Watson Wyatt & Company Holdings is a Delaware corporation and conducts business through its principal operating subsidiary, Watson Wyatt & Company.

Watson Wyatt LLP

Watson House, London Road
Reigate, Surrey RH2 9PQ
England
+44 1737 241 144

Watson Wyatt LLP, a privately held limited liability partnership registered in England, is one of the leading actuarial, benefits and human capital consulting businesses operating in Europe. Watson Wyatt LLP is the successor in business to a general partnership that operated under the names R. Watson & Sons and Watson Wyatt Partners.

Watson Wyatt (UK) Acquisitions 2 Limited

c/o Watson Wyatt & Company Holdings
901 N. Glebe Rd.
Arlington, VA 22203
(703) 258-8000

Watson Wyatt (UK) Acquisitions 2 Limited, a company incorporated under the laws of England, is a newly-formed, wholly owned subsidiary of Watson Wyatt Holdings. In the acquisition, Watson Wyatt (UK) Acquisitions 2 Limited will acquire the European business. After the acquisition, Watson Wyatt (UK) Acquisitions 2 Limited will transfer the European business to WW Limited.

Watson Wyatt Limited

c/o Watson Wyatt & Company Holdings
901 N. Glebe Rd.
Arlington, VA 22203
(703) 258-8000

WW Limited, a company incorporated under the laws of England, is a wholly owned indirect subsidiary of Watson Wyatt Holdings. WW Limited will own all beneficial and legal title to the European business after the acquisition.

Watson Wyatt Worldwide

Watson Wyatt Holdings and Watson Wyatt LLP currently jointly market services worldwide under the Watson Wyatt Worldwide brand as part of an alliance arrangement. Watson Wyatt Holdings and its

subsidiaries will continue to operate under this brand after the acquisition. See "Material Relationships Between Watson Wyatt Holdings and Watson Wyatt LLP" at page 32.

The Acquisition (Page 39)

Watson Wyatt Holdings has agreed to acquire the European business from Watson Wyatt LLP. The European business consists of substantially all of the assets of, and most liabilities relating to, Watson Wyatt LLP's business.

The European business includes:

specified contracts with Watson Wyatt LLP clients;

the stock of all of the Watson Wyatt LLP subsidiaries;

Watson Wyatt LLP's cash on hand, less reserves for excluded liabilities and certain other obligations retained by Watson Wyatt LLP;

accounts receivable and other debts owing to Watson Wyatt LLP relating to operation of the European business before closing;

intellectual property and all books and records;

goodwill relating to the European business;

all information relating to the European business, except for information relating to excluded liabilities;

business property, furniture, fixtures and equipment relating to the European business;

all of Watson Wyatt LLP's rights against third parties relating to the European business; and

all other rights and assets used in the European business and owned by Watson Wyatt LLP at the closing date, except for specified excluded assets.

The European business does not include the following liabilities, which are referred to as excluded liabilities:

any liabilities for claims relating to services performed by Watson Wyatt LLP, its members and former members or certain of Watson Wyatt LLP's indirect subsidiaries before the acquisition;

any obligations to make annuity or retirement payments to former members or former partners of Watson Wyatt LLP or its predecessor partnership (or related cash accounts);

any obligations of Watson Wyatt LLP to make payments to former partners or voting members relating to partnership accounts;

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tax liabilities of members and former members of Watson Wyatt LLP or partners or former partners in the predecessor partnership;

liabilities of Watson Wyatt LLP for fees and expenses incurred in connection with the acquisition; or

any liabilities under some contracts.

The European business includes all liabilities of certain direct and indirect subsidiaries of Watson Wyatt LLP whose shares will be acquired by Watson Wyatt Holdings in the acquisition and which will be held as indirect subsidiaries of Watson Wyatt Holdings after the acquisition.

Following the acquisition, the European business will be held by WW Limited, an indirect wholly owned subsidiary of Watson Wyatt Holdings.

Following the acquisition, we understand that Watson Wyatt LLP will not hold any operating assets and will not engage in any activities other than an orderly winding down of its business. As part of the acquisition, the alliance agreements will be amended to eliminate, among other things, our right to receive distributions from Watson Wyatt LLP.

A copy of the business transfer agreement, the legal document that governs the acquisition, is attached to this document as Annex A. We encourage you to read the business transfer agreement carefully.

Acquisition Consideration (Page 64)

Total Consideration. If the acquisition is completed, in addition to the assumption by Watson Wyatt Holdings of liabilities of Watson Wyatt LLP as described above, Watson Wyatt Holdings will pay Watson Wyatt LLP total consideration comprised of:

approximately £88.3 million in cash in pounds sterling (approximately US\$160.8 million based on exchange rates on June 15, 2005); and

11,040,571 shares of Watson Wyatt Holdings' common stock, consisting of 9,090,571 shares to be delivered at closing and up to an additional 1,950,000 shares to be issued after June 30, 2007, contingent upon the achievement by the European business of financial performance goals. The market value of the stock consideration will depend upon the market price for the common stock on the date of closing. Based on the NYSE closing price on June 15, 2005, the market value of the stock consideration was US\$276.6 million, of which US\$48.8 million represents the contingent stock consideration. The ultimate number of shares of common stock to be issued as contingent consideration will not be determinable until after June 30, 2007, when achievement of the financial performance goals is assessed.

The liabilities to be assumed by Watson Wyatt Holdings consist of:

all obligations of Watson Wyatt LLP, its members and former members relating to:

some contracts in respect of the European business;

leases for properties used by Watson Wyatt LLP;

the Watson Wyatt LLP pension plan and certain obligations to spouses and dependents of specified members of Watson Wyatt LLP;

salary, bonus and other obligations to employees of the European business;

tax liabilities relating to the European business of Watson Wyatt LLP other than personal tax liabilities of Watson Wyatt LLP members; and

all other obligations relating to or arising out of the European business, except for the excluded liabilities;

professional liability claims relating to pre-April 1995 operation of business by Watson Wyatt Holdings in Europe; and

all liabilities of subsidiaries of Watson Wyatt LLP.

Existing Watson Wyatt Holdings' stockholders (other than Watson Wyatt LLP members who are also existing stockholders) will not receive any additional shares in the acquisition and will continue to hold their existing shares of Watson Wyatt Holdings' common stock.

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Cash Consideration. Watson Wyatt Holdings will pay for the cash portion of the acquisition consideration out of existing cash reserves and borrowings from a new US\$300 million revolving credit

facility, which is being negotiated and will replace its current US\$50 million revolving credit facility in connection with the acquisition.

Stock Consideration. After the acquisition of the European business and Watson Wyatt LLP's distribution of consideration paid in the acquisition (without taking into account any contingent stock consideration), Watson Wyatt LLP members and retired members will own approximately 22% of the outstanding common stock of Watson Wyatt Holdings. A total of 4,340,774 shares of common stock issued in the acquisition will be freely tradable immediately after the acquisition, representing approximately 10% of the then-outstanding common stock of Watson Wyatt Holdings.

Distribution of Consideration. Watson Wyatt LLP has advised us that immediately after the acquisition, pursuant to the plan of distribution adopted by Watson Wyatt LLP, Watson Wyatt LLP will transfer to its voting members 8,988,071 shares of Watson Wyatt Holdings' common stock received at closing. Similarly, we understand that Watson Wyatt LLP will transfer to voting members most of the cash proceeds received in the acquisition. The distribution to each voting member of cash and common stock will be based on a pro-rata agreed share reflecting prospective entitlements of each voting member that would otherwise have come due from Watson Wyatt LLP.

We also understand that pursuant to the plan of distribution, the voting members will transfer 1,225,000 shares of Watson Wyatt Holdings' common stock to two trusts for the benefit of non-voting members, including certain senior employees of Watson Wyatt LLP's subsidiaries who are treated as having status equivalent to non-voting members. We understand that the non-voting members will have an immediate beneficial entitlement to the shares in the trusts regardless of subsequent employment and that these shares will be paid out from the trusts over a three-year period.

Pursuant to Watson Wyatt LLP's plan of distribution, the voting members will transfer acquisition consideration of up to £20 million in cash (approximately US\$36.4 million based on exchange rates on June 15, 2005) and up to 900,000 shares of common stock of Watson Wyatt Holdings to retired members of Watson Wyatt LLP. The transfer to each retired member will be conditional upon a waiver of existing contractual rights to annuity payments.

See "The Business Transfer Agreement Distribution of Proceeds" at page 66 for a more detailed description of how the acquisition proceeds will be distributed.

Conditions to the Acquisition (Page 73)

The respective obligations of Watson Wyatt Holdings and Watson Wyatt LLP to complete the acquisition are subject to the satisfaction or waiver of a number of conditions, including:

approval by Watson Wyatt Holdings' stockholders of the issuance of Watson Wyatt Holdings' common stock in connection with the acquisition;

approval of the acquisition by the voting members of Watson Wyatt LLP;

receipt of various regulatory and governmental approvals;

receipt of consents from specified clients and vendors with fixed- or indefinite-term contracts with the European business to the transfer of their contracts with Watson Wyatt LLP to WW Limited; and

receipt of certain consents relating to Watson Wyatt LLP's pension plan.

Watson Wyatt Holdings may waive, in its sole discretion, the conditions relating to regulatory approvals, pension-related consents and client and vendor consents.

The acquisition is not subject to a financing condition.

Termination of the Business Transfer Agreement (Page 74)

Watson Wyatt Holdings and Watson Wyatt LLP may terminate the business transfer agreement by mutual written consent. The business transfer agreement automatically terminates if the acquisition is not completed by September 30, 2005.

Watson Wyatt Holdings' Board of Directors' Recommendation to Watson Wyatt Holdings' Stockholders (Page 45)

The Watson Wyatt Holdings board of directors has unanimously determined that the acquisition is in the best interests of Watson Wyatt Holdings and its stockholders and recommends that Watson Wyatt Holdings' stockholders vote FOR the issuance of Watson Wyatt Holdings' common stock in connection with the acquisition. In addition, the Watson Wyatt Holdings board of directors has unanimously determined that the election of Mr. Ramamurthy to the board is in the best interests of Watson Wyatt Holdings and its stockholders and recommends that Watson Wyatt Holdings' stockholders vote FOR the election of Mr. Ramamurthy to the board of directors, subject to consummation of the acquisition. Mr. Thornton, the Senior Partner of Watson Wyatt LLP, who also serves on the Watson Wyatt Holdings board of directors, did not participate in any discussions or votes of the Watson Wyatt Holdings board of directors relating to the acquisition, and does not join in the recommendation of the board.

Opinion of Watson Wyatt Holdings' Financial Advisor (Page 50)

In connection with the acquisition, the Watson Wyatt Holdings board of directors received a written opinion of CIBC World Markets Corp., Watson Wyatt Holdings' financial advisor, as to the fairness, from a financial point of view, to Watson Wyatt Holdings of the aggregate consideration provided for in the acquisition. The full text of CIBC World Markets' written opinion, dated April 15, 2005, is attached to this proxy statement/prospectus as Annex B. We encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **CIBC World Markets provided its opinion to the Watson Wyatt Holdings board of directors in connection with the board's evaluation of the aggregate consideration provided for in the acquisition. The opinion does not address any other aspect of the acquisition and does not constitute a recommendation as to how any stockholder should vote or act with respect to any matters relating to the acquisition.**

Interests of Certain Persons in the Acquisition (Page 58)

When considering the recommendation of Watson Wyatt Holdings' board of directors with respect to the issuance of Watson Wyatt Holdings' common stock in connection with the acquisition, Watson Wyatt Holdings' stockholders should be aware that some inside directors on Watson Wyatt Holdings' board of directors have interests in the acquisition that may be different from, or in addition to, the interests of Watson Wyatt Holdings' stockholders. These interests exist because:

some inside directors on Watson Wyatt Holdings' board of directors and some executive officers will serve on the Global Matrix, which will be the principal management committee of the worldwide business after the acquisition, and on other committees relating to integration of the businesses; and

Mr. John J. Haley, President and Chief Executive Officer of Watson Wyatt Holdings, is a member of the Watson Wyatt LLP partnership board.

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In addition, some Watson Wyatt LLP voting members have interests in the acquisition that may be different from, or in addition to, the interests of other Watson Wyatt LLP voting members and Watson Wyatt Holdings' stockholders. These interests exist because:

some voting members of Watson Wyatt LLP will serve on the Global Matrix, which will be the principal management committee of the worldwide business after the acquisition, and other committees relating to integration of the businesses;

some voting members of Watson Wyatt LLP are currently stockholders of Watson Wyatt Holdings;

Mr. Thornton, Senior Partner and Chairman of the partnership board of Watson Wyatt LLP, is a member of the Watson Wyatt Holdings board of directors;

Mr. Alan K. Whalley, a Watson Wyatt LLP voting member, is the Regional Manager (US Region) of Watson Wyatt Holdings, an executive officer position; and

Mr. Ramamurthy, a Watson Wyatt LLP voting member, has been nominated for election to the board of directors of Watson Wyatt Holdings.

As of May 31, 2005, Watson Wyatt Holdings' directors, executive officers and their affiliates as a group beneficially owned 917,250 shares of Watson Wyatt Holdings' common stock (excluding options to purchase shares of Watson Wyatt Holdings' common stock), which represented approximately 2.8% of all outstanding shares of Watson Wyatt Holdings' common stock entitled to vote at the Watson Wyatt Holdings special meeting.

As of May 31, 2005, Watson Wyatt LLP, the voting members who sit on the Watson Wyatt LLP partnership board and their affiliates as a group beneficially owned 176,045 shares of Watson Wyatt Holdings' common stock, representing approximately 0.54% of all outstanding shares of Watson Wyatt Holdings' common stock entitled to vote at the Watson Wyatt Holdings special meeting. In addition, as of May 31, 2005, the Watson Wyatt LLP partnership board, as a group, beneficially owned 21.57% of the Watson Wyatt LLP membership interests (as a percentage of each individual's points in the voting member points pool). Members of the Watson Wyatt LLP partnership board held, at May 31, 2005, 14.89% of all membership interests entitled to vote at the Watson Wyatt LLP special meeting. The figures given in this paragraph for ownership of Watson Wyatt Holdings' common stock do not include shares owned by Mr. Haley, who sits on Watson Wyatt LLP's partnership board but is not a voting member and does not beneficially own any points in the points pool.

Certain Tax Consequences (Page 78)

Tax consequences to holders of Watson Wyatt Holdings' common stock. No gain or loss will generally be recognized in connection with the acquisition by an existing Watson Wyatt Holdings stockholder.

However, if you are an existing Watson Wyatt Holdings stockholder and also a member of Watson Wyatt LLP, then the acquisition may be taxable. You should read the section of this proxy statement/prospectus titled "Certain Tax Consequences." Stockholders should consult their individual tax advisors about their tax consequences from any transactions involving their shares.

Tax consequences to Watson Wyatt Holdings and its affiliates. Watson Wyatt Holdings and its affiliates will pay approximately US\$1 million of tax on the acquisition of the assets of Watson Wyatt LLP. This tax includes stamp duties and Irish and UK income tax on the acquisition of certain assets of Watson Wyatt LLP.

UK tax consequences to Watson Wyatt LLP and its members. For UK tax purposes, Watson Wyatt LLP is treated as a tax-transparent entity, and tax liabilities arising out of this transaction will be tax

liabilities of the voting members individually rather than of Watson Wyatt LLP. Pursuant to the Watson Wyatt LLP membership agreement, the voting members have the right to receive proceeds of a disposal of Watson Wyatt LLP's business and are able to determine how any surpluses, or proceeds less book value, are allocated in such event. Accordingly, for UK tax purposes, the acquisition consideration will be allocated only among the voting members. The precise allocation of the acquisition consideration is reflected in the plan of distribution adopted by the voting members.

Each voting member will be individually liable for UK capital gains tax on the chargeable gains arising on the member's allocated portion of the acquisition consideration.

Non-voting members, retired members and those subject to taxation outside of the UK are subject to different tax treatments.

You should read the section of this proxy statement/prospectus titled "Certain Tax Consequences." Members should consult their individual tax advisors about their tax consequences from this transaction.

Regulatory Approvals (Page 57)

Watson Wyatt Holdings and Watson Wyatt LLP are not required to file notifications with the Antitrust Division of the Department of Justice and the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Authorization of the Financial Services Authority in the United Kingdom will be required for the post-closing conduct of the European business by WW Limited and is in process. Additional regulatory approvals also will be required by some local jurisdictions in which the European business is conducted. The closing of the acquisition is conditioned upon obtaining such regulatory approvals.

Agreements Relating to the Acquisition (Page 75)

In addition to the business transfer agreement, Watson Wyatt Holdings and Watson Wyatt LLP or their affiliates have entered into, or will enter into, various agreements in connection with the acquisition and related transactions and various ongoing relationships among them. These agreements include:

an agreement distributing Watson Wyatt Holdings' economic interest in Watson Wyatt LLP;

an agreement terminating the alliance between Watson Wyatt Holdings and Watson Wyatt LLP;

a professional liability claims agreement;

an agreement relating to payment of employee bonuses; and

an agreement relating to set off rights against the contingent stock consideration in the event of uninsured professional liability claims.

Each voting member other than Mr. Whalley has entered into an employment agreement with WW Limited or an appropriate subsidiary, to be effective at the time of the acquisition. On or before the closing date, each voting member also will enter into a non-competition agreement with WW Limited or an appropriate subsidiary. Each voting member will, as a condition to receiving stock consideration, enter into a stock transfer agreement. Each non-voting member who is employed by the European business after the acquisition will enter into an employment agreement with WW Limited or an appropriate subsidiary.

Market Price Information of Watson Wyatt Holdings' Common Stock

Shares of Watson Wyatt Holdings' common stock are listed on the New York Stock Exchange and will continue to be traded after the acquisition on the New York Stock Exchange under the symbol

"WW." On January 14, 2005, the last full trading day before the public announcement of the proposed acquisition, the last sale price per share of Watson Wyatt Holdings' common stock on the New York Stock Exchange Composite Tape was US\$26.13. On June 20, 2005, the most recent date for which prices were practicably available, the last sale price per share of Watson Wyatt Holdings' common stock on the New York Stock Exchange Composite Tape was US\$25.59.

Comparison of Rights of Stockholders of Watson Wyatt Holdings and Members of Watson Wyatt LLP (Page 148)

After the acquisition, each recipient of stock consideration (including members of Watson Wyatt LLP to whom stock consideration is distributed) will become a Watson Wyatt Holdings stockholder. The rights of Watson Wyatt LLP members as stockholders of Watson Wyatt Holdings will be significantly different from their rights as members of Watson Wyatt LLP and will be governed by the certificate of incorporation and bylaws of Watson Wyatt Holdings, and by New York Stock Exchange listing standards and the Delaware General Corporation Law.

As stockholders of Watson Wyatt Holdings, the Watson Wyatt LLP members will have a right to vote only on those matters presented to stockholders pursuant to Watson Wyatt Holdings' certificate of incorporation and bylaws, exchange listing standards and applicable law. The Watson Wyatt LLP members will not, in their capacity as stockholders, exercise the management and oversight functions performed by Watson Wyatt Holdings' board of directors, or the day-to-day operational functions performed by officers and employees of Watson Wyatt Holdings.

No Dissenters' Appraisal Rights (Page 37)

Neither the Watson Wyatt Holdings stockholders nor the Watson Wyatt LLP members are entitled to dissenters' appraisal rights in connection with the acquisition.

Selected Historical Financial Data of Watson Wyatt Holdings

The following selected historical financial data for the five fiscal years ended June 30, 2004, which are presented in accordance with US GAAP, have been derived from Watson Wyatt Holdings' audited annual financial statements and should be read in conjunction with the audited annual financial statements and notes thereto incorporated herein by reference. The following interim selected financial data for the nine month periods ended March 31, 2005 and 2004 have been derived from our unaudited interim financial statements, and should be read in conjunction with the unaudited interim financial statements and notes thereto incorporated herein by reference. The unaudited interim financial data presented below for the nine month periods ended March 31, 2005 and 2004 reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of our results of operations and financial position.

Watson Wyatt Holdings

(in thousands of US dollars, except per share data)

	For the nine months ended March 31,		For the year ended June 30,				
	2005	2004	2004	2003	2002	2001	2000
Consolidated Statements of Operations Data:							
Revenue	\$ 538,800	\$ 521,991	\$ 702,005	\$ 709,616	\$ 710,480	\$ 700,189	\$ 624,583
Operating income	58,584	51,137	68,470	77,856	72,205	72,568	30,780
Income from continuing operations	39,146	37,275	49,939	50,380	47,084	44,436	18,533
Discontinued operations(1)	756	639	654	6,786			
Net income	\$ 39,902	\$ 37,914	\$ 50,593	\$ 57,166	\$ 47,084	\$ 44,436	\$ 18,533
Earnings Per Share Data:							
Earnings per share, continuing operations:							
Basic	\$ 1.20	\$ 1.13	\$ 1.52	\$ 1.52	\$ 1.43	\$ 1.39	\$ 0.62
Diluted	\$ 1.19	\$ 1.12	\$ 1.50	\$ 1.51	\$ 1.41	\$ 1.37	\$ 0.62
Earnings per share, discontinued operations:							