WILLIS GROUP LIMITED

(Registered Number 621757)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Directors

JJ Plumeri – Chairman and Chief Executive Officer
GJ Millwater
PC Regan

Secretary

MP Chitty

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2008.

Principal activities and review of developments

The Company acts as a holding company and is a subsidiary of Willis Group Holdings Limited ('the Group'), which is one of the world's leading professional service providers of risk management solutions, risk transfer expertise through insurance and reinsurance broking, and related specialised consultancy services.

The Company's principal source of revenue is from royalty payments collected from its subsidiary undertakings to whom the use of certain trademarks have been sub-licensed.

There have been no significant changes in the Company's principal activities in 2008. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results

The profit on ordinary activities after taxation amounted to $55 million (2007: $552 million). As shown in the profit and loss account on page 7, the Company reported an operating loss of $29 million for the year (2007: operating profit $62 million). This operating loss reflected adverse foreign exchange movements.

An interim dividend of $72 million was paid on 19 December 2008 (2007: an interim dividend of $520 million was paid on 23 July 2007). The Directors do not recommend the payment of a final dividend (2007: $nil).

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. Net assets have increased in the year by $1,162 million due largely due to a $1,178.6 million increase in the Company's investment in its subsidiary undertaking. This increase in investment related to the Group's acquisition of Hilb Rogal & Hobbs Company on 1 October 2008. Consequent to this transaction, the Company issued 10 million ordinary shares to its parent company as $1,178 million consideration for shareholdings in Hermes Acquisition Corporation (now called Willis HRH Inc.) and Willis US Holding Company, Inc. These shareholdings were then contributed to the Company's subsidiary, Willis North America Inc., in exchange for additional shares in that company.

The Group manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, is discussed in the Group's financial statements which do not form part of this report.

Details of significant events since the balance sheet date are contained in note 18 to the financial statements.

Principal risks and uncertainties

The Company is potentially exposed to credit risk from its investments in its subsidiary undertakings. An impairment allowance would be made if there were to be an identified loss event which would evidence a potential reduction in the recoverability of the cash flows. No such event has been identified.

The Company has intercompany balances with fellow Group undertakings in currencies other than US dollars, its functional currency, and is therefore exposed to movements in exchange rates. The Group's treasury function takes out contracts to manage this risk at a Group level.

Group risks, including those relating to this Company, are discussed in the Group's financial statements which do not form part of this report.

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

Employees

The Company employed no staff during the year (2007: none).

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. There were no changes in Directors during the year or after the year end.

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulations for each financial year. The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each current Director of the Company confirms that:

- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

Auditors

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditors for a further term.

By order of the Board

M P Chitty
Secretary

1st May 2009

51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS GROUP LIMITED

We have audited the financial statements of Willis Group Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements therein.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS GROUP LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
1 May 2009

WILLIS GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 $m	2007 $m
Turnover	2	100	59
Operating (expenses)/income – foreign exchange		(129)	3
Operating (loss)/profit	3	(29)	62
Finance income, net	6	74	504
Profit on ordinary activities before taxation		45	566
Tax credit/(charge) on profit on ordinary activities	7	10	(14)
Profit on ordinary activities after taxation		55	552

All activities derive from continuing operations.

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2008

There are no recognised gains or losses in either 2008 or 2007 other than the profit for those years.

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 $m	2007 $m
Fixed assets			
Investments	9	1,792	614
Current assets			
Debtors: amounts falling due within one year	11	615	612
Current liabilities			
Creditors: amounts falling due within one year	12	(501)	(482)
Net current assets		114	130
Net assets		1,906	744
Capital and reserves			
Called up share capital	13	108	98
Share premium	14	1,394	225
Revaluation reserve	14	381	381
Profit and loss account	14	23	40
Shareholders' funds		1,906	744

The financial statements were approved by the Board of Directors and authorised for issue on ..1...May... 2009 and signed on its behalf by:

PC Regan

PC Regan
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2008

Movement in shareholders' funds	2008 $m	2007 $m
Profit on ordinary activities after taxation	55	552
Dividends paid	(72)	(520)
New ordinary shares issued	1,179	-
Net movement in shareholders' funds for the year	1,162	32
Shareholders' funds at beginning of year	744	712
Shareholders' funds at end of year	**1,906**	744

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting policies

Basis of preparation

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The financial statements have been prepared:

- under the historical cost convention; and
- in accordance with applicable law and accounting standards in the United Kingdom.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. The principal risks and uncertainties are discussed in the Directors' Report.

Parent undertaking and controlling party

The Company's:

- immediate parent company and controlling undertaking is TAIV Limited; and
- ultimate parent and controlling company is Willis Group Holdings Limited, a company incorporated in Bermuda.

In accordance with Section 228A of the Companies Act 1985 (as amended), the Company is exempt from the requirement to produce group financial statements.

The largest and smallest group in which the results of the Company are consolidated is Willis Group Holdings Limited, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ.

Revenue recognition

Turnover arises solely from royalties received from subsidiary undertakings and is recognised as earned. Interest receivable and income from shares on subsidiary undertakings are accounted for on a received basis.

Foreign currency translation

These financial statements are presented in US dollars which is the currency of the primary economic environment in which the Company operates ('the functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or, in the case of forward contracts in respect of current year income, at the contracted rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Fixed asset investments

Investments in subsidiaries are carried at cost less provision for impairment.

1. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Derivative financial instruments

The Company uses derivative financial instruments for other than trading purposes to alter the risk profile of an existing underlying exposure. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income. Gains or losses based on the contracted rate are recognised on maturity of the contract.

Cash flow statement

Under FRS1 'Cash flow statements' the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a consolidated cash flow statement is prepared at Group level.

2. Turnover

Turnover comprises royalty fees from subsidiary undertakings. The table below analyses these royalty fees by the accounting address of the subsidiary from whom it is derived. Royalty fees are attributable to continuing operations.

Royalty Fees	2008 $m	2007 $m
United Kingdom	45	26
North America	40	27
Rest of the world	15	6
	100	59

3. Operating (loss)/profit

Auditors' remuneration of £10,400 ($19,262) (2007: £10,400 ($20,800)) was borne by another Group company.

4. Employee costs

The Company employed no staff during the year (2007: none).

5. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2007: £nil).

6. Finance income, net	2008 $m	2007 $m
Interest and investment income		
Income from shares in subsidiary undertakings	74	54
Distribution from subsidiary undertaking	-	450
Finance income, net	74	504

In July 2007 a subsidiary of the Company, Willis North America Inc., repurchased 942 shares (approximately 19%) of common stock in itself from the Company for total consideration of $450 million. This amount has been credited in full to the Company's profit and loss account. The Company's investment in Willis North America Inc. is held at historic cost. In the opinion of the Directors, the value of this investment at 31 December 2008 and 2007 is not less than the amounts shown in the balance sheet.

7. Tax (credit) /charge on profit on ordinary activities	2008 $m	2007 $m
(a) Analysis of (credit)/charge for the year		
Current tax:		
UK corporation tax on profit at 28.5% (2007: 30%)	(9)	14
UK corporation tax on profits of prior periods	(1)	-
Current tax (credit)/charge on profit on ordinary activities (note 7 (b))	(10)	14
(b) Factors affecting tax (credit)/charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28.5%) (2007:30%). The differences are explained below:		
Profit on ordinary activities before tax	45	566
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	13	170
Effects of:		
Distribution from subsidiary undertaking	-	(135)
Intra-group dividends which are non-taxable	(21)	(16)
Group relief transferred for nil consideration	-	(5)
Losses carried back and set against profits of prior period	1	-
Prior year adjustment	(1)	-
Other including effect of exchange rates	(2)	-
Current tax (credit)/charge for the year (note 7(a))	(10)	14

(c) Circumstances affecting current and future tax credit and charges

Following the Finance Act 2007, the UK corporation tax rate changed from 30% to 28% on 1 April 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

8. Dividends paid	**2008 $m**	2007 $m
First interim paid	72	520

9. Investments held as fixed assets	**Subsidiary undertakings $m**
Cost	
1 January 2009	624
Additions (a)	2,357
Transfer to other Group undertaking (a)	(1,179)
31 December 2008	1,802
Provisions	
1 January 2008 and 31 December 2008	(10)
Net book value 31 December 2008	1,792
Net book value 31 December 2007	614

(a) In connection with the acquisition of Hilb, Rogal & Hobbs Company by Willis Group Holdings Limited on 1 October 2008 the Company:-

- Subscribed for 498 class B common stock of Hermes Acquisition Corporation for consideration of $392 million.
- Purchased 786,603 class B common stock of Willis US Holding Company, Inc. for a consideration of $786.6 million.
- Contributed these shareholdings to Willis North America, Inc. for total consideration of $1,178.6 million.

10. Shares in subsidiary undertakings

The principal subsidiary undertakings at 31 December 2008 were:

	Total capital and reserves as at 31 December 2008* $m	Profit/(loss) on ordinary activities after taxation for the year ended 31 December 2008* $m	Percentage of share capital held	Class of share
Insurance Broking				
Willis Limited	549	33	100%	Ordinary of £1 each
Holding Company				
Willis North America Inc**	940	70	100%	Common
Willis Faber Limited**	426	72	100%	Ordinary of £1 each
Willis International Limited	22	87	100%	Ordinary of £1 each
Willis Europe BV	703	47	100%	Ordinary of €454 each
Coyle Hamilton Holdings (UK) Limited**	717	-	100%	Ordinary of £1 each
Willis UK Investments**	487	23	100%	Ordinary of $1 each
Management Services Company				
Willis Group Services Limited	110	107	100%	Ordinary of £1 each

* This financial information is unaudited.

** Owned directly by Willis Group Limited; all other undertakings are indirectly held.

All of the above subsidiary undertakings are incorporated in Great Britain with the exception of the following:

	Country of incorporation
Willis North America Inc	USA
Willis Europe BV	Netherlands

The Company is exempt from the obligation to prepare group financial statements in accordance with Section 228A of the Companies Act 1985 (as amended) as the Company is a wholly-owned subsidiary of Willis Group Holdings Limited, in whose financial statements it is consolidated. These financial statements relate to the Company only and not to its Group.

In the opinion of the Directors, the value of the shares in the subsidiary undertakings is not less than the amount shown in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

11. Debtors	2008 $m	2007 $m
Amounts falling due within one year:		
Amounts owed by Group undertakings	607	607
Corporation tax (a)	3	-
Other debtors (b)	4	5
Prepayments and accrued income	1	-
	615	612

a) Corporation tax reflects an amount of $1m due from HM Revenue and Customs and an amount of $2m due from other Group companies in respect of group relief to be surrendered.

b) The Company has an Employee Stock Ownership Plan ("ESOP") which invests in the common shares of the ultimate parent company, Willis Group Holdings Limited. The Trustees of the ESOP transferred 14,734 common shares during the year ended 31 December 2008 (2007: nil). At 31 December 2008 the ESOP shares outstanding were 50,579, representing approximately 0.03% of the total common shares of Willis Group Holdings Limited (2007: 65,313 common shares). Willis Group Holdings Limited shares are listed on the New York Stock Exchange. The fair market value of the common shares held by the ESOP as at 31 December 2008 was $1,258,406. No dividends have been distributed on the shares held by the ESOP.

12. Creditors: amounts falling due within one year	2008 $m	2007 $m
Amounts owed to Group undertaking	501	467
Corporation tax	-	14
Accruals and deferred income	-	1
	501	482

13. Called up share capital	2008 Number (million)	2007 Number (million)
Authorised share capital		
Ordinary shares of 12.5 pence each	528	528
Ordinary shares of $1 each	10	-
	538	528

On 1 October 2008 the Company's authorised share capital was increased by the creation of 10 million ordinary shares of US$ 1 each to rank pari passu in all respects with the existing ordinary shares in the capital of the Company.

	2008 $m	2007 $m
Allotted, called up and fully paid		
482,048,597 (2007: 482,048,597) ordinary shares of 12.5 pence each	98	98
10,000,000 (2007: nil) ordinary shares of $1 each	10	-
	108	98

On 1 October 2008 the Company issued 10 million ordinary shares of $1 each at a premium of $116.86 per share, to its parent company TAIV Limited.

14. Reserves and shareholders' capital	Share capital $m	Share premium $m	Other reserves $m	Profit and loss account $m	Total $m
1 January 2008	98	225	381	40	744
Profit on ordinary activities after taxation	-	-	-	55	55
Dividends paid	-	-	-	(72)	(72)
New ordinary shares issued	10	1,169	-	-	1,179
31 December 2008	108	1,394	381	23	1,906

15. Forward sale of currency

In our London market operations, we earn revenue in a number of different currencies, principally US dollars, pound sterling, euros and Japanese yen, but incur expenses almost entirely in pounds sterling.

We hedge the risk as follows:

- To the extent that forecast pound sterling expenses exceed pound sterling revenues, the Group limits its exposure to this exchange rate risk by the use of forward contracts matched by to specific, clearly identified cash outflows arising in the ordinary course of business; and
- The UK operations of the Group also earn significant revenues in Euros and Japanese Yen. The exposure to changes in the exchange rate between the US dollar and these currencies is limited by the use of forward contracts matched to a percentage of forecast cash inflows in specific currencies and periods.

At 31 December 2008 the Company has entered into forward contracts for the sales of foreign currencies in accordance with this policy. These contracts are matched by "back-to-back" contracts into the subsidiary with the foreign currency exposure. The net fair value of the forward contracts is $nil (2007: $nil).

These forward contracts are summarised below:

Contracts maturing:	GBP Mill/Rate to USD	Euros Mill/Rate to USD	JPY Mill/Rate to USD
1 January 2009 to 31 December 2009	130.0m/1.853	59.3m/1.399	1,850m/103.32
1 January 2010 to 31 December 2010	80.0m/1.800	47.0m/1.430	1,450m/100.20
1 January 2011 to 31 December 2011	20.0m/1.625	12.0m/1.433	750m/97.34

16. Contingent liabilities

The Company has given guarantees and indemnities to bankers and other third parties amounting to $1,309,914 (2007: $1,182,856).

The Company guarantees, on a joint and several basis with certain fellow subsidiary undertakings of Willis Group Holdings Limited and Willis Group Holdings Limited itself, the following debt securities issued by Willis North America Inc, also a fellow subsidiary undertaking of Willis Group Holdings Limited:

$250 million 5.125% Senior Notes due 2010
$350 million 5.625% Senior Notes due 2015
$600 million 6.20% Senior Notes due 2017

In addition the Company is a guarantor, on a joint and several basis, with certain fellow subsidiary undertakings of Willis Group Holdings Limited and Willis Group Holdings Limited itself, of $500 million of debt securities issued by Trinity Acquisition Limited under a Note Purchase Agreement with Goldman Sachs Mezzanine Partners on 6 March 2009. Trinity Acquisition Limited is also a fellow subsidiary undertaking of Willis Group Holdings Limited.

17. Related party transactions

FRS8 (paragraph 3(c)) exempts the reporting of transactions between Group companies in the financial statements of companies 90% or more of whose voting rights are controlled within the Group. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

18. Events after the balance sheet date

In February 2009, Trinity Acquisition entered into an agreement with Goldman Sachs Mezzanine Partners to issue notes in an aggregate principal amount of $500 million. Consummation of the issuance took place on 6 March 2009. The Company is a guarantor of this debt, on a joint and several basis with Willis Group Holdings Limited itself and certain fellow subsidiary undertakings of Willis Group Holdings Limited.