WILLIS GROUP LIMITED

(Registered Number 621757)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

JJ Plumeri – Chairman and Chief Executive Officer
GJ Millwater
SE Wood (appointed 1 October 2010)

Secretary

Willis Corporate Secretarial Services Limited (appointed 8 September 2010)

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2010

Principal activities and review of developments

The Company acts as a holding company and is a subsidiary of Willis Group Holdings plc ('the Group') The Group 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

There have been no significant changes in the Company's principal activities in 2010 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 \$442 million (2009 \$121 million) as shown in the profit and loss account on page 5 The increase is a result of an increase in income from shares in subsidiary undertakings of \$362 million and a decrease in tax charge by \$19 million offset by adverse foreign exchange movements of \$54 million and lower levels of royalty fees received from subsidiary undertakings of \$6 million

Dividends

An interim dividend of \$115 million (€87 million) was paid on 22 December 2010 (2009 \$nil) The Directors do not recommend the payment of a final dividend (2009 \$nil) Dividends proposed after the balance sheet date are shown in note 18 to the financial statements on page 16

The balance sheet on page 6 of the financial statements shows the Company's financial position at the year end Net assets have increased in the year by \$327 million due to an increase in the Company's investment in Willis Insurance Brokers Company Limited, a direct subsidiary of the Company registered in China, at a cost of \$17 million and a net decrease of \$310 million in amounts owed to Group undertakings

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

Events after the balance sheet date

On 17 March 2011 the following events occurred

- Willis Group Holdings plc, the ultimate parent undertaking of the Company, issued \$300 million aggregate principal amount of 4 125% senior unsecured notes due 15 March 2016 and \$500 million aggregate principal amount of 5 75% senior unsecured notes due 15 March 2021 The Company became a guarantor to these notes

- Trinity Acquisition plc entered into an agreement with Goldman Sachs Mezzanine Partners to redeem on that date \$465 million principal amount of its 12 875% senior notes and to redeem on 18 April 2011 the remaining principal amount of \$35 million of the notes The Company was a guarantor of these notes

Further details of these transactions are shown in note 16 to the financial statements on page 16

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

Principal risks and uncertainties

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

The Company is potentially exposed to credit risk from its investments in its subsidiary undertakings An impairment of the carrying value 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

This Company is also exposed to additional risks by virtue of being part of the wider Group These risks have been 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 (2009 none)

Directors

The current Directors of the Company are shown on page 1, which forms part of this report SE Wood was appointed with effect from 1 October 2010 There were no other 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 the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law 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) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information 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 s418 of the Companies Act 2006

Auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

By Order of the Board

Director
51 Lime Street
London EC3M 7DQ
14 September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS GROUP LIMITED

We have audited the financial statements of Willis Group Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

David Rush (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
11 September 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 $m	2009 $m
Turnover	2	**485**	129
Operating (expenses)/income – foreign exchange (loss)/gain		**(12)**	42
Profit on ordinary activities before taxation		**473**	171
Tax charge on profit on ordinary activities	6	**(31)**	(50)
Profit on ordinary activities after taxation		**442**	121

All activities derive from continuing operations

There are no recognised gains or losses in either 2010 or 2009 other than the profit for those years

BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	2010 $m	2009 $m
Fixed assets			
Investments	8	**1,809**	1,792
Current assets			
Debtors amounts falling due within one year	10	**582**	612
Current liabilities			
Creditors amounts falling due within one year	11	**(33)**	(377)
Net current assets		**549**	235
Total assets less current liabilities		**2,358**	2,027
Creditors amounts falling due after more than one year	12	**(4)**	-
Net assets		**2,354**	2,027
Capital and reserves			
Called up share capital	13	**108**	108
Share premium	14	**1,394**	1,394
Revaluation reserve	14	**381**	381
Profit and loss account	14	**471**	144
Shareholders' funds		**2,354**	2,027

The financial statements of Willis Group Limited, registered company number 621757, were approved by the Board of Directors and authorised for issue on 14 September 2011 and signed on its behalf by

SE Wood
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2010

Movement in shareholders' funds	2010 $m	2009 $m
Profit on ordinary activities after taxation	442	121
Dividends paid	(115)	-
Net movement in shareholders' funds for the year	327	121
Shareholders' funds at beginning of year	2,027	1,906
Shareholders' funds at end of year	**2,354**	2,027

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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

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

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is Trinity Acquisition plc, and
- ultimate parent company is Willis Group Holdings plc, a company incorporated in Ireland

Up to 21 December 2010 the Company's immediate parent company and controlling undertaking was TA IV Limited On 22 December 2010 TA IV Limited sold its investment in the Company to Trinity Acquisition plc

In accordance with Section 400 of the Companies Act 2006, 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 plc, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ

Revenue recognition

Revenue includes royalties received from subsidiary companies and is recognised as earned Income from shares in subsidiary undertakings is accounted for on a receivable 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, with the exception of the investment in Willis North America Inc which is held at Directors' valuation Further details of this valuation are shown in note 8 to the accounts

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

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

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 the Company is a 90 per cent or more owned subsidiary undertaking and the consolidated cash flow statement that is prepared at Group level is publicly available

2 Turnover

Turnover comprises royalty fees from subsidiary undertakings and income from shares in subsidiary undertakings The table below analyses turnover by the accounting address of the subsidiary from whom it is derived Royalty fees are attributable to continuing operations

	2010 $m	2009 $m
Royalty fees		
United Kingdom	**42**	43
North America	**67**	73
Rest of the world	**14**	13
	123	129
Income from shares in subsidiary undertakings		
United Kingdom	**361**	-
China	**1**	-
	362	-
	485	129

3. Profit on ordinary activities before taxation

Auditors' remuneration of £10,400 ($16,079) (2009 £10,400 ($16,277)) was borne by another Group company

4. Employee costs

The Company employed no staff during the year (2009 none)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (contınued)

5. Dırectors' remuneratıon

The Dırectors of the Company receıved no remuneratıon for servıces rendered to the Company durıng the year (2009 $nıl)

6. Tax on profit on ordınary actıvıtıes	2010 $m	2009 $m
(a) Analysıs of charge for the year		
Current tax:		
UK corporatıon tax on profit at 28% (2009 28%)	31	49
Adjustments ın respect of prıor perıods	-	1
Tax charge on profit on ordınary actıvıtıes	31	50
(b) Factors affectıng current tax for the year		
The tax assessed for the year ıs lower (2009 hıgher) than the standard rate of corporatıon tax ın the UK (28%) (2009 28%) The dıfferences are explaıned below		
Profit on ordınary actıvıtıes before taxatıon	473	171
Profit on ordınary actıvıtıes multıplıed by the standard rate of corporatıon tax ın the UK of 28% (2009 28%)	132	48
Effects of		
Intra-group dıvıdends whıch are non-taxable	(101)	-
Adjustments to tax charge ın respect of prıor years	-	1
Other ıncludıng effect of exchange rates	-	1
Total current tax charge for the year (note 6(a))	31	50

The Company has carrıed forward capıtal losses of £108 3 mıllıon ($117 5 mıllıon) as at 31 December 2010 A deferred tax asset of £29 2mıllıon has not been recognısed ın respect of these losses on the basıs that ıt ıs hıghly unlıkely the Company wıll be able to use them ın the foreseeable future

(c) Cırcumstances affecting current and future tax charges

The Government announced ın June 2010 that ıt ıntended to reduce the rate of UK corporatıon tax from 28% to 24% over four years Consequently the Fınance Act 2010, whıch was substantıvely enacted ın July 2010, ıncluded provısıons to reduce the rate of UK corporatıon tax to 27% wıth effect from 1 Aprıl 2011

On 23 March 2011, the Government announced that ıt ıntends to further reduce the rate of UK corporatıon tax to 26% wıth effect from 1 Aprıl 2011 and then by 1% per annum to 23% by 1 Aprıl 2014 As thıs legıslatıon was not substantıvely enacted by 31 December 2010, the ımpact of these further antıcıpated rate changes ıs not reflected ın the tax provısıons reported ın these accounts

7. Dividends paid	2010 $m	2009 $m
Interim paid 22 December 2010	115	-

8 Investments held as fixed assets	Subsidiary undertakings $m
Cost or valuation	
1 January 2010	1,802
Additions (i)	17
31 December 2010	1,819
Provisions	
1 January 2010 and 31 December 2010	(10)
Net book value 31 December 2010	**1,809**
Net book value 31 December 2009	1,792

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

(i) Additions

On 15 January 2010 the Company increased its investment in Willis Insurance Brokers Company Limited, a direct subsidiary of the Company registered in China, by 39% at a cost of $17 million which includes deferred consideration detailed in note 12 As a result the Company's shareholding increased to 90%

Investment in Willis North America Inc

In 1998 the Board of Directors determined the fair value of Willis North America Inc when the Company was acquired by Kohlberg Kravis Roberts & Co L P The Company revalued its investment by $381 million and increased its revaluation reserve

The 1998 Directors' valuation used net present value techniques supported by an analysis of revenue multiples and price/earnings ratios, including comparison with appropriate benchmarks

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

9. Shares in subsidiary undertakings

The principal subsidiary undertakings at 31 December 2010 were

	Percentage of share capital held	Class of share	Country of incorporation
Insurance Broking			
Willis Limited	100%	Ordinary of £1 each	United Kingdom
Holding Company			
Willis North America Inc *	100%	Common	USA
Willis Faber Limited *	100%	Ordinary of £1 each	United Kingdom
Willis International Limited	100%	Ordinary of £1 each	United Kingdom
Willis Europe BV	100%	Ordinary of €454 each	Netherlands
Willis UK Investments *	100%	Ordinary of $1 each	United Kingdom
Management Services Company			
Willis Group Services Limited	100%	Ordinary of £1 each	United Kingdom

* Owned directly by Willis Group Limited, all other undertakings are indirectly held All undertakings operate principally in the country of their incorporation

The Company is exempt from the obligation to prepare group financial statements in accordance with Section 400 of the Companies Act 2006 as the Company is a wholly-owned subsidiary of Willis Group Holdings plc, 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

10 Debtors	2010 $m	2009 $m
Amounts falling due within one year:		
Amounts owed by Group undertakings	578	607
Other debtors	-	1
Prepayments and accrued income	4	4
	582	612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

11. Creditors: amounts falling due within one year	2010 $m	2009 $m
Amounts owed to Group undertakings	-	323
Amounts owed to Group undertakings in respect of group relief	25	54
Other creditors	8	-
	33	377

12. Creditors: amounts falling due after more than one year	2010 $m	2009 $m
Other creditors	4	-

The amount due after more than one year and other creditors in note 11 represents deferred consideration due on the Company's increased investment in Willis Insurance Brokers Company Limited, a direct subsidiary of the Company registered in China A deferred consideration payment of $6 million was made on 1 February 2011 and further amounts are payable on 1 June 2011 and 1 June 2014

13. Called up share capital	2010 Number (million)	2009 Number (million)
Authorised share capital		
Ordinary shares of 12 5 pence each	528	528
Ordinary shares of $1 each	10	10
	538	538

	2010 $m	2009 $m
Allotted, called up and fully paid		
482,048,597 (2009 482,048,597) ordinary shares of 12 5 pence each	98	98
10,000,000 (2009 10,000,000) ordinary shares of $1 each	10	10
	108	108

14. Reserves and shareholders' funds	Share capital $m	Share premium $m	Revaluation reserves $m	Profit and loss account $m	Total $m
1 January 2010	108	1,394	381	144	2,027
Profit on ordinary activities after taxation	-	-	-	442	442
Dividends paid	-	-	-	(115)	(115)
31 December 2010	108	1,394	381	471	2,354

The revaluation reserve is the Directors' valuation of the Company's investment in Willis North America Inc Further details of this valuation are shown in note 8 to the accounts

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 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 2010 the Company has entered into forward contracts for the purchase / sale 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 (2009 $nil)

These forward contracts are summarised below

Contracts maturing:	Purchase GBP Mill/Rate to USD	Sale Euros Mill/Rate to USD	Sale JPY Mill/Rate to USD
1 January 2011 to 31 December 2011	136 6m/1 53019	62 0m/1 39415	2,450 0m/ 91 90414
1 January 2012 to 31 December 2012	60 0m/1 50985	44 0m/1 38861	2,000 0m/ 86 54008
1 January 2013 to 31 December 2013	10 0m/1 49060	7 0m/1 38190	1,250 0m/ 82 44320

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

16. Contingent liabilities

The Company has given guarantees and indemnities to bankers and other third parties amounting to $1,484,962 (2009 $1,309,914)

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

$350 million 5 625% Senior Notes due 2015
$600 million 6 200% Senior Notes due 2017
$300 million 7 000% Senior Notes due 2019

In addition the Company is a guarantor, on a joint and several basis, with certain fellow subsidiary undertakings of Willis Group Holdings plc and Willis Group Holdings plc itself, of two facilities, both expiring on 1 October 2013 The first is a $200 million revolving credit facility and the second consists of a $300 million revolving credit facility and a $700 million term loan facility, which bears interest at LIBOR plus 2 250%

In addition the Company is a guarantor of a loan note issued on 26 August 2009 by Willis Faber Limited, a direct subsidiary of the Company, of $3 7 million (£2 4 million) and is repayable on 31 May 2012 Interest is payable at a fixed rate of 6% per annum

Post balance sheet events

The Company was a guarantor, on a joint and several basis, with certain fellow subsidiary undertakings of Willis Group Holdings plc and Willis Group Holdings plc itself, of $500 million of debt securities issued by Trinity Acquisition plc under a Note Purchase Agreement with Goldman Sachs Mezzanine Partners on 6 March 2009

On 17 March 2011 Trinity Acquisition plc redeemed $465 million of these notes and entered into an agreement to redeem the remaining $35 million on 18 April 2011

On 17 March 2011 the Company became a guarantor, with certain fellow subsidiary undertakings of Willis Group Holdings plc and Willis Group Holdings plc itself, of $300 million 4 125% senior notes due 15 March 2016 and $500 million 5 75% senior notes due 15 March 2021

17. Related party transactions

FRS8 (paragraph 3(c)) exempts the reporting of transactions between wholly-owned group companies The Company has taken advantage of this exemption There are no other transactions requiring disclosure

18. Events after the balance sheet date

Events after the balance sheet date concerning contingent liabilities are detailed in note 16 to the financial statements

On 18 April 2011 the Company paid a dividend of $47 million to its parent company, Trinity Acquisition plc