WILLIS GROUP LIMITED

(Registered Number 621757)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Directors

JJ Plumeri – Chairman and Chief Executive Officer
GJ Millwater

Secretary

Willis Corporate Secretarial Services Limited (appointed 8 September 2010)

S K Bryant (resigned 7 September 2010)

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2009

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

Up to 30 December 2009 the Company's ultimate parent company was Willis Group Holdings Limited, a company incorporated in Bermuda On 31 December 2009 the Group redomiciled its ultimate parent company to Ireland As a result Willis Group Holdings plc, a company incorporated in Ireland, replaced Willis Group Holdings Limited as the ultimate parent company

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 2009 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 \$121 million (2008 \$55 million) as shown in the profit and loss account on page 7 The Company reported an operating profit of \$171 million for the year (2008 operating loss \$29 million) This increase is a result of favourable foreign exchange movements and higher levels of royalty fees received from subsidiary undertakings The increase in royalty fees primarily arose from additional royalties generated from Willis North America Inc following its acquisition of Hilb Rogal & Hobbs Company in 2008

Dividends

No interim dividend was paid in the year (2008 an interim dividend of \$72 million was paid on 19 December 2008) The Directors do not recommend the payment of a final dividend (2008 \$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 \$121 million due largely to a decrease 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

Details of significant events since the balance sheet date are contained in note 17 to the financial statements on page 16

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

Other foreign exchange risks affecting the Company are detailed in note 14 to the financial statements on page 15

The Company is potentially exposed to market 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

This Company is also exposed to additional risks by virtue of being a part of the wider Willis 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 (2008 none)

Directors

The current Directors of the Company are shown on page 1, which forms part of this report PC Regan resigned as Director of the Company on 19 February 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 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 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

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 2006) 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 418 of the Companies Act 2006

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

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

GJ Millwater
Director

28 September 2010

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 17 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 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

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 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 (APB'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 2009 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

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

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 Auditors
London
United Kingdom
29 September 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 $m	2008 $m
Turnover	2	**129**	100
Operating income/(expenses) – foreign exchange gain/(loss)		**42**	(129)
Operating profit/(loss)	3	**171**	(29)
Income from shares in subsidiary undertaking		**-**	74
Profit on ordinary activities before taxation		**171**	45
Tax (charge)/credit on profit on ordinary activities	6	**(50)**	10
Profit on ordinary activities after taxation		**121**	55

All activities derive from continuing operations

There are no recognised gains or losses in either 2009 or 2008 other than the profit for those years

BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	2009 $m	2008 $m
Fixed assets			
Investments	8	1,792	1,792
Current assets			
Debtors amounts falling due within one year	10	612	615
Current liabilities			
Creditors amounts falling due within one year	11	(377)	(501)
Net current assets		235	114
Total assets less current liabilities and net assets		2,027	1,906
Capital and reserves			
Called up share capital	12	108	108
Share premium	13	1,394	1,394
Revaluation reserve	13	381	381
Profit and loss account	13	144	23
Shareholders' funds		2,027	1,906

The financial statements of Willis Group Limited, registered company number 621757, were approved by the Board of Directors and authorised for issue on 28 September 2010 and signed on its behalf by

GJ Millwater
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2009

Movement in shareholders' funds	2009 $m	2008 $m
Profit on ordinary activities after taxation	**121**	55
Dividends paid	-	(72)
New ordinary shares issued	-	1,179
Net movement in shareholders' funds for the year	**121**	1,162
Shareholders' funds at beginning of year	**1,906**	744
Shareholders' funds at end of year	**2,027**	1,906

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is TA IV Limited, and
- ultimate parent company is Willis Group Holdings plc, a company incorporated in Ireland

Up to 30 December 2009 the Company's ultimate parent company was Willis Group Holdings Limited, a company incorporated in Bermuda On 31 December 2009 the Group redomiciled its ultimate parent company to Ireland As a result Willis Group Holdings plc, a company incorporated in Ireland, replaced Willis Group Holdings Limited as the ultimate parent company

In accordance with Section 401 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 arises solely from royalty fees received from subsidiary undertakings and is recognised as earned

Finance income

Income from shares in subsidiary undertakings is 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (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 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	2009 $m	2008 $m
United Kingdom	43	45
North America	73	40
Rest of the world	13	15
	129	100

3. Operating profit/(loss)

Auditors' remuneration of £10,400 ($16,277) (2008 £10,400 ($19,262)) was borne by another Group company

4. Employee costs

The Company employed no staff during the year (2008 none)

5. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2008 $nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

6. Tax charge/(credit) on profit on ordinary activities	2009 $m	2008 $m
(a) Analysis of charge/(credit) for the year		
Current tax		
UK corporation tax on profit at 28% (2008 28 5%)	49	(9)
Adjustments in respect of prior periods	1	(1)
Tax charge/(credit) on profit on ordinary activities	50	(10)
(b) Factors affecting tax charge/(credit) for the year		
The tax assessed for the year is higher (2008 lower) than the standard rate of corporation tax in the UK (28%) (2008 28 5%) The differences are explained below		
Profit on ordinary activities before tax	171	45
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28 5%)	48	13
Effects of		
Intra-group dividends which are non-taxable	-	(21)
Losses carried back and set against profits for the prior period	-	1
Adjustments to tax charge in respect of prior years	1	(1)
Other including effect of exchange rates	1	(2)
Total current tax charge/(credit) for the year (note 6(a))	50	(10)

The Company has carried forward capital losses of £117 5 million ($189 million) as at 31 December 2009 A deferred tax asset of £32 9million has not been recognised in respect of these losses on the basis that it is highly unlikely the Company will be able to use them in the foreseeable future

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

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

7. Dividends paid	2009 $m	2008 $m
Interim paid (2008 19 December 2008)	-	72

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

8. Investments held as fixed assets

	Subsidiary undertakings $m
Cost	
1 January 2009 and 31 December 2009	1,802
Provisions	
1 January 2009 and 31 December 2009	(10)
Net book value 31 December 2009	**1,792**
Net book value 31 December 2008	1,792

9. Shares in subsidiary undertakings

The principal subsidiary undertakings at 31 December 2009 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 401 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	2009 $m	2008 $m
Amounts falling due within one year		
Amounts owed by Group undertakings	607	607
Amounts owed by Group undertakings in respect of group relief	-	2
Corporation tax	-	1
Other debtors	1	4
Prepayments and accrued income	4	1
	612	615

The corporation tax debtor reflected an amount due from HM Revenue and Customs which was received in 2009

11. Creditors: amounts falling due within one year	2009 $m	2008 $m
Amounts owed to Group undertakings	323	501
Amounts owed to Group undertakings in respect of group relief	54	-
	377	501

12 Called up share capital	2009 Number (million)	2008 Number (million)
Authorised share capital		
Ordinary shares of 12 5 pence each	528	528
Ordinary shares of $1 each	10	10
	538	538

	2009 $m	2008 $m
Allotted, called up and fully paid		
482,048,597 (2008 482,048,597) ordinary shares of 12 5 pence each	98	98
10,000,000 (2008 10,000,000) ordinary shares of $1 each	10	10
	108	108

13. Reserves and shareholders' funds	Share capital $m	Share premium $m	Revaluation reserve $m	Profit and loss account $m	Total $m
1 January 2009	108	1,394	381	23	1,906
Profit on ordinary activities after taxation	-	-	-	121	121
31 December 2009	108	1,394	381	144	2,027

14. 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 2009 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 (2008 $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 2010 to 31 December 2010	95 0m/1 772	59 0m/1 423	2,350m/97 03
1 January 2011 to 31 December 2011	40 0m/1 572	45 0m/1 406	1,900m/92 89
1 January 2012 to 31 December 2012	20 0m/1 518	27 0m/1 421	950m/88 73
1 January 2013 to 31 December 2013			200m/83 95

15. Contingent liabilities

The Company has given guarantees and indemnities to bankers and other third parties amounting to $1,309,914 (2008 $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

$90 million 5 125% Senior Notes due 2010
$350 million 5 625% Senior Notes due 2015
$600 million 6 200% Senior Notes due 2017
$300 million 7 000% Senior Notes due 2019

The Company is also 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 12 875% Senior Notes due 2016 issued by Trinity Acquisition plc under a Note Purchase Agreement with Goldman Sachs Mezzanine Partners on 6 March 2009

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 a $700 million five-year term loan facility, which bears interest at LIBOR plus 2 250%

In addition the Company is a guarantor of two loan notes issued on 26 August 2009 by Willis Faber Limited, a direct subsidiary of the Company The first note of $9 million (£5 6 million) and accrued interest were settled on the due date of 15 January 2010 by Willis Faber Limited The second note of $3 9 million (£2 4 million) is repayable on 31 May 2012 Interest is payable on both loan notes at a fixed rate of 6% per annum

16. Related party transactions

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

17 Events after the balance sheet date

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 $16 million As a result the Company's shareholding increased to 90%