WILLIS EMPLOYEE BENEFITS LIMITED

(Registered Number 5641509)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Directors

BJ McManus (appointed 18 February 2008)
JB McGrath (appointed 22 February 2008)
A Powis (appointed 7 January 2008)

Secretary

SK Bryant

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte & Touche LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2007

Principal activities and review of developments

The Company is part of the Willis Global Employee Benefits Practice, dealing with the design, implementation, communication and administration of employee benefits programmes Benefits programmes include pension schemes, group death in service, income protection, private medical insurance, total reward strategies and absence management

The Company 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

There have been no significant changes in the Company's principal activities in 2007 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

The profit on ordinary activities after taxation amounted to £247,000 (thirteen months ended 31 December 2006 £1,000) As shown in the profit and loss account on page 7, the Company reported an operating profit of £336,000 (2006 £2,000) This increase reflects a significant growth in the Company's business during 2007

No interim dividend was paid during the year (thirteen months ended 31 December 2006 £nil) The Directors do not recommend the payment of a final dividend (thirteen months ended 31 December 2006 £nil)

The balance sheet on page 8 of the financial statements shows the Company's position at the year end The increase in net assets is due to the growth of the Company's business

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 Global division of the Group, which includes the Company, is discussed in the Group's financial statements which do not form part of this report

Principal risks and uncertainties

Competitive pressure in the UK is a risk for the Company, which could result in it losing fees to its key competitors The Company manages this risk by delivering value to clients, creating the most appropriate fee structure, enhancing the sales process and fully implementing a Client Advocacy program

The Company is regulated in the UK by the Financial Services Authority and has appropriate FSA permissions to carry on its current activities Internal control procedures are in place to ensure that the Company is fully compliant with all applicable UK industry regulation

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Employees

The Company is committed to the participation and involvement of employees in the Company's business and to facilitating their personal development to its maximum potential

Communication with employees concerning the objectives and performance of the Company is conducted through personal briefings and regular meetings, complemented by employee publications and video presentations Feedback is continually sought from staff on a variety of business, management and human resources issues These communication tools provide employees with the opportunity to contribute to the everyday running of the business and to support the achievement of the Company's vision and business strategy

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 12

Directors and their interests

The current Directors of the Company are shown on page 1, which forms part of this report A Powis, BJ McManus and JB McGrath were appointed as Directors of the Company with effect from 7 January 2008, 18 February 2008 and 22 February 2008 respectively ACA Gribben and AJ MacDonald resigned as Directors on 31 January 2008 and 27 February 2008 respectively 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 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 s234ZA of the Companies Act 1985

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Auditors

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

By order of the Board

S K Bryant
Secretary
10 April 2008

51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS EMPLOYEE BENEFITS LIMITED

We have audited the financial statements of Willis Employee Benefits Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 12 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 within it

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 EMPLOYEE BENEFITS 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 2007 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 & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
23 April 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £000	Thirteen months ended 31 December 2006 £000
Turnover	2	**1,507**	2
Operating expenses		**(1,171)**	-
Operating profit	3	**336**	2
Interest receivable on cash at bank		**21**	-
Profit on ordinary activities before taxation		**357**	2
Tax charge on profit on ordinary activities	6	**(110)**	(1)
Profit on ordinary activities after taxation		**247**	1

All activities derive from continuing operations

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

There are no recognised gains or losses in either 2007 or 2006 other than the profit for those years

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Current assets			
Debtors amounts falling due within one year	7	**644**	-
Deposits and cash		**1,382**	12
		2,026	12
Current liabilities			
Creditors amounts falling due within one year	8	**(1,768)**	(1)
Net assets		**258**	11
Capital and reserves			
Called up share capital	9	**10**	10
Profit and loss account	10	**248**	1
Equity shareholders' funds		**258**	11

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2008 and signed on its behalf by

J B McGrath
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2007

Movement in shareholders' funds	2007 £000	Thirteen months ended 31 December 2006 £000
Profit on ordinary activities after taxation	**247**	1
Net movement in shareholders' funds for the year	**247**	1
Shareholders' funds at beginning of year	**11**	-
Increase in share capital	**-**	10
Shareholders' funds at end of year	**258**	11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Accounting policies

Basis of preparation

The principal accounting policies are summarised below They have all been applied consistently throughout the year and for the thirteen months ended 31 December 2006

The financial statements have been prepared

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

Parent undertaking and controlling party

The Company's

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

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 principally comprises insurance commission and fees for services rendered Insurance commission and fees negotiated instead of insurance commission are recognised at the later of policy inception or when the policy placement is complete

Pension costs

The Company participates in Willis Group Holdings Limited's UK defined benefit pension scheme This scheme was closed to new entrants in January 2006 New entrants are now offered the opportunity to join a defined contribution scheme The staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited (the Group)

Defined benefit scheme

A defined benefit pension scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The UK defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, in separate trustee-administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit assets or liability, net of the related deferred tax, is presented separately after other net assets on the face of Willis Limited's balance sheet

As the Directors are unable to identify the Company's share of the scheme's underlying assets and liabilities, the Company recognises as its pension cost the contributions payable under the scheme during the year, as allowed by FRS17 The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method The pension contributions rates are based on pension costs across the Group's UK companies as a whole

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1 Accounting policies (continued)

Pension costs (continued)

Defined contribution scheme

A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods

The costs of the defined contribution scheme in which the Company participates are charged to the profit and loss account as part of employee costs in the period in which they fall due Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially 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

The table below analyses the Company's commission and fees by the accounting address of the client from whom the business is derived This does not necessarily reflect the original source or location of the business Commission and fees are attributable to continuing operations

Insurance commission and fees	2007 £000	Thirteen months ended 31 December 2006 £000
United Kingdom	**1,507**	2

3. Operating profit

Auditors' remuneration of £7,800 (thirteen months ending 31 December 2006 £7,500) was borne by another Group company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

4. Employee costs	**2007 £000**	Thirteen months ended 31 December 2006 £000
Salaries	**692**	-
Social security costs	**78**	-
Other pension costs	**51**	-
	821	-

Number of employees – average for the period	**2007 Number**	2006 Number
Producer	**8**	-
Client services	**2**	-
Management / administration services	**1**	-
	11	-

The staff working for the Company are employed by other subsidiary undertakings of Willis Group Holdings Limited The Company bears the cost of the salaries, social security payments and pension contributions relating to such staff and reimburses the employing company for the full amount of the costs incurred, as shown above

5. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (thirteen months ending 31 December 2006 £nil)

6. Tax charge on profit on ordinary activities	**2007 £000**	Thirteen months ended 31 December 2006 £000
(a) Analysis of tax charge for the year		
Current tax		
UK corporation tax on profit at 30% (2006 30%)	**110**	1
Current tax charge on profit on ordinary activities (note 6(b))	**110**	1
(b) Factors affecting tax charge for the year		
The tax assessed for the year is higher than (2006 equal to) the standard rate of corporation tax in the UK (30%) The differences are explained below		
Profit on ordinary activities before tax	**357**	2
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	**107**	1
Expenses not deductible for tax purposes	**3**	-
Current tax charge for the year (note 6(a))	**110**	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

6. Tax charge on profit on ordinary activities (continued)

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

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

7. Debtors	**2007 £000**	2006 £000
Amounts falling due within one year		
Trade debtors	**205**	-
Prepayments and accrued income	**439**	-
	644	-

8. Creditors: amounts falling due within one year	**2007 £000**	2006 £000
Amounts owed to Group undertaking	**1,654**	-
Corporation tax	**110**	1
Other creditors	**4**	-
	1,768	1

9. Called up share capital	**2007 Number (thousand)**	2006 Number (thousand)
Authorised share capital		
Ordinary shares of £1 each	**1,000**	1,000
	2007 £000	2006 £000
Allotted, issued and fully paid		
10,000 (2006 10,000) ordinary shares of £1 each	**10**	10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

10. Reserves and shareholders' capital	Share capital £000	Profit and loss account £000	Total £000
1 January 2007	10	1	11
Profit on ordinary activities after taxation	-	247	247
31 December 2007	10	248	258

11. Pensions

Defined Benefit Scheme

The Company is a member of the Willis Pension Scheme in the United Kingdom ('the Scheme'), which is funded externally and is of the defined benefit type The staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method The pension contributions rates are based on pension costs across the Group's UK companies as a whole

The most recent actuarial valuation of the Scheme was at 31 December 2004 The most recent actuarial valuation has been reviewed and updated as at 31 December 2007 to take account of the requirements of FRS17 'Retirement Benefits', in order to assess the liabilities of the Scheme at 31 December 2007

The Directors consider that the share of the Scheme's underlying assets and liabilities attributable to the Company's employees cannot be separately identified as several Group companies participate in the Scheme Accordingly all Scheme assets and liabilities are included on the balance sheet of Willis Limited The Scheme showed an overall surplus after tax of $324 1 million (£163 7 million) at 31 December 2007 compared with an overall surplus after tax of $147 8 million (£75 4 million) at 31 December 2006 Company contribution rates decreased from 14 6% to 14 4% of pensionable earnings with effect from 1 January 2007 In addition, the Scheme contributions increased to the rate of 6% in 2007 and to the rate of 8% in 2008 for all employed members

Full disclosures for the Scheme under FRS17 are included in the financial statements of Willis Limited

The Scheme was closed to new members from 1 January 2006

Defined Contribution Scheme

The Company operated a defined contribution scheme for new members from 1 January 2006

12. 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