

**WILLIS UK INVESTMENTS**  
(formerly Willis UK Investments Limited)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**Directors**

MP Chitty  
T Colraine

**Secretary**

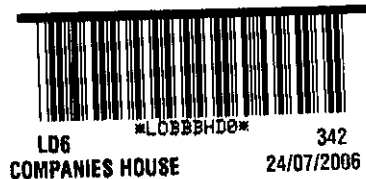
SK Bryant

**Registered Office and Number**

Ten Trinity Square  
London EC3P 3AX  
No. 5146638

**Auditors**

Deloitte & Touche LLP  
London



**Directors' report  
for the year ended 31 December 2005**

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2005.

**Principal activities**

The Company is an investment company.

**Performance review**

The profit on ordinary activities after taxation amounted to \$285,000 for the year (7 June 2004 to 31 December 2004: \$6,000). The Directors do not recommend the payment of a final dividend.

**Re-registration as an unlimited company and giving financial assistance**

On 26 May 2006 the Company filed a notice with the Registrar of Companies in England & Wales requesting that the Company be re-registered as an unlimited Company. The re-registration became effective on 1 June 2006. Accordingly the name of the Company has changed from Willis UK Investment Limited to Willis UK Investments. On 20 June 2006, the members approved the giving by the Company of financial assistance for the purchase of its own shares to Willis North America, Inc. The financial assistance will take the form of a loan to Willis North America, Inc of approximately \$400m, on commercial terms, following the payment of a corresponding sum in settlement of amounts due under a deferred subscription agreement, both amounts to be determined on the date the settlement payment is made.

**Directors and their interests**

The present Directors of the Company are named on page 1 which forms part of this report. TM Warren resigned as a Director of the Company with effect from 3 March 2005. There were no other changes of Director during the period or after the period end.

The Directors have no disclosable interests in the shares of the Company or of its fellow group companies. Advantage has been taken of the provisions of the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985.

**Statement of directors' responsibilities in relation to the financial statements**

The Directors are required to report on their responsibilities in relation to the preparation of financial statements for each financial year and the following statement should be read in conjunction with the auditors' statement of their responsibilities set out on page 3.

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

In preparing the financial statements on pages 4 to 8 the Directors consider that:

- (a) they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates; and
- (b) all applicable accounting standards have been followed.

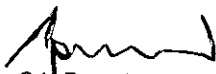
The Directors have responsibility for ensuring that the Company keeps accounting records which disclose at any time and with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985 (as amended).

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Auditors**

Deloitte & Touche LLP have been appointed auditors of the Company. 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 under the provisions of section 386(2) of the Companies Act 1985.

By order of the Board



S K Bryant  
Secretary  
Ten Trinity Square  
London EC3P 3AX

11 July 2006

**Independent auditors' report to the members of Willis UK Investments**

We have audited the financial statements of Willis UK Investments for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the movement in shareholders' funds, and the related notes 1 to 13. 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**

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

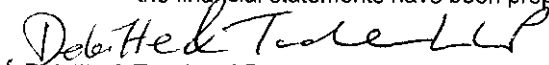
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

**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 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

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

17 July 2006

**WILLIS UK INVESTMENTS**  
(formerly Willis UK Investments Limited)

4

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2005

	Note	1 January 2005 to 31 December 2005 \$000	7 June 2004 to 31 December 2004 \$000
Interest and investment income	5	407	9
<b>Profit on ordinary activities before taxation</b>		<b>407</b>	<b>9</b>
Tax on profit on ordinary activities	6	(122)	(3)
<b>Profit on ordinary activities after taxation</b>		<b>285</b>	<b>6</b>
<b>Retained profit for the period</b>	10	<b>285</b>	<b>6</b>

All activities derive from continuing operations.

**RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005**

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of \$285,000 in the year ended 31 December 2005 and of \$6,000 in the period 7 June 2004 to 31 December 2004.

**WILLIS UK INVESTMENTS**  
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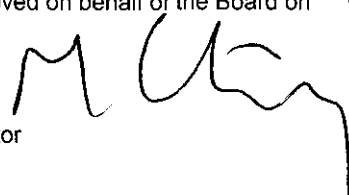
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**BALANCE SHEET AS AT 31 DECEMBER 2005**

	Note	2005 \$000	2004 \$000
<b>Current assets</b>			
Debtors			
Amounts falling due within one year	7	28,360	6,418
Amounts falling due after one year	7	400,000	400,000
		<b>428,360</b>	<b>406,418</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	(125)	(3)
<b>Net current assets</b>		<b>428,235</b>	<b>406,415</b>
<b>Capital and reserves</b>			
Called up share capital	9, 10	401,000	401,000
Share premium	10	26,944	5,409
Profit and loss account	10	291	6
<b>Equity shareholders' funds</b>		<b>428,235</b>	<b>406,415</b>

Approved on behalf of the Board on 11 July 2006

Director



	1 January 2005 to 31 December 2005 \$000	7 June 2004 to 31 December 2004 \$000
<b>MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 31 December 2005</b>		
Profit for the period after taxation	285	6
New ordinary shares issued	-	401,000
Additional paid in capital under deferred subscription agreement	21,535	5,409
Net movement in shareholders' funds for the period	21,820	406,415
Shareholders' funds at 1 January 2005	406,415	-
<b>Shareholders' funds at 31 December 2005</b>	<b>428,235</b>	<b>406,415</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

**1. Accounting policies**

- (i) **Basis of preparation**  
These financial statements have been prepared under the historical cost convention and comply with applicable law and accounting standards in the United Kingdom. The Company's functional currency is the US dollar and accordingly the financial statements have been prepared in this currency.
- (ii) **Income recognition**  
The Company recognises interest from group undertakings on a receivable basis.
- (iii) **Currency translation**  
Transactions in currencies other than US dollars are recorded at the rate of exchange at the date of the transaction, or, in the case of transactions covered by forward contracts, at the contracted rate. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.
- (iv) **Cash flow statement**  
Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is prepared at Group level.

**2. Audit Fees**

Audit fees were borne by another Group company in both the current year and prior period.

**3. Staff costs**

The Company employed no staff during the year (period from 7 June 2004 to 31 December 2004: none).

**4. Directors' remuneration**

The Directors of the Company received no remuneration for services rendered to the Company during the year (period from 7 June 2004 to 31 December 2004: \$nil).

	<b>1 January 2005 to 31 December 2005 \$000</b>	<b>7 June 2004 to 31 December 2004 \$000</b>
<b>5. Interest and investment income</b>		
Interest receivable from group undertakings	<b>407</b>	<b>9</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

	1 January 2005 to 31 December 2005 \$000	7 June 2004 to 31 December 2004 \$000
<b>6. Tax on profit on ordinary activities</b>		
(a) Analysis of charge for the period		
Current tax:		
UK corporation tax on profit at 30% (period from 7 June 2004 to 31 December 2004: 30%)	122	3
Total current tax (note 6(b)) and tax on profit on ordinary activities	122	3

(b) Factors affecting tax charge for the period

The tax assessed for the year and prior period is the same as the standard rate of corporation tax in the UK (30%).

	2005 \$000	2004 \$000
<b>7. Debtors</b>		
Due within one year:		
Amounts owed by group undertakings	28,360	6,418
Due after more than one year:		
Amounts owed by group undertakings	400,000	400,000
	428,360	406,418

On 29 September 2004 the Company entered into a deferred subscription agreement under which the Company agreed to issue 401 million \$1 ordinary shares to Willis North America Inc. The shares were issued at par on 30 September 2004 and on that day, Willis North America Inc. paid the first instalment of \$1m. Under the deferred subscription agreement, the unpaid capital is payable in half yearly instalments on 15 June and 15 December until 15 December 2011.

The amount due after more than one year represents the debt obligation of Willis North America Inc. under the deferred subscription agreement with the Company.

The total value of subscription instalments receivable by the Company over the period 15 December 2011 will exceed the \$400m nominal value of the share capital issued to reflect the deferral of the receipt of subscription payments. The inherent rate of return in this debt obligation of Willis North America Inc. is 5.38% per annum. The excess represented by this return to the Company is treated as an increase in share premium.

	2005 \$000	2004 \$000
<b>8. Creditors : amounts falling due within one year</b>		
Corporation tax	122	3
Amounts owed to group undertakings	3	-
	125	3

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)**

<b>9. Called up share capital</b>	<b>2005 Number</b>	<b>2004 Number</b>
<b>Authorised share capital</b>		
Ordinary shares of \$1 each	500,000,000	500,000,000
Ordinary share of £1	1	1
	<b>500,000,001</b>	<b>500,000,001</b>
	<b>2005 \$000</b>	<b>2004 \$000</b>
<b>Allotted, issued and fully paid</b>		
401,000,000 Ordinary shares of \$1 each (2004: 401,000,000)	401,000	401,000
1 Ordinary share of £1 (2004: 1)	-	-
	<b>401,000</b>	<b>401,000</b>

<b>10. Reserves and shareholders' capital</b>	<b>Share capital \$000</b>	<b>Share premium \$000</b>	<b>Profit and loss account \$000</b>	<b>Total \$000</b>
1 January 2005	401,000	5,409	6	406,415
Retained profit for the period	-	-	285	285
Additional paid in capital under deferred subscription agreement	-	21,535	-	21,535
31 December 2005	<b>401,000</b>	<b>26,944</b>	<b>291</b>	<b>428,235</b>

**11. 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.

**12. Parent undertakings and controlling party**

The Company's immediate parent company and controlling party is Willis Group Limited. The Company's ultimate parent company and controlling party is Willis Group Holdings Limited, a company incorporated in Bermuda, whose group financial statements are available from the Company Secretary, Ten Trinity Square, London EC3P 3AX.

The largest group in which the results of the Company are consolidated is that headed by Willis Group Holdings Limited, with the smallest group being headed by TA I Limited. The consolidated financial statements for these groups are available to members of the public from the Company Secretary, Ten Trinity Square, London EC3P 3AX.

**13. Post balance sheet events**

On 26 May 2006 the Company filed a notice with the Registrar of Companies in England & Wales requesting that the Company be re-registered as an unlimited Company. The re-registration became effective on 1 June 2006. Accordingly the name of the Company has changed from Willis UK Investment Limited to Willis UK Investments.

On 20 June 2006, the members approved the giving by the Company of financial assistance for the purchase of its own shares to Willis North America, Inc. The financial assistance will take the form of a loan to Willis North America, Inc of approximately \$400m, on commercial terms, following the payment of a corresponding sum in settlement of amounts due under the deferred subscription agreement (note 7), both amounts to be determined on the date the settlement payment is made.