

WILLIS UK INVESTMENTS

(Registered Number 5146638)

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

Directors

Willis Corporate Director Services Ltd (appointed 1 January 2007)
Willis Corporate Secretarial Services Ltd (appointed 1 January 2007)

Secretary

SK Bryant

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte & Touche LLP
London

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

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 \$15,321k (2006 \$7,570k) as shown in the profit and loss account on page 6. The increase is a result of higher levels of interest receivable from Group undertakings.

No interim dividend was paid in the year (2006 \$nil). The Directors do not recommend the payment of a final dividend (2006 \$nil).

The balance sheet on page 7 of the financial statements shows the Company's financial position at the year end.

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

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

Environment

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

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 10.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. MP Chitty and T Colraine resigned as Directors of the Company on 31 December 2006. Willis Corporate Director Services Limited and Willis Corporate Secretarial Services Limited were appointed Directors of the Company with effect from 1 January 2007. There were no changes in Directors during the year or after the year end.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

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.

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



SK Bryant
Secretary

10 June 2008

51 Lime Street
London EC3M 7DQ

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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 11. 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 UK INVESTMENTS
(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

11 June 2008

WILLIS UK INVESTMENTS**6****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 \$000	2006 \$000
Operating expense		(1)	-
Operating loss	2	(1)	-
Finance income	5	21,840	11,127
Profit on ordinary activities before taxation		21,839	11,127
Tax charge on profit on ordinary activities	6	(6,518)	(3,557)
Profit on ordinary activities after taxation		15,321	7,570

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

WILLIS UK INVESTMENTS

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BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 \$000	2006 \$000
Current assets			
Debtors			
Amounts falling due within one year	7	53,446	52,526
Amounts falling due after one year	7	420,918	400,000
		<u>474,364</u>	<u>452,526</u>
Deposits and cash		2	-
		<u>474,366</u>	<u>452,526</u>
Current liabilities			
Creditors amounts falling due within one year	8	(10,201)	(3,682)
Net assets		<u>464,165</u>	<u>448,844</u>
Capital and reserves			
Called up share capital	9	401,000	401,000
Share premium	10	39,983	39,983
Profit and loss account	10	23,182	7,861
Equity shareholders' funds		<u>464,165</u>	<u>448,844</u>

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



SK Bryant,
 Authorised Signatory of
 Willis Corporate Director Services Limited,
 Director

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

	2007	2006
	\$000	\$000
Movement in shareholders' funds		
Profit on ordinary activities after taxation	15,321	7,570
Additional paid in capital under deferred subscription agreement	-	13,039
Net movement in shareholders' funds for the year	15,321	20,609
Shareholders' funds at beginning of year	448,844	428,235
Shareholders' funds at end of year	464,165	448,844

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 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

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is Willis Group 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

Income recognition

The Company recognises interest receivable on an accruals 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. 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

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. Operating loss

Auditors' remuneration of £2,600 (\$5,148) (2006 £5,000 (\$9,200)) was borne by another Group company

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

3 Employee costs

The Company employed no staff during the year (2006 none)

4. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2006 \$nil)

5. Finance income	2007 \$000	2006 \$000
<i>Interest and investment income</i>		
Interest receivable on cash at bank	2	-
Interest receivable from Group undertakings	21,838	11,127
	21,840	11,127

6. Tax charge on profit on ordinary activities	2007 \$000	2006 \$000
<i>(a) Analysis of tax charge for the year</i>		
Current tax		
UK corporation tax on profit at 30% (2006 30%)	6,518	3,567
Adjustments in respect of prior periods	-	(10)
Current tax charge on profit on ordinary activities (note 6(b))	6,518	3,557
<i>(b) Factors affecting tax charge for the year</i>		
The tax assessed for the year is lower (2006 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below		
Profit on ordinary activities before tax	21,839	11,127
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	6,552	3,338
Effects of		
Adjustments to tax charge in respect of prior years	-	(10)
Other including effect of exchange rates	(34)	229
Current tax charge for the year (note 6(a))	6,518	3,557

(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

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

7. Debtors	2007 \$000	2006 \$000
<i>Amounts falling due within one year</i>		
Amounts owed by Group undertakings	53,446	52,526
<i>Amounts falling due after more than one year:</i>		
Amounts owed by Group undertaking	420,918	400,000
	474,364	452,526

On 29 September 2004 the Company entered into a deferred subscription agreement (the "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 Agreement, the unpaid capital was payable in half yearly instalments on 15 June and 15 December until 15 December 2011.

On 10 August 2006, Willis North America Inc. paid to the Company the sum of \$403 million in satisfaction of all amounts outstanding under the terms of the deferred subscription agreement. On the same day, the Company lent Willis North America Inc. the sum of \$400 million on commercial terms. Under the terms of that loan, interest was receivable on 10 August annually at a rate of 5.90% per annum with any remaining amounts of unpaid capital and interest being repayable on 10 August 2017. The amount due after more than one year at 31 December 2006 represented the debt obligation of Willis North America Inc. under the terms of that interest-bearing loan.

On 7 September 2007 Willis North America Inc. settled all amounts outstanding on this loan by assigning to the Company an interest-bearing loan note for the sum of \$421 million due from Trinity Acquisition Limited. On the same day, TAI Limited purchased this loan note by issuing to the Company an interest-bearing loan note for the sum of \$421 million. Under the term of the loan interest is payable at LIBOR plus a margin of between 1.10% and 1.55% per annum. The loan is repayable in two instalments, \$175 million is repayable on 15 July 2010 and \$246 million is repayable on 15 July 2015. The amount due after more than one year at 31 December 2007 represents the debt obligation of TAI Limited under the terms of this interest-bearing loan.

8. Creditors: amounts falling due within one year	2007 \$000	2006 \$000
Amounts owed to Group undertaking	3,719	131
Corporation tax	6,482	3,551
	10,201	3,682

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

9. Called up share capital	2007 Number (thousand)	2006 Number (thousand)
Authorised share capital		
Ordinary shares of \$1 each	500,000	500,000
1 ordinary share of £1	-	-
	500,000	500,000
Allotted, issued and fully paid	2007 \$000	2006 \$000
401,000,000 (2006 401,000,000) ordinary shares of \$1 each	401,000	401,000
1 (2006 1) ordinary share of £1	-	-
	401,000	401,000

10. Reserves and shareholders' capital	Share capital \$000	Share premium \$000	Profit and loss account \$000	Total \$000
1 January 2007	401,000	39,983	7,861	448,844
Profit on ordinary activities after taxation	-	-	15,321	15,321
31 December 2007	401,000	39,983	23,182	464,165

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.