UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-16503

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland	**98-0352587**
(Jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

c/o Willis Group Limited
51 Lime Street, London, EC3M 7DQ, England
(Address of principal executive offices)

(011) 44-20-3124-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of 'large accelerated filer', 'accelerated filer' and 'smaller reporting company' in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of May 4, 2012, there were outstanding 173,538,549 ordinary shares, nominal value $0.000115 per share, of the Registrant.

Table Of Contents

Table of Contents

Certain Definitions

The following definitions apply throughout this quarterly report unless the context requires otherwise:

'We', 'Us', 'Company', 'Group', 'Willis', 'Willis Group Holdings' or 'Our'	Willis Group Holdings and its subsidiaries.
'Willis Group Holdings' or 'Willis Group Holdings plc'	Willis Group Holdings Public Limited Company, a company organized under the laws of Ireland.
'shares'	The ordinary shares of Willis Group Holdings Public Limited Company, nominal value $0.000115 per share.
'HRH'	Hilb Rogal & Hobbs Company, a 100 percent owned subsidiary acquired in 2008.

FORWARD-LOOKING STATEMENTS

We have included in this document ‘forward-looking statements’ within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our future capital expenditures, growth in commissions and fees, business strategies, competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, plans and references to future successes, are forward-looking statements. Also, when we use the words such as ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘plan’, ‘probably’, or similar expressions, we are making forward-looking statements.

There are important uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained in this document, including the following:

- the impact of any regional, national or global political, economic, business, competitive, market, environmental or regulatory conditions on our global business operations;
- the impact of current financial market conditions on our results of operations and financial condition, including as a result of those associated with the current Eurozone sovereign debt crisis any insolvencies of or other difficulties experienced by our clients, insurance companies or financial institutions;
- our ability to implement and realize anticipated benefits of the 2011 Operational Review or any revenue generating initiatives;
- the volatility or declines in insurance markets and premiums on which our commissions are based, but which we do not control;
- our ability to continue to manage our significant indebtedness;
- our ability to compete effectively in our industry, including the impact of our refusal to accept contingent commissions from carriers in the non-Employee Benefit areas of our retail brokerage business;
- material changes in commercial property and casualty markets generally or the availability of insurance products or changes in premiums resulting from a catastrophic event, such as a hurricane, or otherwise;
- our ability to retain key employees and clients and attract new business;
- the timing and ability to carry out share repurchases and redemptions;
- the timing or ability to carry out refinancing or take other steps to manage our capital and the limitations in our long-term debt agreements that may restrict our ability to take these actions;
- any fluctuations in exchange and interest rates that could affect expenses and revenue;
- the potential costs and difficulties in complying with a wide variety of foreign laws and regulations and any related changes, given the global scope of our operations;
- rating agency actions that could inhibit our ability to borrow funds or the pricing thereof;
- a significant decline in the value of investments that fund our pension plans or changes in our pension plan liabilities or funding obligations;
- our ability to achieve the expected strategic benefits of transactions;
- the impairment of the goodwill of one of our reporting units, in which case we may be required to record significant charges to earnings;
- our ability to receive dividends or other distributions in needed amounts from our subsidiaries;
- changes in the tax or accounting treatment of our operations;
- any potential impact from the US healthcare reform legislation;
- our involvements in and the results of any regulatory investigations, legal proceedings and other contingencies;

Table of Contents

- underwriting, advisory or reputational risks associated with non-core operations as well as the potential significant impact our non-core operations (including our Loan Protector operations) can have on our financial results;
- our exposure to potential liabilities arising from errors and omissions and other potential claims against us; and
- the interruption or loss of our information processing systems or failure to maintain secure information systems.

The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information see the section entitled ‘Risk Factors’ included in Willis’ Form 10-K for the year ended December 31, 2011. Copies are available online at http://www.sec.gov or www.willis.com or on request from the Company as set forth in Part I, ‘Business — Available Information’ in Willis’ Form 10-K.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included in this document, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved.

Our forward-looking statements speak only as of the date made and we will not update these forward-looking statements unless the securities laws require us to do so. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1 — Financial Statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Three months ended March 31, 2012	Three months ended March 31, 2011
		(millions, except per share data)	
REVENUES			
Commissions and fees		$ 1,005	$ 999
Investment income		5	8
Other income		3	—
Total revenues		1,013	1,007
EXPENSES			
Salaries and benefits	3	(506)	(583)
Other operating expenses		(156)	(152)
Depreciation expense		(19)	(20)
Amortization of intangible assets		(15)	(17)
Net gain on disposal of operations		—	4
Total expenses		(696)	(768)
OPERATING INCOME		317	239
Make-whole on repurchase and redemption of senior notes and write-off of unamortized debt issuance costs	14	—	(171)
Interest expense		(32)	(40)
INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES		285	28
Income taxes	4	(68)	(1)
INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES		217	27
Interest in earnings of associates, net of tax		15	16
INCOME FROM CONTINUING OPERATIONS		232	43
Discontinued operations, net of tax		—	(1)
NET INCOME		232	42
Less: net income attributable to noncontrolling interests		(7)	(8)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS		$ 225	$ 34
AMOUNTS ATTRIBUTABLE TO WILLIS GROUP HOLDINGS SHAREHOLDERS			
Income from continuing operations, net of tax		225	35
Loss from discontinued operations, net of tax		—	(1)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS		$ 225	$ 34
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	16	$ 256	$ 66
EARNINGS PER SHARE — BASIC AND DILUTED			
— Basic earnings per share — continuing operations	5	$ 1.29	$ 0.20
— Diluted earnings per share — continuing operations	5	$ 1.28	$ 0.20
CASH DIVIDENDS DECLARED PER SHARE		$ 0.27	$ 0.26

The accompanying notes are an integral part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	March 31, 2012	December 31, 2011
		(millions, except share data)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 464	$ 436
Accounts receivable, net		1,009	910
Fiduciary assets		10,368	9,338
Deferred tax assets		51	44
Other current assets	12	325	259
Total current assets		12,217	10,987
NON-CURRENT ASSETS			
Fixed assets, net		426	406
Goodwill	10	3,308	3,295
Other intangible assets, net	11	406	420
Investments in associates		187	170
Deferred tax assets		24	22
Pension benefits asset		170	145
Other non-current assets	12	353	283
Total non-current assets		4,874	4,741
TOTAL ASSETS		$ 17,091	$ 15,728
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Fiduciary liabilities		$ 10,368	$ 9,338
Deferred revenue and accrued expenses		285	320
Income taxes payable		62	15
Short-term debt and current portion of long-term debt	14	17	15
Deferred tax liabilities		25	26
Other current liabilities	13	334	282
Total current liabilities		11,091	9,996
NON-CURRENT LIABILITIES			
Long-term debt	14	2,435	2,354
Liability for pension benefits		261	270
Deferred tax liabilities		47	32
Provisions for liabilities		182	196
Other non-current liabilities	13	371	363
Total non-current liabilities		3,296	3,215
Total liabilities		14,387	13,211

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Willis Group Holdings plc

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

	Note	March 31, 2012	December 31, 2011
		(millions, except share data)	
COMMITMENTS AND CONTINGENCIES	7		
EQUITY			
Ordinary shares, $0.000115 nominal value; Authorized: 4,000,000,000; Issued 173,696,854 shares in 2012 and 173,829,693 shares in 2011		—	—
Ordinary shares, €1 nominal value; Authorized: 40,000; Issued 40,000 shares in 2012 and 2011		—	—
Preference shares, $0.000115 nominal value; Authorized: 1,000,000,000; Issued nil shares in 2012 and 2011		—	—
Additional paid-in capital		1,072	1,073
Retained earnings		2,319	2,160
Accumulated other comprehensive loss, net of tax	16	(713)	(744)
Treasury shares, at cost, 46,408 shares in 2012 and 2011 and 40,000 shares, €1 nominal value, in 2012 and 2011		(3)	(3)
Total Willis Group Holdings stockholders' equity	17	2,675	2,486
Noncontrolling interests	17	29	31
Total equity		2,704	2,517
TOTAL LIABILITIES AND EQUITY		$ 17,091	$ 15,728

The accompanying notes are an integral part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Three months ended March 31, 2012	2011
		(millions)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		$ 232	$ 42
Adjustments to reconcile net income to total net cash provided by operating activities:			
Loss from discontinued operations		—	1
Net gain on disposal of operations and fixed and intangible assets		(3)	(4)
Depreciation expense		19	20
Amortization of intangible assets		15	17
Amortization of cash retention awards	3	62	44
Net periodic cost of defined benefit pension plans	6	1	3
Provision for doubtful debts		4	1
Benefit for deferred income taxes		(2)	(8)
Excess tax benefits from share-based payment arrangements		—	(1)
Share-based compensation		9	14
Make-whole on repurchase and redemption of senior notes and write-off of unamortized debt issuance costs		—	171
Undistributed earnings of associates		(15)	(16)
Effect of exchange rate changes on net income		(5)	(8)
Change in operating assets and liabilities, net of effects from purchase of subsidiaries:			
Accounts receivable		(80)	(140)
Fiduciary assets		(924)	(780)
Fiduciary liabilities		924	780
Cash retention awards paid	3	(192)	(195)
Funding of defined benefit pension plans		(33)	(30)
Other assets		(7)	(2)
Other liabilities		74	93
Movement on provisions		(17)	5
Net cash provided by continuing operating activities		62	7
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of fixed and intangible assets		3	2
Additions to fixed assets		(36)	(20)
Acquisitions of subsidiaries, net of cash acquired		(2)	(3)
Acquisition of investments in associates		—	(2)
Payments to acquire other investments		(2)	(1)
Net cash used in continuing investing activities		(37)	(24)

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Willis Group Holdings plc

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Note	Three months ended March 31, 2012	2011
		(millions)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM OPERATING AND INVESTING ACTIVITIES		$ 25	$ (17)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from draw down of revolving credit facility	14	85	10
Senior notes issued	14	—	794
Debt issuance costs	14	—	(6)
Repayments of debt	14	(2)	(492)
Make-whole on repurchase and redemption of senior notes	14	—	(146)
Repurchase of shares	17	(19)	—
Proceeds from issue of shares		11	19
Excess tax benefits from share-based payment arrangements		—	1
Dividends paid		(46)	(45)
Proceeds from sale of noncontrolling interests		3	—
Acquisition of noncontrolling interests		(29)	(7)
Dividends paid to noncontrolling interests		(3)	(1)
Net cash provided by continuing financing activities		—	127
INCREASE IN CASH AND CASH EQUIVALENTS		25	110
Effect of exchange rate changes on cash and cash equivalents		3	6
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		436	316
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 464	$ 432

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. NATURE OF OPERATIONS

Willis provides a broad range of insurance and reinsurance broking and risk management consulting services to its clients worldwide, both directly and indirectly through its associates. The Company provides both specialized risk management advisory and consulting services on a global basis to clients engaged in specific industrial and commercial activities, and services to small, medium and large corporations through its retail operations.

In its capacity as an advisor and insurance broker, the Company acts as an intermediary between clients and insurance carriers by advising clients on risk management requirements, helping clients determine the best means of managing risk, and negotiating and placing insurance risk with insurance carriers through the Company's global distribution network.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements ('Interim Financial Statements') have been prepared in accordance with accounting principles generally accepted in the United States of America ('US GAAP').

The Interim Financial Statements are unaudited but include all adjustments (consisting of normal recurring adjustments) which the Company's management considers necessary for a fair presentation of the financial position as of such dates and the operating results and cash flows for those periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. However, the Company believes that the disclosures are adequate to make the information presented not misleading. The results of operations for the three month period ended March 31, 2012 may not necessarily be indicative of the operating results for the entire fiscal year.

These Interim Financial Statements should be read in conjunction with the Company's consolidated balance sheets as of December 31, 2011 and 2010, and the related consolidated statements of operations, cash flows and changes in equity for each of the three years in the period ended December 31, 2011 included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012.

In May 2011, the Financial Accounting Standards Board ('FASB') issued an Accounting Standards Update to disclosure requirements for common fair value measurement. These amendments, which became effective for us in the first quarter of 2012, result in common definition of fair value and common requirements for measurement of and disclosure requirements between US GAAP and IFRS. Consequently, the amendments change some fair value measurement principles and disclosure requirements. The implementation of this amended accounting guidance had an immaterial impact on our consolidated financial statements.

In June 2011, the FASB issued an Accounting Standards Update that increases the prominence of items reported in other comprehensive income in the financial statements. This update requires companies to present comprehensive income in a single statement below net income or in a separate statement of comprehensive income immediately following the income statement. This requirement became effective for us beginning with the first quarter of 2012, and we have included the required presentation in this Form 10-Q.

3. SALARIES AND BENEFITS EXPENSE

Severance Costs

Severance costs arising in the normal course of business amounted to a nominal amount in the three months ended March 31, 2012 (2011: $nil).

During 2011, the Company incurred severance costs of $89 million relating to the Company's 2011 Operational Review. These costs related to approximately 1,200 positions that were eliminated.

3. SALARIES AND BENEFITS EXPENSE (Continued)

At March 31, 2012, the Company's severance liability under the 2011 Operational Review was:

	Severance (millions)
Balance at January 1, 2011	$ —
Severance costs accrued	89
Cash payments	(64)
Foreign exchange	(1)
Balance at December 31, 2011	$ 24
Cash payments	(9)
Foreign exchange	—
Balance at March 31, 2012	$ 15

Cash Retention Awards

As part of the Company's incentive compensation, the Company makes annual cash retention awards to its employees. Employees must repay a proportionate amount of these awards if they voluntarily leave the Company's employ (other than in the event of redundancy, retirement or permanent disability) before a certain time period, currently up to three years. The Company makes cash payments to its employees in the year it grants these retention awards and recognizes these payments ratably over the period they are subject to repayment, beginning in the quarter in which the award is made. The unamortized portion of cash retention awards is recorded within other current assets and other non-current assets.

The following table sets out the amount of cash retention awards made and the related amortization of those awards for the three months ended March 31, 2012 and 2011:

	Three months ended March 31,	
	2012	2011
	(millions)	
Cash retention awards made	$ 192	$ 195
Amortization of cash retention awards included in salaries and benefits	62	44

Unamortized cash retention awards totaled $334 million as of March 31, 2012 (December 31, 2011: $196 million; March 31, 2011: $328 million).

4. INCOME TAXES

The tables below reflect the components of the three months ended March 31, 2012 and 2011 tax charge:

Three months ended March 31, 2012	Income before tax	Tax	Effective tax rate
	(millions, except percentages)		
Ordinary income taxed at estimated annual effective tax rate	$ 297	$ (73)	25%
Items where tax effect is treated discretely:			
Write-off of uncollectible accounts receivable balance in North America	(12)	5	41%
As reported	$ 285	$ (68)	24%

Three months ended March 31, 2011	Income before tax	Tax	Effective tax rate
	(millions, except percentages)		
Ordinary income taxed at estimated annual effective tax rate	$ 195	$ (48)	25%
Items where tax effect is treated discretely:			
Make-whole expense on repurchase and redemption of senior notes and write-off of unamortized debt issuance costs	(171)	47	27%
Non-taxable gain on disposal of operations	4	—	—%
As reported	$ 28	$ (1)	4%

4. INCOME TAXES (Continued)

For interim income tax reporting purposes, the Company generally determines its best estimate of an annual effective tax rate and applies that rate on a year-to-date basis applicable to its ordinary income. The Company's estimated annual effective tax rate excludes significant, unusual or infrequently occurring items and certain other items excluded pursuant to the US GAAP authoritative guidance where applicable. The income tax expense (or benefit) related to all other items is individually computed and recognized when the items occur.

5. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income attributable to Willis Group Holdings by the average number of shares outstanding during each period. The computation of diluted earnings per share reflects the potential dilution that could occur if dilutive securities and other contracts to issue shares were exercised or converted into shares or resulted in the issue of shares that then shared in the net income of the Company.

At March 31, 2012, time-based and performance-based options to purchase 8.8 million and 7.1 million (2011: 10.7 million and 9.4 million) shares, respectively, and 1.2 million restricted stock units (2011: 1.7 million), were outstanding.

Basic and diluted earnings per share are as follows:

	Three months ended March 31,	
	2012	2011
	(millions, except per share data)	
Net income attributable to Willis Group Holdings	$ 225	$ 34
Basic average number of shares outstanding	174	171
Dilutive effect of potentially issuable shares	2	3
Diluted average number of shares outstanding	176	174
Basic earnings per share:		
Continuing operations	$ 1.29	$ 0.20
Discontinued operations	—	—
Net income attributable to Willis Group Holdings shareholders	$ 1.29	$ 0.20
Dilutive effect of potentially issuable shares	(0.01)	—
Diluted earnings per share:		
Continuing operations	$ 1.28	$ 0.20
Discontinued operations	—	—
Net income attributable to Willis Group Holdings shareholders	$ 1.28	$ 0.20

Options to purchase 5.9 million shares were not included in the computation of the dilutive effect of stock options for the three months ended March 31, 2012 because the effect was antidilutive (2011: 3.0 million).

6. PENSION PLANS

The components of the net periodic benefit (income) cost of the UK, US and international defined benefit plans are as follows:

	Three months ended March 31,					
	UK Pension Benefits		US Pension Benefits		Intl Pension Benefits	
	2012	2011	2012	2011	2012	2011
	(millions)					
Components of net periodic benefit (income) cost:						
Service cost	$ 8	$ 9	$ —	$ —	$ 1	$ 1
Interest cost	27	26	10	10	2	2
Expected return on plan assets	(45)	(40)	(11)	(11)	(2)	(2)
Amortization of unrecognized prior service gain	(1)	(1)	—	—	—	—
Amortization of unrecognized actuarial loss	10	8	2	1	—	—
Net periodic benefit (income) cost	$ (1)	$ 2	$ 1	$ —	$ 1	$ 1

As of March 31, 2012, the Company had made contributions of $24 million (including amounts in respect of the salary sacrifice contributions), $7 million and $2 million to the UK, US and international defined benefit pension plans (2011: $21 million, $8 million and $1 million), respectively.

On March 30, 2012, the Company agreed a revised schedule of contributions with the UK pension Trustee which sets out the contributions toward on-going accrual of benefits and deficit funding contributions the Company will make to the UK plan over the next six years ended December 31, 2017. Contributions in 2012 are expected to total $81 million (excluding amounts in respect of the salary sacrifice contributions), of which approximately $23 million relates to on-going contributions calculated as 15.9 percent of active plan members' pensionable salaries and $58 million relates to contributions towards funding the deficit.

In addition, further contributions will be payable based on a profit share calculation (equal to 20 percent of EBITDA in excess of $900 million per annum as defined by the revised schedule of contributions) and an exceptional return calculation (equal to 10 percent of any exceptional returns made to shareholders, for example, share buybacks and special dividends). In respect of 2012, any such contributions will be paid in 2013 on finalization of the calculations. Aggregate contributions under the deficit funding contribution and the profit share calculation are capped at £312 million ($499 million) over the six years ended December 31, 2017.

The schedule of contributions is automatically renegotiated after three years and at any earlier time jointly agreed by the Company and the Trustee.

The Company also expects to contribute approximately $40 million to the US plan and $12 million to the international plans for the full year 2012 (inclusive of amounts contributed in the first quarter).

7. COMMITMENTS AND CONTINGENCIES

Contractual Obligations

Pensions

Changes to the Company's pension funding obligations are set out in Note 6 – 'Pension Plans' to the Condensed Consolidated Financial Statements.

Other Contractual Obligations

In July 2010, the Company made a capital commitment of $25 million to Trident V Parallel Fund, LP. As of March 31, 2012 there had been approximately $7 million of capital contributions.

In May 2011, the Company made a capital commitment of $10 million to Dowling Capital Partners I, LP. As of March 31, 2012 there had been approximately $1 million of capital contributions.

7. COMMITMENTS AND CONTINGENCIES (Continued)

Claims, Lawsuits and Other Proceedings

In the ordinary course of business, the Company is subject to various actual and potential claims, lawsuits, and other proceedings relating principally to alleged errors and omissions in connection with the placement of insurance and reinsurance. Similar to other corporations, the Company is also subject to a variety of other claims, including those relating to the Company's employment practices. Some of the claims, lawsuits and other proceedings seek damages in amounts which could, if assessed, be significant.

Errors and omissions claims, lawsuits, and other proceedings arising in the ordinary course of business are covered in part by professional indemnity or other appropriate insurance. The terms of this insurance vary by policy year and self-insured risks have increased significantly in recent years. Regarding self-insured risks, the Company has established provisions which are believed to be adequate in the light of current information and legal advice, and the Company adjusts such provisions from time to time according to developments.

On the basis of current information, the Company does not expect that the actual claims, lawsuits and other proceedings, to which the Company is subject, or potential claims, lawsuits, and other proceedings relating to matters of which it is aware, will ultimately have a material adverse effect on the Company's financial condition, results of operations or liquidity. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation and disputes with insurance companies, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's results of operations or cash flows in particular quarterly or annual periods.

The material actual or potential claims, lawsuits, and other proceedings, of which the Company is currently aware, are:

Assurance of Discontinuance

In connection with the investigation launched by the New York State Attorney General in April 2004 concerning, among other things, contingent commissions paid by insurers to insurance brokers, in April 2005, the Company entered into an Assurance of Discontinuance ('Original AOD') with the New York State Attorney General and the Superintendent of the New York Insurance Department and paid $50 million to eligible clients. As part of the Original AOD, the Company also agreed not to accept contingent compensation and to disclose to customers any compensation the Company will receive in connection with providing policy placement services to the customer. The Company also resolved similar investigations launched by the Minnesota Attorney General, the Florida Attorney General, the Florida Department of Financial Services, and the Florida Office of Insurance Regulation for amounts that were not material to the Company.

Similarly, in August 2005, HRH entered into an agreement with the Attorney General of the State of Connecticut and the Insurance Commissioner of the State of Connecticut to resolve all issues related to their investigations into certain insurance brokerage and insurance agency practices and to settle a lawsuit brought in August 2005 by the Connecticut Attorney General alleging violations of the Connecticut Unfair Trade Practices Act and the Connecticut Unfair Insurance Practices Act. As part of this settlement, HRH agreed to take certain actions including establishing a $30 million national fund for distribution to certain clients; enhancing disclosure practices for agency and broker clients; and declining to accept contingent compensation on brokerage business.

On February 16, 2010, the Company entered into the Amended and Restated Assurance of Discontinuance with the Attorney General of the State of New York and the Amended and Restated Stipulation with the Superintendent of Insurance of the State of New York (the 'Amended and Restated AOD') on behalf of itself and its named subsidiaries. The Amended and Restated AOD was effective February 11, 2010 and supersedes and replaces the Original AOD.

7. COMMITMENTS AND CONTINGENCIES (Continued)

The Amended and Restated AOD specifically recognizes that the Company has substantially met its obligations under the Original AOD and ends many of the requirements previously imposed. It relieves the Company of a number of technical compliance obligations that have imposed significant administrative and financial burdens on its operations. The Amended and Restated AOD no longer limits the types of compensation the Company can receive and has lowered the compensation disclosure requirements. The Amended and Restated AOD requires the Company, among other things to: (i) in New York, and each of the other 49 states of the United States, the District of Columbia and U.S. territories, provide compensation disclosure that will, at a minimum, comply with the terms of the applicable regulations, as may be amended from time to time, or the provisions of the AOD that existed prior to the adoption of the Amended and Restated AOD; and (ii) maintain its compliance programs and continue to provide appropriate training to relevant employees in business ethics, professional obligations, conflicts of interest, and antitrust and trade practices compliance.

European Commission Sector Inquiry

In 2006, the European Commission issued questionnaires pursuant to its Sector Inquiry or, in respect of Norway, the European Free Trade Association Surveillance Authority, related to insurance business practices, including compensation arrangements for brokers, to at least 150 European brokers including our operations in nine European countries. The Company filed responses to the European Commission and the European Free Trade Association Surveillance Authority questionnaires. The European Commission reported on September 25, 2007, expressing concerns over potential conflicts of interest in the industry relating to remuneration and binding authorities and also over the nature of the coinsurance market.

The Company cooperated with both the European Free Trade Association Surveillance Authority and the European Commission to resolve issues raised in its final report regarding coinsurance as required of the industry by the European Commission. The European Commission has appointed Ernst & Young to conduct a review of the coinsurance market and we anticipate that, along with our competitors and insurers, our European subsidiaries will receive further questionnaires on this matter this year.

Contingent Compensation Class Action

Since August 2004, the Company and HRH (along with various other brokers and insurers) have been named as defendants in purported class actions in various courts across the United States. All of these actions have been consolidated into a single action in the US District Court for the District of New Jersey (‘MDL’). These actions allege that the brokers breached their duties to their clients by entering into contingent compensation agreements with either no disclosure or limited disclosure to clients and participated in other improper activities. Plaintiffs seek monetary damages, including punitive damages, and certain equitable relief. In May 2011, the majority of defendants, including the Company and HRH, entered into a written settlement agreement with plaintiffs. On June 28, 2011, the Judge entered an Order granting preliminary approval to the settlement agreement. Notice of the settlement was sent to all members of the class and each member was given the opportunity to opt out of the settlement and pursue its own individual claim against any defendant. A total of 84 members of the class have opted out of the settlement. A Fairness Hearing to decide if the settlement should be given final approval took place on September 14, 2011. The Court approved the settlement on March 30, 2012. The amount of the settlement paid by the Company and HRH is immaterial and was previously reserved.

Additional actions could be brought in the future by individual policyholders. The Company disputes the allegations in all of these suits and has been and intends to continue to defend itself vigorously against these actions. The outcomes of these lawsuits, however, including any losses or other payments that may occur as a result, cannot be predicted at this time.

7. COMMITMENTS AND CONTINGENCIES (Continued)

Gender Discrimination Class Action

In December 2006, a purported class action was filed against the Company in the United States District Court, Southern District of New York, alleging that the Company discriminated against female officers and officer equivalent employees on the basis of their gender and seeking injunctive relief, monetary damages and attorneys' fees and costs. In January 2011, the Company reached a settlement with plaintiffs that resolves all individual and class claims. The amount of this settlement is not material. The Court has given preliminary approval to the settlement. As part of the settlement, Willis of New York has agreed to implement certain injunctive measures, including having an independent monitor review compensation decisions for certain groups of employees during the next three years. On December 19, 2011, the Court granted final approval of the settlement, and during the quarter ended March 31, 2012 the settlement payments were distributed to class members.

World Trade Center

The Company acted as the insurance broker, but not as an underwriter, for the placement of both property and casualty insurance for a number of entities which were directly impacted by the September 11, 2001 destruction of the World Trade Center complex, including Silverstein Properties LLC, which acquired a 99-year leasehold interest in the twin towers and related facilities from the Port Authority of New York and New Jersey in July 2001. Although the World Trade Center complex insurance was bound at or before the July 2001 closing of the leasehold acquisition, consistent with standard industry practice, the final policy wording for the placements was still in the process of being finalized when the twin towers and other buildings in the complex were destroyed on September 11, 2001. There have been a number of lawsuits in the United States between the insured parties and the insurers for several placements. Other disputes may arise in respect of insurance placed by us which could affect the Company including claims by one or more of the insureds that the Company made culpable errors or omissions in connection with our brokerage activities. However, the Company does not believe that our role as broker will lead to liabilities which in the aggregate would have a material adverse effect on our results of operations, financial condition or liquidity.

Stanford Financial Group Litigation

The Company has been named as a defendant in six similar lawsuits relating to the collapse of The Stanford Financial Group ('Stanford'), for which Willis of Colorado, Inc. acted as broker of record on certain lines of insurance. The complaints in these actions generally allege that the defendants actively and materially aided Stanford's alleged fraud by providing Stanford with certain letters regarding coverage that they knew would be used to help retain or attract actual or prospective Stanford client investors. The complaints further allege that these letters, which contain statements about Stanford and the insurance policies that the defendants placed for Stanford, contained untruths and omitted material facts and were drafted in this manner to help Stanford promote and sell its allegedly fraudulent certificates of deposit.

The six actions are as follows:

- *Troice, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:09-CV-01274-N, was filed on July 2, 2009 in the U.S. District Court for the Northern District of Texas against Willis Group Holdings plc, Willis of Colorado, Inc. and a Willis associate, among others. On April 1, 2011, plaintiffs filed the operative Third Amended Class Action Complaint individually and on behalf of a putative, worldwide class of Stanford investors, adding Willis Limited as a defendant and alleging claims under Texas statutory and common law and seeking damages in excess of $1 billion, punitive damages and costs. On May 2, 2011, the defendants filed motions to dismiss the Third Amended Class Action Complaint, arguing, *inter alia*, that the plaintiffs' claims are precluded by the Securities Litigation Uniform Standards Act of 1998 ('SLUSA').
- *Ranni v. Willis of Colorado, Inc., et al.*, C.A. No. 09-22085, was filed on July 17, 2009 against Willis Group Holdings plc and Willis of Colorado, Inc. in the U.S. District Court for the Southern District of Florida. The complaint was filed on behalf of a putative class of Venezuelan and other South American Stanford investors and alleges claims under Section 10(b) of the Securities Exchange Act of 1934 (and Rule 10b-5 thereunder) and Florida statutory and common law and seeks damages in an amount to be determined at trial. On October 6, 2009, *Ranni* was transferred, for consolidation or coordination with other Stanford-related actions (including *Troice*), to the Northern District of Texas by the U.S. Judicial Panel on Multidistrict Litigation (the 'JPML'). The defendants have not yet responded to the complaint in *Ranni*.

7. COMMITMENTS AND CONTINGENCIES (Continued)

- *Canabal, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:09-CV-01474-D, was filed on August 6, 2009 against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate named as a defendant in *Troice*, among others, also in the Northern District of Texas. The complaint was filed individually and on behalf of a putative class of Venezuelan Stanford investors, alleged claims under Texas statutory and common law and sought damages in excess of $1 billion, punitive damages, attorneys' fees and costs. On December 18, 2009, the parties in *Troice* and *Canabal* stipulated to the consolidation of those actions (under the *Troice* civil action number), and, on December 31, 2009, the plaintiffs in *Canabal* filed a notice of dismissal, dismissing the action without prejudice.
- *Rupert, et al. v. Winter, et al.*, Case No. 2009C115137, was filed on September 14, 2009 on behalf of 97 Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under the Securities Act of 1933, Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $300 million, attorneys' fees and costs. On October 20, 2009, certain defendants, including Willis of Colorado, Inc., (i) removed *Rupert* to the U.S. District Court for the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On April 1, 2010, the JPML issued a final transfer order for the transfer of *Rupert* to the Northern District of Texas. On January 24, 2012, the Court remanded *Rupert* to Texas State Court (Bexar County), but stayed these cases until further order of the court. The defendants have not yet responded to the complaint in *Rupert*.
- *Casanova, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:10-CV-01862-O, was filed on September 16, 2010 on behalf of seven Stanford investors against Willis Group Holdings plc, Willis Limited, Willis of Colorado, Inc. and the same Willis associate, among others, also in the Northern District of Texas. The complaint alleges claims under Texas statutory and common law and seeks actual damages in excess of $5 million, punitive damages, attorneys' fees and costs. The defendants have not yet responded to the complaint in *Casanova*.
- *Rishmague, et ano. v. Winter, et al.*, Case No. 2011CI02585, was filed on March 11, 2011 on behalf of two Stanford investors, individually and as representatives of certain trusts, against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $37 million and attorneys' fees and costs. On April 11, 2011, certain defendants, including Willis of Colorado, Inc., (i) removed *Rishmague* to the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On August 8, 2011, the JPML issued a final transfer order for the transfer of *Rishmague* to the Northern District of Texas, where it is currently pending. The defendants have not yet responded to the complaint in *Rishmague*.

On May 10, 2011, the court presiding over the Stanford-related actions in the Northern District of Texas entered an order providing that it would consider the applicability of SLUSA to the Stanford-related actions based on the decision in a separate Stanford action not involving a Willis entity, *Roland v. Green*, Civil Action No. 3:10-CV-0224-N. On August 31, 2011, the court issued its decision in *Roland*, dismissing that action with prejudice under SLUSA.

On October 27, 2011, the court in *Troice* entered an order (i) dismissing with prejudice those claims asserted in the Third Amended Class Action Complaint on a class basis on the grounds set forth in the *Roland* decision discussed above and (ii) dismissing without prejudice those claims asserted the Third Amended Class Action Complaint on an individual basis. Also on October 27, 2011, the court entered a final judgment in the action.

On October 28, 2011, the plaintiffs in *Troice* filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit. Subsequently, *Troice*, *Roland* and a third action captioned *Troice, et al. v. Proskauer Rose LLP*, Civil Action No. 3:09-CV-01600-N, which also was dismissed on the grounds set forth in the *Roland* decision discussed above and on appeal to the U.S. Court of Appeals for the Fifth Circuit, were consolidated for purposes of briefing and oral argument. Following the completion of briefing and oral argument, on March 19, 2012, the Fifth Circuit reversed and remanded the actions. On April 2, 2012, the defendants-appellees filed petitions for rehearing en banc. On April 19, 2012, the petitions for rehearing en banc were denied.

7. COMMITMENTS AND CONTINGENCIES (Continued)

Additional actions could be brought in the future by other investors in certificates of deposit issued by Stanford and its affiliates. The Company disputes these allegations and intends to defend itself vigorously against these actions. The outcomes of these actions, however, including any losses or other payments that may occur as a result, cannot be predicted at this time.

Regulatory Investigation

Given the increased interest expressed by US and UK regulators in the effectiveness of compliance controls relating to financial crime in our market sector in particular, we began a voluntary internal review of our policies and controls four years ago. This review includes analysis and advice from external experts on best practices, review of public regulatory decisions, and discussions with government regulators in the US and UK. In addition, during 2010 and 2011 the UK Financial Services Authority (the 'FSA') conducted an investigation of Willis Limited's, our UK brokerage subsidiary, compliance systems and controls between 2005 and 2009. On July 21, 2011, we and the FSA announced a settlement under which the FSA concluded its investigation by assessing a £7 million ($11 million) fine on Willis Limited for lapses in its implementation and documentation of its controls to counter the risks of improper payments being made to non-FSA authorized overseas third parties engaged to help win business, particularly in high risk jurisdictions. Our discussions with US regulators have concluded with no enforcement action.

As a result of the FSA settlement, we are conducting a further internal review of all payments made between 2005 and 2009. We do not believe that this review will result in any material fines or sanctions, but there can be no assurance that any resolution will not have an adverse impact on our ability to conduct our business in certain jurisdictions. While we believe that our current systems and controls are adequate and in accordance with all applicable laws and regulations, we cannot assure that such systems and controls will prevent any violations of applicable laws and regulations.

8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Fair Value of Derivative Financial Instruments

In addition to the note below, see Note 9 for information about the fair value hierarchy of derivatives.

Primary Risks Managed by Derivative Financial Instruments

The main risks arising from the Company's financial instruments are interest rate risk and foreign currency risk. The Company's board of directors reviews and approves policies for managing each of these risks as summarized below.

The Company enters into derivative transactions (principally interest rate swaps and forward foreign currency contracts) in order to manage interest rate and currency risks arising from the Company's operations and its sources of finance. The Company does not hold financial or derivative instruments for trading purposes.

Interest Rate Risk — Investment Income

As a result of the Company's operating activities, the Company receives cash for premiums and claims which it deposits in short-term investments denominated in US dollars and other currencies. The Company earns interest on these funds, which is included in the Company's financial statements as investment income. These funds are regulated in terms of access and the instruments in which they may be invested, most of which are short-term in maturity. In order to manage interest rate risk arising from these financial assets, the Company enters into interest rate swaps to receive a fixed rate of interest and pay a variable rate of interest denominated in the various currencies related to the short-term investments. The use of interest rate contracts essentially converts groups of short-term variable rate investments to fixed rates.

8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

The fair value of these contracts is recorded in other assets and other liabilities. For contracts that qualify as cash flow hedges for accounting purposes, the effective portions of changes in fair value are recorded as a component of other comprehensive income.

At March 31, 2012, the Company had the following derivative financial instruments that were designated as cash flow hedges of interest rate risk:

		Notional Amount[(i)]	Fair value
		(millions)	
US dollar	Receive fixed-pay variable	$ 740	$ 10
Pounds sterling	Receive fixed-pay variable	225	3
Euro	Receive fixed-pay variable	148	2

(i) Notional amounts represent US dollar equivalents translated at the spot rate as of March 31, 2012.

Interest Rate Risk — Interest expense

The Company has debt consisting of $2,050 million fixed rate senior notes and $298 million under a 5-year term loan facility. The Company also has access to $520 million under two revolving credit facilities; as of March 31, 2012 $85 million was drawn on these facilities.

The 5-year term loan facility bears interest at LIBOR plus 1.50%. Drawings under the revolving $500 million credit facility bear interest at LIBOR plus 1.50%. These margins apply while the Company's debt rating remains BBB-/Baa3. Should the Company's debt rating change, then the margin will change in accordance with the credit facilities agreements. The fixed rate senior notes bear interest at various rates as detailed in Note 14 — Debt.

During the three months ended March 31, 2010, the Company entered into a series of interest rate swaps for a total notional amount of $350 million to receive a fixed rate and pay a variable rate on a semi-annual basis, with a maturity date of July 15, 2015. The Company has designated and accounts for these instruments as fair value hedges against its $350 million 5.625% senior notes due 2015. The fair values of the interest rate swaps are included within other assets or other liabilities and the fair value of the hedged element of the senior notes is included within long-term debt.

At March 31, 2012 and December 31, 2011, the Company's interest rate swaps were all designated as hedging instruments.

Foreign Currency Risk

The Company's primary foreign exchange risks arise:

- from changes in the exchange rate between US dollars and Pounds sterling as its London market operations earn the majority of their revenues in US dollars and incur expenses predominantly in Pounds sterling, and may also hold a significant net sterling asset or liability position on the balance sheet. In addition, the London market operations earn significant revenues in Euros and Japanese yen; and
- from the translation into US dollars of the net income and net assets of its foreign subsidiaries, excluding the London market operations which are US dollar denominated.

8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

The foreign exchange risks in its London market operations are hedged as follows:

- to the extent that forecast Pounds sterling expenses exceed Pounds sterling revenues, the Company limits its exposure to this exchange rate risk by the use of forward contracts matched to specific, clearly identified cash outflows arising in the ordinary course of business; and
- to the extent the UK operations earn significant revenues in Euros and Japanese yen, the Company limits its exposure to changes in the exchange rate between the US dollar and these currencies by the use of forward contracts matched to a percentage of forecast cash inflows in specific currencies and periods.

The Company does not hedge net income earned within foreign subsidiaries outside of the UK.

The fair value of foreign currency contracts is recorded in other assets and other liabilities. For contracts that qualify as accounting hedges, changes in fair value resulting from movements in the spot exchange rate are recorded as a component of other comprehensive income whilst changes resulting from a movement in the time value are recorded in interest expense. For contracts that do not qualify for hedge accounting, the total change in fair value is recorded in interest expense. Amounts held in comprehensive income are reclassified into earnings when the hedged exposure affects earnings.

At March 31, 2012 and December 31, 2011, the Company's foreign currency contracts were all designated as hedging instruments except for those relating to short-term cash flows in its London market operations.

The table below summarizes by major currency the contractual amounts of the Company's forward contracts to exchange foreign currencies for Pounds sterling in the case of US dollars and US dollars for Euro and Japanese yen.

	Sell[(i)]	Fair value
	(millions)	
US dollar	$ 204	$ 3
Euro	112	4
Japanese yen	49	(1)

(i) Foreign currency notional amounts are reported in US dollars translated at contracted exchange rates.

In addition to forward exchange contracts we undertake short-term foreign exchange swaps for liquidity purposes, these are not designated as hedges and do not qualify for hedge accounting. Both the fair value and the year to date gain/loss at March 31, 2012 and December 31, 2011 were immaterial.

8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Derivative Financial Instruments

The table below presents the fair value of the Company's derivative financial instruments and their balance sheet classification at March 31, 2012 and December 31, 2011:

Derivative financial instruments designated as hedging instruments:	Balance sheet classification	Fair value March 31, 2012	Fair value December 31, 2011
		(millions)	
Assets:			
Interest rate swaps (cash flow hedges)	Other assets	15	15
Interest rate swaps (fair value hedges)	Other assets	23	26
Forward exchange contracts	Other assets	9	11
Total derivatives designated as hedging instruments		$ 47	$ 52
Liabilities:			
Interest rate swaps (cash flow hedges)	Other liabilities	—	—
Forward exchange contracts	Other liabilities	3	11
Total derivatives designated as hedging instruments		$ 3	$ 11

Cash Flow Hedges

The table below presents the effects of gains/(losses) on derivative financial instruments in cash flow hedging relationships on the consolidated statements of operations and the consolidated statements of equity for the three months ended March 31, 2012 and 2011:

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in OCI(i) (Effective element) (millions)	Location of gain (loss) reclassified from accumulated OCI(i) into income (Effective element)	Amount of gain (loss) reclassified from accumulated OCI(i) into income (Effective element) (millions)	Location of gain (loss) recognized in income (Ineffective hedges and ineffective element of effective hedges)	Amount of gain (loss) recognized in income (Ineffective hedges and ineffective element of effective hedges) (millions)
Three months ended March 31, 2012					
Interest rate swaps	$ (2)	Investment income	$ 2	Other operating expenses	$ —
Forward exchange contracts	3	Other operating expenses	2	Interest expense	1
Total	$ 1		$ 4		$ 1
Three months ended March 31, 2011					
Interest rate swaps	$ (2)	Investment income	$ (4)	Other operating expenses	$ —
Forward exchange contracts	2	Other operating expenses	(1)	Interest expense	1
Total	$ —		$ (5)		$ 1

Amounts above shown gross of tax.
(i) Other Comprehensive Income.

8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

For interest rate swaps all components of each derivative's gain or loss were included in the assessment of hedge effectiveness. For foreign exchange contracts, only the changes in fair value resulting from movements in the spot exchange rates are included in this assessment. In instances where the timing of expected cash flows can be matched exactly to the maturity of the foreign exchange contract then changes in fair value attributable to movement in the forward points are also included.

At March 31, 2012 the Company estimates there will be $7 million of net derivative gains reclassified from accumulated comprehensive income into earnings within the next twelve months.

Fair Value Hedges

The table below presents the effects of derivative financial instruments in fair value hedging relationships on the consolidated statements of comprehensive income for the three months ended March 31, 2012 and 2011.

Derivatives in fair value hedging relationships	Hedged item in fair value hedging relationship	(Gain)/ loss recognized for derivative	Gain/ (loss) recognized for hedged item	Ineffectiveness recognized in interest expense
			(millions)	
Three months ended March 31, 2012				
Interest rate swaps	5.625% senior notes due 2015	$ —	$ —	$ —
Three months ended March 31, 2011				
Interest rate swaps	5.625% senior notes due 2015	$ (11)	$ 10	$ (1)

All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

9. FAIR VALUE MEASUREMENT

The following table presents, for each of the fair-value hierarchy levels, the Company's assets and liabilities that are measured at fair value on a recurring basis:

	March 31, 2012			
	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant other unobservable inputs Level 3	Total
		(millions)		
Assets at fair value:				
Cash and cash equivalents	$ 464	$ —	$ —	$ 464
Fiduciary funds (included within Fiduciary assets)	1,763	—	—	1,763
Derivative financial instruments	—	47	—	47
Total assets	$ 2,227	$ 47	$ —	$ 2,274
Liabilities at fair value:				
Derivative financial instruments	$ —	$ 3	$ —	$ 3
Changes in fair value of hedged debt[(i)]	—	20	—	20
Total liabilities	$ —	$ 23	$ —	$ 23

[(i)] Changes in the fair value of the underlying hedged debt instrument since inception of the hedging relationship are included in long-term debt.

9. FAIR VALUE MEASUREMENT (Continued)

	December 31, 2011			
	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant other unobservable inputs Level 3	Total
	(millions)			
Assets at fair value:				
Cash and cash equivalents	$ 436	$ —	$ —	$ 436
Fiduciary funds (included within Fiduciary assets)	1,688	—	—	1,688
Derivative financial instruments	—	52	—	52
Total assets	$ 2,124	$ 52	$ —	$ 2,176
Liabilities at fair value:				
Derivative financial instruments	$ —	$ 11	$ —	$ 11
Changes in fair value of hedged debt(i)	—	20	—	20
Total liabilities	$ —	$ 31	$ —	$ 31

(i) Changes in the fair value of the underlying hedged debt instrument since inception of the hedging relationship are included in long-term debt ..

The estimated fair value of the Company's financial instruments held or issued to finance the Company's operations is summarized below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that the Company would realize upon disposition nor do they indicate the Company's intent or ability to dispose of the financial instrument.

	March 31, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	(millions)			
Assets:				
Cash and cash equivalents	$ 464	$ 464	$ 436	$ 436
Fiduciary funds (included within Fiduciary assets)	1,763	1,763	1,688	1,688
Derivative financial instruments	47	47	52	52
Liabilities:				
Short-term debt	$ 17	$ 17	$ 15	$ 15
Long-term debt	2,435	2,610	2,354	2,499
Derivative financial instruments	3	3	11	11

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments:

Cash and Cash Equivalents — The estimated fair value of these financial instruments approximates their carrying values due to their short maturities.

Fiduciary Funds — Fair values are based on quoted market values.

Long-Term Debt excluding the fair value hedge — Fair values are based on quoted market values and so classified as Level 1 measurements.

Derivative Financial Instruments — Market values have been used to determine the fair value of interest rate swaps and forward foreign exchange contracts based on estimated amounts the Company would receive or have to pay to terminate the agreements, taking into account the current interest rate environment or current foreign currency forward rates.

10. GOODWILL

Goodwill represents the excess of the cost of businesses acquired over the fair market value of identifiable net assets at the dates of acquisition. Goodwill is not amortized but is subject to impairment testing annually and whenever facts or circumstances indicate that the carrying amounts may not be recoverable.

When a business entity is sold, goodwill is allocated to the disposed entity based on the fair value of that entity compared to the fair value of the reporting unit in which it is included.

The changes in the carrying amount of goodwill by operating segment for the three months ended March 31, 2012 and the year ended December 31, 2011 are as follows:

	Global	North America	International	Total
	(millions)			
Balance at January 1, 2011	$ 1,063	$ 1,783	$ 448	$ 3,294
Purchase price allocation adjustments	—	—	2	2
Goodwill acquired during the year	—	—	10	10
Goodwill disposed of during the year	—	(3)	—	(3)
Other movements (i) (ii)	60	2	(61)	1
Foreign exchange	(1)	—	(8)	(9)
Balance at December 31, 2011	$ 1,122	$ 1,782	$ 391	$ 3,295
Purchase price allocation adjustments	—	—	3	3
Goodwill disposed of during the period	—	—	—	—
Other movements(i)	—	—	—	—
Foreign exchange	3	—	7	10
Balance at March 31, 2012	$ 1,125	$ 1,782	$ 401	$ 3,308

(i) North America — $nil tax benefit arising on the exercise of fully vested HRH stock options (2011: $1 million) which were issued as part of the acquisition of HRH in 2008.

(ii) Effective January 1, 2011, the Company changed its internal reporting structure; Global Markets, previously reported within the International segment, is now reported in the Global segment; and Mexico Retail, which was previously reported within the International segment, is now reported in the North America segment. As a result of these changes, goodwill of $60 million has been reallocated from the International segment into the Global segment for Global Markets International, and $1 million has been reallocated from the International segment into the North America segment for Mexico Retail. Goodwill has been reallocated between segments using the relative fair value allocation approach.

11. OTHER INTANGIBLE ASSETS, NET

Other intangible assets are classified into the following categories:

- ‘Customer and Marketing Related’, including:
  - client relationships;
  - client lists;
  - non-compete agreements;
  - trade names; and
- ‘Contract based, Technology and Other’ includes all other purchased intangible assets.

11. OTHER INTANGIBLE ASSETS, NET (Continued)

The major classes of amortizable intangible assets are as follows:

	March 31, 2012			December 31, 2011		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(millions)					
Customer and Marketing Related:						
Client Relationships	$ 692	$ (289)	$ 403	$ 686	$ (269)	$ 417
Client Lists	5	(4)	1	8	(7)	1
Non-compete Agreements	36	(36)	—	36	(36)	—
Trade Names	11	(10)	1	11	(10)	1
Total Customer and Marketing Related	744	(339)	405	741	(322)	419
Contract based, Technology and Other	4	(3)	1	4	(3)	1
Total amortizable intangible assets	$ 748	$ (342)	$ 406	$ 745	$ (325)	$ 420

The aggregate amortization of intangible assets for the three months ended March 31, 2012 was $15 million (2011: $17 million). The estimated aggregate amortization of intangible assets for each of the next five years ended December 31 is as follows:

	Remainder of 2012	2013	2014	2015	2016	Thereafter	Total
	(millions)						
Amortization of intangible assets	$ 44	$ 52	$ 45	$ 38	$ 33	$ 194	$ 406

12. OTHER ASSETS

An analysis of other assets is as follows:

	March 31, 2012	December 31, 2011
	(millions)	
Other current assets		
Unamortized cash retention awards	$ 193	$ 120
Prepayments and accrued income	61	45
Income tax receivable	25	30
Derivatives	9	14
Debt issuance costs	3	3
Other receivables	34	47
Total other current assets	$ 325	$ 259
Other non-current assets		
Unamortized cash retention awards	$ 141	$ 76
Deferred compensation plan assets	107	89
Derivatives	38	38
Prepayments and accrued income	20	28
Debt issuance costs	14	15
Other receivables	33	37
Total other non-current assets	$ 353	$ 283
Total other assets	$ 678	$ 542

Table of Contents

13. OTHER LIABILITIES

An analysis of other liabilities is as follows:

	March 31, 2012	December 31, 2011
	(millions)	
Other current liabilities		
Accounts payable	$ 84	$ 59
Accrued dividends payable	49	46
Other taxes payable	107	45
Accrued interest payable	7	37
Derivatives	3	7
Other payables	84	88
Total other current liabilities	$ 334	$ 282
Other non-current liabilities		
Incentives from lessors	$ 170	$ 165
Deferred compensation plan liability	111	106
Capital lease obligation	25	26
Other payables	65	66
Total other non-current liabilities	$ 371	$ 363
Total other liabilities	$ 705	$ 645

14. DEBT

Short-term debt and current portion of the long-term debt consists of the following:

	March 31, 2012	December 31, 2011
	(millions)	
Current portion of 5-year term loan facility expires 2016	$ 13	$ 11
6.00% loan notes due 2012	4	4
	$ 17	$ 15

Long-term debt consists of the following:

	March 31, 2012	December 31, 2011
	(millions)	
5-year term loan facility expires 2016	$ 285	$ 289
Revolving $500 million credit facility	85	—
5.625% senior notes due 2015	350	350
Fair value adjustment on 5.625% senior notes due 2015	20	20
4.125% senior notes due 2016	299	299
6.200% senior notes due 2017	600	600
7.000% senior notes due 2019	300	300
5.750% senior notes due 2021	496	496
	$ 2,435	$ 2,354

14. DEBT (Continued)

In December 2011 we refinanced our bank facility, comprising a 5-year $300 million term loan and a 5-year $500 million revolving credit facility. The $300 million term loan replaced the $328 million balance on our $700 million 5-year term loan facility and the $500 million revolving facility replaced our $300 million and our $200 million revolving credit facilities. Unamortized debt issuance costs of $10 million relating to these facilities were written off in December 2011 following completion of the refinancing.

The 5-year term loan facility expiring 2016 bears interest at LIBOR plus 1.50% and is repayable in quarterly installments and a final repayment of $225 million is due in the fourth quarter of 2016. Drawings under the new revolving $500 million credit facility bear interest at LIBOR plus 1.50% and the facility expires on December 16, 2016. As of March 31, 2012 $85 million was outstanding under the revolving credit facility. These margins apply while the Company's debt rating remains BBB-/Baa3.

In 2011, the Company issued $300 million of 4.125% senior notes due 2016 and $500 million of 5.750% senior notes due 2021. The effective interest rates of these senior notes were 4.240% and 5.871% respectively, which included the impact of the discount upon issuance. The proceeds were used to repurchase and redeem $500 million of 12.875% senior notes due 2016 including a make-whole payment (representing a slight discount to the contractual make-whole amount) of $158 million. Following the repurchase the Company wrote off $13 million of unamortized debt issuance costs.

15. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental disclosures regarding cash flow information and non-cash flow investing and financing activities are as follows:

	Three months ended March 31,	
	2012	2011
	(millions)	
Supplemental disclosures of cash flow information:		
Cash payments for income taxes, net	$ 9	$ 24
Cash payments for interest	57	60
Supplemental disclosures of non-cash flow investing and financing activities:		
Write-off of unamortized debt issuance costs	$ —	$ (13)
Accrued debt fees	—	(3)
Make-whole on redemption of senior notes	—	(12)
Acquisitions:		
Fair value of assets acquired	$ —	$ 1
Less: Liabilities assumed	—	—
Net assets acquired, net of cash acquired	$ —	$ 1

16. COMPREHENSIVE INCOME

a) The components of comprehensive income are as follows:

	Three months ended March 31, 2012	Three months ended March 31, 2011
	(millions)	
Net income	$ 232	$ 42
Other comprehensive income, net of tax:		
Foreign currency translation adjustment (net of tax of $nil; 2011: $nil)	35	41
Pension funding adjustment (net of tax of $3 million; 2011: $(1) million)	(7)	(5)
Net loss on derivative instruments (net of tax of $(1) million; 2011: $2 million)	4	(3)
Other comprehensive income (net of tax of $2 million; 2011: $1 million)	32	33
Comprehensive income	264	75
Noncontrolling interest	(8)	(9)
Total comprehensive income attributable to Willis Group Holdings	$ 256	$ 66

b) The components of accumulated other comprehensive loss, net of tax, are as follows:

	March 31, 2012	December 31, 2011
	(millions)	
Net foreign currency translation adjustment	$ (48)	$ (83)
Pension funding adjustment	(682)	(675)
Net unrealized gain on derivative instruments	15	11
Accumulated other comprehensive loss	$ (715)	$ (747)
Noncontrolling interest	2	3
Accumulated other comprehensive loss, attributable to Willis Group Holdings, net of tax	$ (713)	$ (744)

17. EQUITY AND NONCONTROLLING INTERESTS

The components of stockholders' equity and noncontrolling interests are as follows:

	March 31, 2012			March 31, 2011		
	Willis Group Holdings stockholders	Noncontrolling interests	Total equity	Willis Group Holdings stockholders	Noncontrolling interests	Total equity
	(millions)					
Balance at beginning of period	$ 2,486	$ 31	$ 2,517	$ 2,577	$ 31	$ 2,608
Comprehensive income:						
Net income	225	7	232	34	8	42
Other comprehensive income, net of tax	31	1	32	32	1	33
Comprehensive income	256	8	264	66	9	75
Dividends	(47)	(5)	(52)	(45)	(1)	(46)
Additional paid-in capital	(1)	—	(1)	32	—	32
Repurchase of shares[(i)]	(19)	—	(19)	—	—	—
Additional noncontrolling interests	—	1	1	—	—	—
Purchase of subsidiary shares from noncontrolling interests	—	(6)	(6)	—	—	—
Balance at end of period	$ 2,675	$ 29	$ 2,704	$ 2,630	$ 39	$ 2,669

(i) Based on settlement date we repurchased 540,000 shares at an average share price of $35.27 in the three months ended March 31, 2012.

The effects of changes in Willis Group Holdings ownership interest in its subsidiaries on equity are as follows:

	March 31, 2012	March 31, 2011
	(millions)	
Net income attributable to Willis Group Holdings	$ 225	$ 34
Transfers from noncontrolling interest:		
Change in Willis Group Holdings paid-in capital for purchase and sale of noncontrolling interests	(22)	—
Net transfers to noncontrolling interests	(22)	—
Change from net income attributable to Willis Group Holdings and transfers from noncontrolling interests	$ 203	$ 34

18. SEGMENT INFORMATION

During the periods presented, the Company operated through three segments: Global, North America and International. Global provides specialist brokerage and consulting services to clients worldwide for specific industrial and commercial activities and is organized by specialism. North America and International predominantly comprise our retail operations which provide services to small, medium and large corporations, accessing Global's specialist expertise when required.

The Company evaluates the performance of its operating segments based on organic commissions and fees growth and operating income. For internal reporting and segmental reporting, the following items for which segmental management are not held accountable are excluded from segmental expenses:

(i) costs of the holding company;

(ii) foreign exchange hedging activities, foreign exchange movements on the UK pension plan asset and foreign exchange gains and losses from currency purchases and sales;

(iii) amortization of intangible assets;

(iv) gains and losses on the disposal of operations;

(v) significant legal and regulatory settlements which are managed centrally;

(vi) costs associated with the 2011 Operational Review; and

(vii) write-off of uncollectible accounts receivable balance and associated legal fees arising in a stand-alone business due to fraudulent overstatement of commissions and fees.

The accounting policies of the operating segments are consistent with those described in Note 2 — Basis of Presentation and Significant Accounting Policies to the Company's Annual Report on Form 10-K for the year ended December 31, 2011. There are no inter-segment revenues, with segments operating on a revenue-sharing basis equivalent to that used when sharing business with other third-party brokers.

Selected information regarding the Company's operating segments is as follows:

	Three months ended March 31, 2012						
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Operating income	Interest in earnings of associates, net of tax
				(millions)			
Global	$ 370	$ 2	$ —	$ 372	$ 7	$ 179	$ —
North America	346	—	3	349	8	82	—
International	289	3	—	292	4	81	15
Total Retail	635	3	3	641	12	163	15
Total Operating Segments	1,005	5	3	1,013	19	342	15
Corporate and Other[i]	—	—	—	—	15	(25)	—
Total Consolidated	$ 1,005	$ 5	$ 3	$ 1,013	$ 34	$ 317	$ 15

18. SEGMENT INFORMATION (Continued)

	Three months ended March 31, 2011						
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Operating income	Interest in earnings of associates, net of tax
				(millions)			
Global	$ 357	$ 3	$ —	$ 360	$ 4	$ 176	$ —
North America	356	2	—	358	7	85	—
International	286	3	—	289	5	86	16
Total Retail	642	5	—	647	12	171	16
Total Operating Segments	999	8	—	1,007	16	347	16
Corporate and Other[i]	—	—	—	—	21	(108)	—
Total Consolidated	$ 999	$ 8	$ —	$ 1,007	$ 37	$ 239	$ 16

(i) See the following table for an analysis of the 'Corporate and Other' line.

	Three months ended March 31, 2012	Three months ended March 31, 2011
	(millions)	
Amortization of intangible assets	$ (15)	$ (17)
Foreign exchange hedging	2	1
Foreign exchange on the UK pension plan asset	1	1
Net gain on disposal of operations	—	4
2011 Operational Review	—	(97)
Write-off of uncollectible accounts receivable balance in North America and associated legal fees[a]	(13)	—
Total Corporate and Other	$ (25)	$ (108)

(a) In early 2012 the Company identified an uncollectible accounts receivable balance in a stand-alone business unit due to fraudulent overstatements of Commissions and Fees. For the year ended December 31, 2011, the Company recorded an estimate of the misstatement of Commissions and Fees from prior periods by recognizing in the fourth quarter of 2011 a charge to Other Operating Expenses to write off the uncollectible receivable at January 1, 2011, *see* Note 27 of our Financial Statements in the Company's 2011 Annual Report on Form 10-K, and by reversing the balance of Commissions and Fees which had been recorded during 2011.

The Company concluded its internal investigation into these matters in the three months ended March 31, 2012 and identified an additional fraudulent overstatement of Commissions and Fees, and has corrected the additional misstatement by recognizing a charge (including legal expenses) to Other Operating Expenses in the first quarter of 2012. The above amount represents the additional charge taken.

The following table reconciles total consolidated operating income, as disclosed in the operating segment tables above, to consolidated income before income taxes and interest in earnings of associates:

	Three months ended March 31, 2012	Three months ended March 31, 2011
	(millions)	
Total consolidated operating income	$ 317	$ 239
Make-whole on repurchase and redemption of senior notes and write-off of unamortized debt issuance costs	—	(171)
Interest expense	(32)	(40)
Income before income taxes and interest in earnings of associates	$ 285	$ 28

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES

Willis North America Inc. ('Willis North America') has $350 million senior notes outstanding that were issued on July 1, 2005. Willis North America issued a further $600 million of senior notes on March 28, 2007 and $300 million on September 29, 2009.

Until December 22, 2010, all direct obligations under the senior notes were jointly and severally, irrevocably and fully and unconditionally guaranteed by Willis Group Holdings, Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, TA II Limited, Trinity Acquisition plc, TA III Limited, TA IV Limited and Willis Group Limited, the Guarantor Companies. On that date and in connection with an internal group reorganization, TA II Limited, TA III Limited and TA IV Limited transferred their obligations as guarantors to the other guarantor companies. TA II Limited, TA III Limited and TA IV Limited entered voluntary liquidation on December 31, 2010. The assets of these companies were distributed to the other guarantor companies described below ('Other Guarantors'), either directly or indirectly, as a final distribution paid prior to their entering voluntary liquidation. As such, these transactions did not have a material impact on the guarantees of the senior notes and did not require the consent of the noteholders under the applicable indentures.

The debt securities that were issued by Willis North America and guaranteed by the entities described above, and for which the disclosures set forth below relate and are required under applicable SEC rules, were issued under a 'shelf' registration statement on Form S-3, including our current June 2009 registration statement (the 'Willis Shelf').

Presented below is condensed consolidating financial information for:

(i) Willis Group Holdings, which is a guarantor, on a parent company only basis;

(ii) the Other Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent and are all direct or indirect parents of the issuer;

(iii) the Issuer, Willis North America;

(iv) Other, which are the non-guarantor subsidiaries, on a combined basis;

(v) Consolidating adjustments; and

(vi) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the unaudited condensed consolidating balance sheets for the period ended March 31, 2012 of Willis Group Holdings, the Other Guarantors and the Issuer. Investments in subsidiaries in the unaudited condensed consolidating balance sheet for Other, represents the cost of investment in subsidiaries recorded in the parent companies of the non-guarantor subsidiaries.

The entities included in the Other Guarantors column as of March 31, 2012 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, Trinity Acquisition plc, TA I Limited, and Willis Group Limited.

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended March 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ —	$ 1,005	$ —	$ 1,005
Investment income	—	3	—	5	(3)	5
Other income	—	—	—	96	(93)	3
Total revenues	—	3	—	1,106	(96)	1,013
EXPENSES						
Salaries and benefits	(1)	—	(16)	(489)	—	(506)
Other operating expenses	3	3	(22)	(141)	1	(156)
Depreciation expense	—	—	(3)	(16)	—	(19)
Amortization of intangible assets	—	—	—	(17)	2	(15)
Net loss on disposal of operations	—	—	—	(16)	16	—
Total expenses	2	3	(41)	(679)	19	(696)
OPERATING INCOME (LOSS)	2	6	(41)	427	(77)	317
Investment income from Group undertakings	—	93	64	(5)	(152)	—
Interest expense	(11)	(63)	(37)	(69)	148	(32)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(9)	36	(14)	353	(81)	285
Income taxes	2	2	5	(76)	(1)	(68)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(7)	38	(9)	277	(82)	217
Interest in earnings of associates, net of tax	—	—	—	13	2	15
NET (LOSS) INCOME	(7)	38	(9)	290	(80)	232
Less: Net income attributable to noncontrolling interests	—	—	—	(7)	—	(7)
EQUITY ACCOUNT FOR SUBSIDIARIES	232	193	35	—	(460)	—
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 225	$ 231	$ 26	$ 283	$ (540)	$ 225
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 256	$ 260	$ 27	$ 343	$ (630)	$ 256

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended March 31, 2011					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ —	$ 999	$ —	$ 999
Investment income	—	3	—	8	(3)	8
Other income	—	—	—	—	—	—
Total revenues	—	3	—	1,007	(3)	1,007
EXPENSES						
Salaries and benefits	—	—	(14)	(578)	9	(583)
Other operating expenses	1	24	(31)	(147)	1	(152)
Depreciation expense	—	—	(4)	(16)	—	(20)
Amortization of intangible assets	—	—	—	(17)	—	(17)
Net gain on disposal of operations	—	—	—	6	(2)	4
Total expenses	1	24	(49)	(752)	8	(768)
OPERATING INCOME (LOSS)	1	27	(49)	255	5	239
Investment income from Group undertakings	34	81	63	(7)	(171)	—
Make-whole on repurchase and redemption of senior notes and write-off of unamortized debt issuance costs	—	(171)	—	—	—	(171)
Interest expense	(2)	(65)	(36)	(106)	169	(40)
INCOME (LOSS) BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	33	(128)	(22)	142	3	28
Income taxes	—	43	13	(50)	(7)	(1)
INCOME (LOSS) BEFORE INTEREST IN EARNINGS OF ASSOCIATES	33	(85)	(9)	92	(4)	27
Interest in earnings of associates, net of tax	—	—	—	14	2	16
INCOME (LOSS) FROM CONTINUING OPERATIONS	33	(85)	(9)	106	(2)	43
Discontinued operations, net of tax	—	—	—	(1)	—	(1)
NET INCOME (LOSS)	33	(85)	(9)	105	(2)	42
Less: Net income attributable to noncontrolling interests	—	—	—	(8)	—	(8)
EQUITY ACCOUNT FOR SUBSIDIARIES	1	124	5	—	(130)	—
NET INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 34	$ 39	$ (4)	$ 97	$ (132)	$ 34
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 66	$ 67	$ (4)	$ 124	$ (187)	$ 66

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As at March 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ —	$ —	$ —	$ 464	$ —	$ 464
Accounts receivable, net	1	—	11	968	29	1,009
Fiduciary assets	—	—	—	11,069	(701)	10,368
Deferred tax assets	—	—	—	53	(2)	51
Other current assets	4	84	21	335	(119)	325
Total current assets	5	84	32	12,889	(793)	12,217
Investments in subsidiaries	(774)	3,983	1,338	3,822	(8,369)	—
Amounts owed by (to) Group undertakings	4,285	(4,607)	602	(273)	(7)	—
NON-CURRENT ASSETS						
Fixed assets	—	5	59	364	(2)	426
Goodwill	—	—	—	1,707	1,601	3,308
Other intangible assets, net	—	—	—	513	(107)	406
Investments in associates	—	—	—	(46)	233	187
Deferred tax assets	—	—	—	28	(4)	24
Pension benefits asset	—	—	—	170	—	170
Other non-current assets	6	152	53	276	(134)	353
Total non-current assets	6	157	112	3,012	1,587	4,874
TOTAL ASSETS	$ 3,522	$ (383)	$ 2,084	$ 19,450	$ (7,582)	$ 17,091
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 11,069	$ (701)	$ 10,368
Deferred revenue and accrued expenses	3	—	—	282	—	285
Income taxes payable	—	51	—	87	(76)	62
Short-term debt and current portion of long-term debt	—	13	—	4	—	17
Deferred tax liabilities	—	2	1	24	(2)	25
Other current liabilities	49	2	33	285	(35)	334
Total current liabilities	52	68	34	11,751	(814)	11,091
NON-CURRENT LIABILITIES						
Long-term debt	795	370	1,270	—	—	2,435
Liabilities for pension benefits	—	—	—	261	—	261
Deferred tax liabilities	—	4	48	(1)	(4)	47
Provisions for liabilities	—	—	—	187	(5)	182
Other non-current liabilities	—	4	10	356	1	371
Total non-current liabilities	795	378	1,328	803	(8)	3,296
TOTAL LIABILITIES	$ 847	$ 446	$ 1,362	$ 12,554	$ (822)	$ 14,387

(continued on next page)

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (Continued)

	As at March 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
EQUITY						
Total Willis Group Holdings stockholders' equity	2,675	(829)	722	6,867	(6,760)	2,675
Noncontrolling interests	—	—	—	29	—	29
Total equity	2,675	(829)	722	6,896	(6,760)	2,704
TOTAL LIABILITIES AND EQUITY	$ 3,522	$ (383)	$ 2,084	$ 19,450	$ (7,582)	$ 17,091

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As at December 31, 2011					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ —	$ —	$ 163	$ 273	$ —	$ 436
Accounts receivable, net	2	—	3	877	28	910
Fiduciary assets	—	—	—	9,941	(603)	9,338
Deferred tax assets	—	1	—	43	—	44
Other current assets	1	52	21	271	(86)	259
Total current assets	3	53	187	11,405	(661)	10,987
Investments in subsidiaries	(1,023)	3,778	1,482	3,848	(8,085)	—
Amounts owed by (to) Group undertakings	4,354	(4,716)	476	(114)	—	—
NON-CURRENT ASSETS						
Fixed assets	—	4	59	345	(2)	406
Goodwill	—	—	—	1,704	1,591	3,295
Other intangible assets, net	—	—	—	435	(15)	420
Investments in associates	—	—	—	(45)	215	170
Deferred tax assets	—	—	—	22	—	22
Pension benefits asset	—	—	—	145	—	145
Other non-current assets	5	170	43	192	(127)	283
Total non-current assets	5	174	102	2,798	1,662	4,741
TOTAL ASSETS	$ 3,339	$ (711)	$ 2,247	$ 17,937	$ (7,084)	$ 15,728
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 9,941	$ (603)	$ 9,338
Deferred revenue and accrued expenses	2	—	—	318	—	320
Income taxes payable	—	40	—	30	(55)	15
Short-term debt and current portion of long-term debt	—	11	—	4	—	15
Deferred tax liabilities	—	—	1	25	—	26
Other current liabilities	56	11	57	185	(27)	282
Total current liabilities	58	62	58	10,503	(685)	9,996
NON-CURRENT LIABILITIES						
Long-term debt	795	289	1,270	—	—	2,354
Liabilities for pension benefits	—	—	—	270	—	270
Deferred tax liabilities	—	5	35	(9)	1	32
Provisions for liabilities	—	—	—	198	(2)	196
Other non-current liabilities	—	9	9	345	—	363
Total non-current liabilities	795	303	1,314	804	(1)	3,215
TOTAL LIABILITIES	$ 853	$ 365	$ 1,372	$ 11,307	$ (686)	$ 13,211

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19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (Continued)

	As at December 31, 2011					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
EQUITY						
Total Willis Group Holdings stockholders' equity	2,486	(1,076)	875	6,599	(6,398)	2,486
Noncontrolling interests	—	—	—	31	—	31
Total equity	2,486	(1,076)	875	6,630	(6,398)	2,517
TOTAL LIABILITIES AND EQUITY	$ 3,339	$ (711)	$ 2,247	$ 17,937	$ (7,084)	$ 15,728

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Three months ended March 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (17)	$ 33	$ (33)	$ 79	$ —	$ 62
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	—	3	—	3
Additions to fixed assets	—	(2)	(4)	(30)	—	(36)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(2)	—	(2)
Payments to acquire other investments	—	—	—	(2)	—	(2)
Net cash used in investing activities	—	(2)	(4)	(31)	—	(37)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from draw down of revolving credit facility	—	85	—	—	—	85
Repayments of debt	—	(2)	—	—	—	(2)
Repurchase of shares	(19)	—	—	—	—	(19)
Proceeds from issue of shares	11	—	—	—	—	11
Amounts owed by and (to) Group undertakings	71	(114)	(126)	169	—	—
Dividends paid	(46)	—	—	—	—	(46)
Proceeds from sale of noncontrolling interests	—	—	—	3	—	3
Acquisition of noncontrolling interests	—	—	—	(29)	—	(29)
Dividends paid to noncontrolling interests	—	—	—	(3)	—	(3)
Net cash provided by (used in) financing activities	17	(31)	(126)	140	—	—
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	—	—	(163)	188	—	25
Effect of exchange rate changes on cash and cash equivalents	—	—	—	3	—	3
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	163	273	—	436
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ —	$ —	$ 464	$ —	$ 464

Table of Contents

19. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Three months ended March 31, 2011					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 39	$ 67	$ 2	$ (64)	$ (37)	$ 7
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	—	2	—	2
Additions to fixed assets	—	—	(9)	(11)	—	(20)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(3)	—	(3)
Acquisitions of investments in associates	—	—	—	(2)	—	(2)
Payments to acquire other investments	—	—	—	(1)	—	(1)
Net cash used in investing activities	—	—	(9)	(15)	—	(24)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from draw down of revolving credit facility	—	—	10	—	—	10
Senior notes issued	794	—	—	—	—	794
Debt issuance costs	(6)					(6)
Repayments of debt	—	(465)	(27)	—	—	(492)
Make-whole on repurchase and redemption of senior notes	—	(146)	—	—	—	(146)
Proceeds from issue of shares	19	—	—	—	—	19
Amounts owed (to) and by Group undertakings	(798)	551	(34)	281	—	—
Excess tax benefits from share-based payment arrangements	—	—	—	1	—	1
Dividends paid	(45)	—	—	(37)	37	(45)
Acquisition of noncontrolling interests	—	(7)	—	—	—	(7)
Dividends paid to noncontrolling interests	—	—	—	(1)	—	(1)
Net cash (used in) provided by financing activities	(36)	(67)	(51)	244	37	127
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	3	—	(58)	165	—	110
Effect of exchange rate changes on cash and cash equivalents	—	—	—	6	—	6
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	—	76	240	—	316
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3	$ —	$ 18	$ 411	$ —	$ 432

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES

The Company may offer debt securities, preferred stock, ordinary stock and other securities pursuant to the Willis Shelf. On March 17, 2011, the Company issued senior notes totaling $800 million under its existing registration statement. These debt securities are issued by Willis Group Holdings ('Holdings Debt Securities') and are guaranteed by certain of the Company's subsidiaries. Therefore, the Company is providing the condensed consolidating financial information below. The following 100 percent directly or indirectly owned subsidiaries fully and unconditionally guarantee the Holdings Debt Securities on a joint and several basis: Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited and Willis North America (the 'Guarantors').

The guarantor structure described above differs from the existing guarantor structure associated with the senior notes issued by Willis North America (the 'Willis North America Debt Securities') (and for which condensed consolidating financial information is presented in Note 19) in that Willis Group Holdings is the Parent Issuer and Willis North America is a subsidiary guarantor.

Presented below is condensed consolidating financial information for:

(i) Willis Group Holdings, which is the Parent Issuer;

(ii) the Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent;

(iii) Other, which are the non-guarantor subsidiaries, on a combined basis;

(iv) Consolidating adjustments; and

(v) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the condensed consolidating balance sheets of Willis Group Holdings and the Guarantors. Investments in subsidiaries in the condensed consolidating balance sheet for Other represents the cost of investment in subsidiaries recorded in the parent companies of the non-guarantor subsidiaries.

The entities included in the Guarantors column as of March 31, 2012 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited and Willis North America.

Table of Contents

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended March 31, 2012				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ —	$ 1,005	$ —	$ 1,005
Investment income	—	3	5	(3)	5
Other income	—	—	96	(93)	3
Total revenues	—	3	1,106	(96)	1,013
EXPENSES					
Salaries and benefits	(1)	(16)	(489)	—	(506)
Other operating expenses	3	(19)	(141)	1	(156)
Depreciation expense	—	(3)	(16)	—	(19)
Amortization of intangible assets	—	—	(17)	2	(15)
Net gain on disposal of operations	—	—	(16)	16	—
Total expenses	2	(38)	(679)	19	(696)
OPERATING INCOME (LOSS)	2	(35)	427	(77)	317
Investment income from Group undertakings	—	157	(5)	(152)	—
Interest expense	(11)	(100)	(69)	148	(32)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(9)	22	353	(81)	285
Income taxes	2	7	(76)	(1)	(68)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(7)	29	277	(82)	217
Interest in earnings of associates, net of tax	—	—	13	2	15
NET (LOSS) INCOME	(7)	29	290	(80)	232
Less: Net income attributable to noncontrolling interests	—	—	(7)	—	(7)
EQUITY ACCOUNT FOR SUBSIDIARIES	232	202	—	(434)	—
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 225	$ 231	$ 283	$ (514)	$ 225
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 256	$ 260	$ 343	$ (603)	$ 256

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended March 31, 2011				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ —	$ 999	$ —	$ 999
Investment income	—	3	8	(3)	8
Other income	—	—	—	—	—
Total revenues	—	3	1,007	(3)	1,007
EXPENSES					
Salaries and benefits	—	(14)	(578)	9	(583)
Other operating expenses	1	(7)	(147)	1	(152)
Depreciation expense	—	(4)	(16)	—	(20)
Amortization of intangible assets	—	—	(17)	—	(17)
Net gain on disposal of operations	—	—	6	(2)	4
Total expenses	1	(25)	(752)	8	(768)
OPERATING INCOME (LOSS)	1	(22)	255	5	239
Investment income from Group undertakings	34	144	(7)	(171)	—
Make-whole on repurchase and redemption of senior notes and write-off of unamortized debt issuance costs	—	(171)	—	—	(171)
Interest expense	(2)	(101)	(106)	169	(40)
INCOME (LOSS) BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	33	(150)	142	3	28
Income taxes	—	56	(50)	(7)	(1)
INCOME (LOSS) BEFORE INTEREST IN EARNINGS OF ASSOCIATES	33	(94)	92	(4)	27
Interest in earnings of associates, net of tax	—	—	14	2	16
INCOME (LOSS) FROM CONTINUING OPERATIONS	33	(94)	106	(2)	43
Discontinued operations, net of tax	—	—	(1)	—	(1)
NET INCOME (LOSS)	33	(94)	105	(2)	42
Less: Net income attributable to noncontrolling interests	—	—	(8)	—	(8)
EQUITY ACCOUNT FOR SUBSIDIARIES	1	133	—	(134)	—
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 34	$ 39	$ 97	$ (136)	$ 34
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 66	$ 67	$ 124	$ (191)	$ 66

Table of Contents

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As at March 31, 2012				
	Willis Group Holdings – the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ —	$ —	$ 464	$ —	$ 464
Accounts receivable, net	1	11	968	29	1,009
Fiduciary assets	—	—	11,069	(701)	10,368
Deferred tax assets	—	—	53	(2)	51
Other current assets	4	105	335	(119)	325
Total current assets	5	116	12,889	(793)	12,217
Investments in subsidiaries	(774)	4,599	3,822	(7,647)	—
Amounts owed by (to) Group undertakings	4,285	(4,005)	(273)	(7)	—
NON-CURRENT ASSETS					
Fixed assets	—	64	364	(2)	426
Goodwill	—	—	1,707	1,601	3,308
Other intangible assets, net	—	—	513	(107)	406
Investments in associates	—	—	(46)	233	187
Deferred tax assets	—	—	28	(4)	24
Pension benefits asset	—	—	170	—	170
Other non-current assets	6	205	276	(134)	353
Total non-current assets	6	269	3,012	1,587	4,874
TOTAL ASSETS	$ 3,522	$ 979	$ 19,450	$ (6,860)	$ 17,091
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Fiduciary liabilities	$ —	$ —	$ 11,069	$ (701)	$ 10,368
Deferred revenue and accrued expenses	3	—	282	—	285
Income taxes payable	—	51	87	(76)	62
Short-term debt and current portion of long-term debt	—	13	4	—	17
Deferred tax liabilities	—	3	24	(2)	25
Other current liabilities	49	35	285	(35)	334
Total current liabilities	52	102	11,751	(814)	11,091
NON-CURRENT LIABILITIES					
Long-term debt	795	1,640	—	—	2,435
Liabilities for pension benefits	—	—	261	—	261
Deferred tax liabilities	—	52	(1)	(4)	47
Provisions for liabilities	—	—	187	(5)	182
Other non-current liabilities	—	14	356	1	371
Total non-current liabilities	795	1,706	803	(8)	3,296
TOTAL LIABILITIES	$ 847	$ 1,808	$ 12,554	$ (822)	$ 14,387

(continued on next page)

Table of Contents

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (Continued)

	As at March 31, 2012				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
EQUITY					
Total Willis Group Holdings stockholders' equity	2,675	(829)	6,867	(6,038)	2,675
Noncontrolling interests	—	—	29	—	29
Total equity	2,675	(829)	6,896	(6,038)	2,704
TOTAL LIABILITIES AND EQUITY	$ 3,522	$ 979	$ 19,450	$ (6,860)	$ 17,091

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As at December 31, 2011				
	Willis Group Holdings – the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ —	$ 163	$ 273	$ —	$ 436
Accounts receivable, net	2	3	877	28	910
Fiduciary assets	—	—	9,941	(603)	9,338
Deferred tax assets	—	1	43	—	44
Other current assets	1	73	271	(86)	259
Total current assets	3	240	11,405	(661)	10,987
Investments in subsidiaries	(1,023)	4,385	3,848	(7,210)	—
Amounts owed by (to) Group undertakings	4,354	(4,240)	(114)	—	—
NON-CURRENT ASSETS					
Fixed assets	—	63	345	(2)	406
Goodwill	—	—	1,704	1,591	3,295
Other intangible assets, net	—	—	435	(15)	420
Investments in associates	—	—	(45)	215	170
Deferred tax assets	—	—	22	—	22
Pension benefits asset	—	—	145	—	145
Other non-current assets	5	213	192	(127)	283
Total non-current assets	5	276	2,798	1,662	4,741
TOTAL ASSETS	$ 3,339	$ 661	$ 17,937	$ (6,209)	$ 15,728
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Fiduciary liabilities	$ —	$ —	$ 9,941	$ (603)	$ 9,338
Deferred revenue and accrued expenses	2	—	318	—	320
Income taxes payable	—	40	30	(55)	15
Short-term debt and current portion of long-term debt	—	11	4	—	15
Deferred tax liabilities	—	1	25	—	26
Other current liabilities	56	68	185	(27)	282
Total current liabilities	58	120	10,503	(685)	9,996
NON-CURRENT LIABILITIES					
Long-term debt	795	1,559	—	—	2,354
Liabilities for pension benefits	—	—	270	—	270
Deferred tax liabilities	—	40	(9)	1	32
Provisions for liabilities	—	—	198	(2)	196
Other non-current liabilities	—	18	345	—	363
Total non-current liabilities	795	1,617	804	(1)	3,215
TOTAL LIABILITIES	$ 853	$ 1,737	$ 11,307	$ (686)	$ 13,211

(continued on next page)

Table of Contents

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (Continued)

	As at December 31, 2011				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
EQUITY					
Total Willis Group Holdings stockholders' equity	2,486	(1,076)	6,599	(5,523)	2,486
Noncontrolling interests	—	—	31	—	31
Total equity	2,486	(1,076)	6,630	(5,523)	2,517
TOTAL LIABILITIES AND EQUITY	$ 3,339	$ 661	$ 17,937	$ (6,209)	$ 15,728

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Three months ended March 31, 2012				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (17)	$ —	$ 79	$ —	$ 62
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	—	3	—	3
Additions to fixed assets	—	(6)	(30)	—	(36)
Acquisitions of subsidiaries, net of cash acquired	—	—	(2)	—	(2)
Payments to acquire other investments	—	—	(2)	—	(2)
Net cash used in investing activities	—	(6)	(31)	—	(37)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from draw down of revolving credit facility	—	85	—	—	85
Repayments of debt	—	(2)	—	—	(2)
Repurchase of shares	(19)	—	—	—	(19)
Proceeds from issue of shares	11	—	—	—	11
Amounts owed by and (to) Group undertakings	71	(240)	169	—	—
Dividends paid	(46)	—	—	—	(46)
Proceeds from sale of noncontrolling interests	—	—	3	—	3
Acquisition of noncontrolling interests	—	—	(29)	—	(29)
Dividends paid to noncontrolling interests	—	—	(3)	—	(3)
Net cash provided by (used in) financing activities	17	(157)	140	—	—
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	—	(163)	188	—	25
Effect of exchange rate changes on cash and cash equivalents	—	—	3	—	3
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	163	273	—	436
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ —	$ —	$ 464	$ —	$ 464

20. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Three months ended March 31, 2011				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 39	$ 69	$ (64)	$ (37)	$ 7
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	—	2	—	2
Additions to fixed assets	—	(9)	(11)	—	(20)
Acquisitions of subsidiaries, net of cash acquired	—	—	(3)	—	(3)
Acquisitions of investments in associates	—	—	(2)	—	(2)
Payments to acquire other investments	—	—	(1)	—	(1)
Net cash used in investing activities	—	(9)	(15)	—	(24)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from draw down of revolving credit facility	—	10	—	—	10
Senior notes issued	794	—	—	—	794
Debt issuance costs	(6)	—	—	—	(6)
Repayments of debt	—	(492)	—	—	(492)
Make-whole on repurchase and redemption of senior notes	—	(146)	—	—	(146)
Proceeds from issue of shares	19	—	—	—	19
Amounts owed (to) and by Group undertakings	(798)	517	281	—	—
Excess tax benefits from share-based payment arrangement	—	—	1	—	1
Dividends paid	(45)	—	(37)	37	(45)
Acquisition of noncontrolling interests	—	(7)	—	—	(7)
Dividends paid to noncontrolling interests	—	—	(1)	—	(1)
Net cash (used in) provided by financing activities	(36)	(118)	244	37	127
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3	(58)	165	—	110
Effect of exchange rate changes on cash and cash equivalents	—	—	6	—	6
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	—	76	240	—	316
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3	$ 18	$ 411	$ —	$ 432

Item 2 — Management’s Discussion and Analysis of Financial Condition and Results of Operations

This discussion includes references to non-GAAP financial measures as defined in Regulation G of the rules of the Securities and Exchange Commission (‘SEC’). We present such non-GAAP financial measures, specifically, organic growth in commissions and fees, adjusted operating margin, adjusted operating income, adjusted net income from continuing operations and adjusted earnings per diluted share from continuing operations, as we believe such information is of interest to the investment community because it provides additional meaningful methods of evaluating certain aspects of the Company’s operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis. Organic growth in commissions and fees excludes the impact of acquisitions and disposals, period over period movements in foreign exchange, legacy contingent commissions assumed as part of the HRH acquisition, and investment and other income from growth in revenues and commissions and fees. Adjusted operating margin, adjusted net income from continuing operations and adjusted earnings per diluted share from continuing operations are calculated by excluding the impact of certain specified items from operating income and net income from continuing operations, the most directly comparable GAAP measures. These financial measures should be viewed in addition to, not in lieu of, the consolidated financial statements for the quarter ended March 31, 2012.

This discussion includes forward-looking statements, including under the headings ‘Executive Summary’, ‘Liquidity and Capital Resources’, and ‘Contractual Obligations’. Please see ‘Forward-Looking Statements’ for certain cautionary information regarding forward-looking statements and a list of factors that could cause actual results to differ materially from those predicted in the forward-looking statements.

EXECUTIVE SUMMARY

Business Overview

We provide a broad range of insurance broking, risk management and consulting services to our clients worldwide and organize our business into three segments: Global, North America and International.

Our Global business provides specialist brokerage and consulting services to clients worldwide arising from specific industries and activities including Aerospace; Energy; Marine; Construction; Financial and Executive Risks; Fine Art, Jewelry and Specie; Special Contingency Risks; and Reinsurance.

North America and International comprise our retail operations and provide services to small, medium and large corporations and the employee benefits practice, our largest product-based practice group, provides health, welfare and human resources consulting and brokerage services.

In our capacity as advisor and insurance broker, we act as an intermediary between our clients and insurance carriers by advising our clients on their risk management requirements, helping clients determine the best means of managing risk, and negotiating and placing insurance with insurance carriers through our global distribution network.

We derive most of our revenues from commissions and fees for brokerage and consulting services and do not determine the insurance premiums on which our commissions are generally based. Commission levels generally follow the same trend as premium levels as they are derived from a percentage of the premiums paid by the insureds. Fluctuations in premiums charged by the insurance carriers can therefore have a direct and potentially material impact on our results of operations.

Due to the cyclical nature of the insurance market and the impact of other market conditions on insurance premiums, commission revenues may vary widely between accounting periods. A period of low or declining premium rates, generally known as a ‘soft’ or ‘softening’ market, generally leads to downward pressure on commission revenues and can have a material adverse impact on our commission revenues and operating margin. A ‘hard’ or ‘firming’ market, during which premium rates rise, generally has a favorable impact on our commission revenues and operating margin.

Market Conditions

The years 2005 through 2010 were generally viewed as soft market years across most of our product offerings and our commission revenues and operating margins throughout that period were negatively impacted, although in 2009 the market experienced modest stabilization in the reinsurance market and certain specialty markets.

Our North America and UK and Irish retail operations were particularly impacted by the weakened economic climate and continued soft market throughout 2009 and 2010 with no material improvement in rates across most sectors in these geographic regions. This resulted in declines in revenues in these operations, particularly amongst our smaller clients who have been especially vulnerable to the economic downturn.

In 2011, we saw some modest increases in catastrophe-exposed property insurance and reinsurance pricing levels driven by significant 2011 catastrophe losses including the Japanese earthquake and tsunami, the New Zealand earthquake, the mid-west US tornadoes and Thailand floods. However, in general, we continued to be negatively impacted by the soft insurance market and challenging economic conditions across other sectors and most geographic regions.

Thus far in 2012, the trend in rates noted in 2011 in catastrophe-exposed regions continues as insurance and reinsurance rates in such regions have firmed or hardened.

There have been recent signs that the unprofitability of certain business lines such as property catastrophe and workers compensation is slowly firming rates in those lines. However, we believe that, in the absence of a significant catastrophe loss or capital impairment in the industry, a universal turn in market rates is not likely to occur.

Financial Performance

Consolidated Financial Performance

Results from operations: first quarter 2012

Total revenues of $1,013 million for first quarter 2012 were $6 million, or 1 percent, higher than in first quarter 2011. Total commissions and fees for first quarter 2012 were $1,005 million, up from $999 million in the prior year quarter, foreign currency movements negatively impacted commissions and fees by 1 percent and organic growth was 2 percent.

Our organic growth in commissions and fees was driven by our International (4 percent) and Global (5 percent) operations whilst our North America operations reported a 2 percent decline compared to first quarter 2011. This result was negatively impacted by the performance of Loan Protector. Loan Protector is a specialty business acquired as part of HRH in 2008 which provides lender placed insurance and insurance tracking services to the mortgage servicing industry. This business line has declined very significantly in the last year and we do not consider it representative of our operations, and we believe that excluding the results of Loan Protector gives a better measure of our financial performance. Excluding Loan Protector, North America’s organic commissions and fees grew 1 percent and overall organic commissions and fees grew 3 percent.

Total expenses in first quarter 2012 of $696 million were $72 million, or 9 percent, lower than in first quarter 2011. First quarter 2011 included a charge of $97 million relating to the 2011 Operational Review and a gain on disposal of $4 million. In first quarter 2012 we recorded an $18 million increase in the amortization of cash retention awards compared to first quarter 2011 and a $13 million write-off of uncollectible accounts receivable balance together with associated legal fees (see ‘Correction of Commissions and Fees Overstatement Relating to 2011 and Prior Periods’, below).

Net income attributable to Willis shareholders from continuing operations was $225 million or $1.28 per diluted share in first quarter 2012 compared to $35 million or $0.20 per diluted share in first quarter 2011. The $190 million increase reflects the reduction in total expenses described above. Additionally, first quarter 2011 results include a $124 million post-tax expense relating to the make-whole amounts on the repurchase and redemption of $500 million of our senior debt and write-off of related unamortized debt issuance costs. Foreign currency movements reduced earnings by $0.02 per diluted share in first quarter 2012 compared with first quarter 2011.

Table of Contents

Adjusted Operating Income, Adjusted Net Income from Continuing Operations and Adjusted Earnings per Diluted Share from Continuing Operations

Adjusted operating income, adjusted net income from continuing operations and adjusted earnings per diluted share from continuing operations are calculated by excluding the impact of certain items (as detailed in the tables below) from operating income, net income from continuing operations, and earnings per diluted share, respectively, the most directly comparable GAAP measures. We believe that excluding these items, as applicable, from operating income, net income from continuing operations, and earnings per diluted share, provides a more complete and consistent comparative analysis of our results of operations. We use these and other measures to establish Group performance targets and evaluate the performance of our operations. The Company also uses both adjusted earnings per diluted share from continuing operations and adjusted operating margin measures to form the basis of establishing and assessing components of compensation.

As set out in the tables below, adjusted operating margin at 32.6 percent in first quarter 2012 was down 40 basis points compared to first quarter 2011, while adjusted net income from continuing operations at $233 million was $9 million higher than in first quarter 2011 and adjusted earnings per diluted share from continuing operations was $1.32 in first quarter 2012, compared to $1.29 in first quarter 2011.

A reconciliation of reported operating income, the most directly comparable GAAP measure, to adjusted operating income and adjusted operating margin is as follows (in millions, except percentages):

	Three months ended March 31,	
	2012	2011
Operating Income, GAAP basis	$ 317	$ 239
Excluding:		
Write-off of uncollectible accounts receivable balance and legal fees[(a)]	13	—
Net gain on disposal of operations	—	(4)
2011 Operational Review[(b)]	—	97
Adjusted Operating Income	$ 330	$ 332
Operating Margin, GAAP basis, or Operating Income as a percentage of Total Revenues	31.3%	23.7%
Adjusted Operating Margin, or Adjusted Operating Income as a percentage of Total Revenues	32.6%	33.0%

(a) Write-off of uncollectible accounts receivable balance and associated legal fees relating to periods prior to January 1, 2012. See 'Correction of Commissions and Fees Overstatement Relating to 2011 and Prior Periods', below.

(b) Charge relating to the 2011 Operational Review, including $48 million of severance costs related to the elimination of approximately 450 positions in first quarter 2011.

Table of Contents

A reconciliation of reported net income from continuing operations and reported earnings per diluted share from continuing operations, the most directly comparable GAAP measures, to adjusted net income from continuing operations and adjusted earnings per diluted share from continuing operations, is as follows (in millions, except per share data):

	Three months ended March 31,			Per diluted share Three months ended March 31,		
	2012	2011	% Change	2012	2011	% Change
Net Income from Continuing Operations attributable to Willis Group Holdings plc, GAAP basis	$225	$ 35	543%	$1.28	$ 0.20	540%
Excluding:						
Write-off of uncollectible accounts receivable balance and legal fees, net of tax ($5, $nil)[(a)]	8	—		0.04	—	
2011 Operational Review charge, net of tax ($nil, $28)[(b)]	—	69		—	0.40	
Gain on disposal of operations, net of tax ($nil, $nil)	—	(4)		—	(0.02)	
Make-whole amounts on repurchase and redemption of Senior Notes and write-off of unamortized debt issuance costs, net of tax ($nil, $47)	—	124		—	0.71	
Adjusted Net Income from Continuing Operations attributable to Willis Group Holdings plc	$233	$224	4%	$1.32	$ 1.29	2%
Average diluted shares outstanding, GAAP basis	176	174				

(a) Write-off of uncollectible accounts receivable balance and associated legal fees relating to periods prior to January 1, 2012. See 'Correction of Commissions and Fees Overstatement Relating to 2011 and Prior Periods', below.

(b) Charge relating to the 2011 Operational Review, including $48 million pre-tax of severance costs related to the elimination of approximately 450 positions in first quarter 2011.

Correction of Commissions and Fees Overstatement Relating to 2011 and Prior Periods

As previously disclosed, in early 2012 we identified through our internal financial control process an uncollectible accounts receivable balance of approximately $28 million in a stand-alone business unit that appeared to be due to fraudulent overstatements of Commissions and Fees from the years 2005 to 2011. We concluded that the overstatement we uncovered did not materially affect our previously-issued financial statements for any of the prior periods. For the year ended December 31, 2011, we corrected the misstatement of Commissions and Fees from prior periods by recognizing in the fourth quarter of 2011 a $22 million charge to Other Operating Expenses to write off the uncollectible receivable at January 1, 2011, and by reversing the $6 million balance of Commissions and Fees which had been recorded during 2011. We also reversed $2 million of Salaries and Benefits representing an over-accrual of production bonuses relating to the overstated revenue.

We continued our investigation into these matters and identified an additional $12 million in fraudulent overstatement of Commissions and Fees. We have determined that the overstatement involved additional associates within the business unit and included the year 2004. We have concluded that the total $40 million of overstatement does not materially affect our previously-issued financial statements for any of the prior periods and we are correcting the additional misstatement by recognizing a $13 million charge (including legal expenses) to Other Operating Expenses in the first quarter of 2012.

The associates in question, whose employments have been terminated, were not members of Willis executive management nor did they play a significant role in internal control over financial reporting. Based on the results of our investigation, which has now been completed, we do not believe that any client or carrier funds were misappropriated or that any other business units were affected.

We have taken steps to enhance our internal controls in relation to the business unit in question, including enhanced procedures over receipt of checks and application of cash, increased segregation of duties between the operating unit and the accounting and settlement function, and additional central sign off on revenue recognition.

Cash Retention Awards

We started making cash retention awards in 2005 to a small number of employees. With the success of the program, we expanded it over time to include more staff and we believe it is a contributing factor to the reduction in employee turnover we have seen in recent years.

Salaries and benefits do not reflect the unamortized portion of annual cash retention awards made to employees. Employees must repay a proportionate amount of these cash retention awards if they voluntarily leave our employ (other than in the event of redundancy, retirement or permanent disability) within a certain time period, currently up to three years. We make cash payments to our employees in the year we grant these retention awards and recognize these payments ratably over the period they are subject to repayment, beginning in the quarter in which the award is made.

During first quarter 2012, we made $192 million of cash retention award payments compared with $195 million in first quarter 2011. Salaries and benefits in first quarter 2012 include $62 million of amortization of cash retention award payments made on or before March 31, 2012, compared with $44 million in first quarter 2011.

Included within the $62 million amortization of cash retention is a $7 million charge for retention waivers. In certain circumstances we may choose to waive repayment of retention awards when an employee leaves the Company. Therefore when we make the retention awards payments we book a provision to reflect the anticipated level of waivers.

The remaining increase between first quarter 2012 and first quarter 2011 of $11 million reflects the higher level of cash retention awards paid and expected to be paid in 2012 compared to cash retention awards paid in 2009, which were fully amortized in 2011.

As of March 31, 2012, December 31, 2011 and March 31, 2011, we included $334 million, $196 million and $328 million, respectively, within other current assets and other non-current assets on the balance sheet, which represented the unamortized portion of cash retention award payments made on or before those dates.

Pension Expense

We recorded a net pension (income)/charge on our UK and US defined benefit pension plans in first quarter 2012 of $(1) million, and $1 million respectively, compared with $2 million and $nil respectively in first quarter 2011. On our international defined benefit pension plans, we recorded a net pension charge of $1 million in both first quarter 2012 and 2011.

The UK pension charge was $3 million lower in 2012 compared to 2011 due to an increased asset return from a higher asset base partly offset by an increase in amortization of prior period losses. The US pension charge was $1 million higher in 2012 compared to 2011 reflecting an increase in amortization of prior period losses.

See ‘Contractual Obligations’ below for further information on our obligations relating to our pension plans.

Acquisitions and Disposals

In first quarter 2012 we acquired 49.9 percent of Gras Savoye Re at a cost of $29 million, increasing our shareholding from 50.1 percent to 100 percent.

We sold 49.9 percent of our retail operation in Peru, Willis Corredores de Seguros S.A. to Grupo Credito S.A. for $2.8 million reducing our shareholding to 50.1 percent. Grupo Credito S.A. is an investment arm of Peru’s largest financial services holding company.

We continue to consolidate these entities in our Group result, because we exercised management control both before and after these transactions. These transactions had an immaterial net impact on the first quarter 2012 results.

Table of Contents

Business Strategy

Our aim is to be the insurance broker and risk adviser of choice globally.

Our business model is aligned to the needs of each client segment:

- Insurer — platform-neutral capital management and advisory services;
- Large Accounts — delivering Willis's global capabilities through client advocacy;
- Mid-Market — mass-customization through our Sales 2.0 model;
- Commercial — providing products and services to networks of retail brokers; and
- Personal — focused on affinity models and High Net Worth segments.

Our business model has three elements:

- Organic growth;
- Recruitment of teams and individuals; and
- Strategic acquisitions.

REVIEW OF CONSOLIDATED RESULTS

The following table is a summary of our revenues, operating income, operating margin, net income from continuing operations and diluted earnings per share from continuing operations (in millions, except per share data and percentages):

	Three months ended March 31, 2012	Three months ended March 31, 2011
REVENUES		
Commissions and fees	$ 1,005	$ 999
Investment income	5	8
Other income	3	—
Total revenues	1,013	1,007
EXPENSES		
Salaries and benefits	(506)	(583)
Other operating expenses	(156)	(152)
Depreciation expense	(19)	(20)
Amortization of intangible assets	(15)	(17)
Net gain on disposal of operations	—	4
Total expenses	(696)	(768)
OPERATING INCOME	317	239
Make-whole on repurchase and redemption of senior notes and write-off of unamortized debt issuance costs	—	(171)
Interest expense	(32)	(40)
INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	285	28
Income taxes	(68)	(1)
INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	217	27
Interest in earnings of associates, net of tax	15	16
INCOME FROM CONTINUING OPERATIONS	232	43
Discontinued operations, net of tax	—	(1)
NET INCOME	232	42
Less: net income attributable to noncontrolling interests	(7)	(8)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 225	$ 34
Salaries and benefits as a percentage of total revenue	50.0%	57.9%
Other operating expenses as a percentage of total revenues	15.4%	15.1%
Operating margin (operating income as a percentage of total revenues)	31.3%	23.7%
Diluted earnings per share from continuing operations	$ 1.28	$ 0.20
Average diluted number of shares outstanding	176	174

Table of Contents

Revenues

Total revenues for the Group and by operating segment for the quarters ended March 31, 2012 and 2011 are shown below (millions):

				Attributable to:		
Three months ended March 31,	2012	2011	% Change	Foreign currency translation	Contingent Commissions[b]	Organic commission and fees growth[a]
Global[c]	$ 370	$ 357	4%	(1)%	—%	5%
North America	346	356	(3)%	—%	(1)%	(2)%
International	289	286	1%	(3)%	—%	4%
Commissions and fees	$1,005	$ 999	1%	(1)%	—%	2%
Investment income	5	8	(38)%			
Other income	3	—	n/a%			
Total revenues	$1,013	$1,007	1%			

(a) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; (iii) the net commission and fee revenues related to operations disposed of in each period presented; (iv) in North America, legacy contingent commissions assumed as part of the HRH acquisition that had not been converted into higher standard commissions; and (v) investment income and other income from reported revenues.

(b) Included in North America reported commissions and fees were legacy contingent commissions assumed as part of the HRH acquisition that had not been converted into higher standard commissions of $1 million in first quarter 2012, compared with $4 million in first quarter 2011.

(c) Reported commissions and fees included a favorable impact from a change in accounting methodology in a Global Specialty business in our Global segment of $6 million in first quarter 2011.

Our methods of calculating these measures may differ from those used by other companies and therefore comparability may be limited.

Revenues for first quarter 2012 of $1,013 million were $6 million, or 1 percent higher than in same period 2011.

Total commissions and fees for first quarter 2012 were $1,005 million, up from $999 million, in the prior year quarter. Foreign currency movements negatively impacted commissions and fees by 1 percent. Organic commissions and fees growth was 2 percent, driven by solid new business growth and a slight benefit from improving premium rates and other market factors.

The Global segment reported a 4 percent increase in commissions and fees, including 5 percent organic growth, driven by positive growth in Reinsurance and Willis Faber & Dumas. This growth was achieved despite the non-recurrence of a $6 million benefit recognized in first quarter 2011 from a change in accounting within a Global Specialty business to conform to current Group accounting policy.

The North America segment's reported commissions and fees declined 3 percent with organic commissions and fees declining by 2 percent. This decline was primarily attributable to the Loan Protector business. Excluding Loan Protector, North America's organic commissions and fees increased 1 percent as the benefits of new business and firming rates were tempered by client buying patterns.

The International segment reported commissions and fees growth of 1 percent which included 4 percent organic growth including double-digit growth in our Latin America and Eastern Europe regions, together with single-digit growth in Asia and Continental Europe.

Our International and Global segments earn a significant portion of their revenues in currencies other than the US dollar, including the Euro and Pound sterling. For the quarter ended March 31, 2012, reported revenues were adversely impacted by the net effects of foreign currency translation.

Investment income was $5 million for first quarter 2012, $3 million lower than in first quarter 2011, primarily due to declining net yields on cash and cash equivalents.

The impact of the low interest rates on our investment income was partially mitigated by our forward hedging program. While we expect this forward hedging program to generate additional income in 2012 compared to current LIBOR based rates, there will be a lower benefit than in 2011 as older, more beneficial hedges expire. We are no longer renewing the hedges as they roll off because it is no longer economically beneficial to do so.

Organic commissions and fees growth by segment is discussed further in *'Review of Segmental Results'* below.

Salaries and Benefits

Salaries and benefits decreased by $77 million, or 13 percent, in first quarter 2012, compared with first quarter 2011, primarily reflecting the non-recurrence of $82 million expense associated with our 2011 operational review and $6 million period-over-period positive impact from favorable foreign exchange movements which were partially offset by higher amortization of cash retention awards.

The period-over-period positive impact from foreign exchange was driven principally by the strengthening of the US dollar against the Pound sterling and the Euro.

Other Expenses

Other operating expenses were $4 million, or 3 percent, higher in first quarter 2012 compared to first quarter 2011 primarily due to the $13 million first quarter 2012 charge for the write-off of an uncollectible accounts receivable balance and associated legal fees. See 'Correction of Commissions and Fees Overstatement Relating to 2011 and Prior Periods', above. Other operating expenses in first quarter 2011 included an $11 million charge relating the 2011 Operational Review.

Depreciation expense of $19 million in first quarter 2012 was $1 million lower than in first quarter 2011. The first quarter 2011 charge included $4 million relating to the 2011 Operational Review. This was offset by increased depreciation expense in first quarter 2012 following a number of systems-related projects being put into operation in fourth quarter 2011 and first quarter 2012.

Amortization of intangible assets of $15 million in first quarter 2012 was $2 million lower than in first quarter 2011. The decrease mainly reflects the scheduled reduction of the HRH acquisition-related amortization.

Net gain on disposal of operations of $4 million was recorded in first quarter 2011 following conclusion of the accounting for the December 2009 Gras Savoye leveraged transaction during which the Group's interest in Gras Savoye was reduced from 49 percent to 31 percent.

Interest Expense

Interest expense in first quarter 2012 of $32 million was $8 million lower than in the prior year first quarter, primarily reflecting the lower coupon payable on our new debt issued in March 2011 and December 2011 and a net gain recognized on our forward rate hedging program.

We continue to monitor our debt profile going forward to identify any further opportunities to reduce our financing costs.

Income Taxes

The income tax rate for the quarter ended March 31, 2012 was 24 percent compared to 4 percent for the first quarter of 2011. The tax rate for the first quarter of 2011 was significantly impacted by the recognition of an expense of $171 million, together with a related tax credit of $47 million, arising on the redemption and repurchase of senior notes and write-off of unamortized debt issuance costs in that quarter.

Excluding the impact of this and other smaller non-recurring items, the tax effects of which are computed and recognized when the items occur, the estimated annual effective tax rate applied to ordinary income for the quarter ended March 31, 2012 was 24.5 percent compared to 25 percent for the first quarter of 2011.

Interest in Earnings of Associates

Interest in earnings of associates, net of tax, in first quarter 2012 of $15 million was $1 million lower than in same period 2011. This fall is primarily driven by a reduction in net income reported by Gras Savoye.

Discontinued Operations, net of Tax

Net income from discontinued operations in 2011 relates to our disposal of Global Special Risks, LLC, Faber & Dumas Canada Ltd and the trade and assets of Maclean, Oddy & Associates, Inc. We recorded a net loss from discontinued operations of $1 million in first quarter 2011.

LIQUIDITY AND CAPITAL RESOURCES

Debt

Total debt, total equity and the capitalization ratio at March 31, 2012 were as follows (millions, except percentages):

	March 31, 2012	December 31, 2011
Long-term debt	$ 2,435	$ 2,354
Short-term debt and current portion of long-term debt	$ 17	$ 15
Total debt	$ 2,452	$ 2,369
Total equity	$ 2,704	$ 2,517
Capitalization ratio	47.8%	48.8%

In March 2011 we issued $800 million of new debt, comprising $300 million 4.125% senior notes due 2016 and $500 million 5.750% senior notes due 2021. We received net proceeds, after underwriting discounts and expenses of approximately $787 million, which were used largely in part to repurchase and redeem $500 million 12.875% senior notes due 2016 and make related make-whole payments totaling $158 million, which represented a slight discount to the make-whole redemption amount provided in the indenture governing this debt. In addition to the make-whole payments of $158 million, we also wrote off unamortized debt issuance costs of $13 million.

In December 2011 we refinanced our bank facility, comprising a new 5-year $300 million term loan and a new 5-year $500 million revolving credit facility. The proceeds from the $300 million term loan were used to repay the majority of the $328 million balance outstanding on our $700 million 5-year term loan facility. The $500 million revolving credit facility replaced our existing $300 million and $200 million revolving credit facilities. Unamortized debt issuance costs of $10 million relating to the replaced facilities were written off in December 2011 following completion of the refinancing.

These refinancing actions have lengthened our debt maturity profile. At March 31, 2012, the only scheduled debt repayments falling due over the next 12 months are scheduled repayments on our new $300 million, 5-year term loan totaling $11 million and repayment of the $4 million 6% loan notes in second quarter 2012.

In first quarter 2012, we made $2 million of mandatory repayments against the 5-year term loan, thereby reducing the total outstanding balance as at March 31, 2012 to $298 million.

At March 31, 2012, we had $85 million outstanding under our $500 million revolving credit facility and $nil outstanding under our $20 million UK facility, which is solely for use by our main regulated UK entity, Willis Limited, in certain exceptional circumstances.

Liquidity

Our principal sources of liquidity are cash from operations, cash and cash equivalents of $464 million at March 31, 2012 and remaining availability of $415 million under our revolving credit facilities, excluding the $20 million UK facility which is solely for use by our main regulated UK entity in certain exceptional circumstances.

We remain committed to our previously stated goals of ongoing debt repayment and returning capital to shareholders.

As of March 31, 2012, our short-term liquidity requirements consisted of the payment of interest on debt, repayment of the $4 million 6% loan notes in second quarter 2012 and $11 million of mandatory repayments under our 5-year term loan; capital expenditure; working capital; and funding our $100 million share buyback program described below under 'Share Buybacks'.

Our long-term liquidity requirements consist of the principal amount of outstanding notes; and borrowings under our 5-year term loan and revolving credit facility; and our pension contributions as discussed below.

Based on current market conditions and information available to us at this time, we believe that we have sufficient liquidity to meet our cash needs for at least the next 12 months.

Pension Contributions

UK Plan

We made cash contributions to our UK defined benefit plan of $24 million in first quarter 2012 (including amounts in respect of the salary sacrifice contributions), compared with $21 million in first quarter 2011.

We expect cash contributions to the UK pension plan to be approximately $81 million during full year 2012 (excluding amounts in respect of salary sacrifice contributions), of which approximately $23 million relates to on-going contributions calculated as 15.9 percent of active plan members' pensionable salaries and $58 million relates to contributions towards funding the deficit.

Including amounts in respect of the salary sacrifice contributions, we expect cash contributions to the UK pension plan to be approximately $93 million during full year 2012.

In addition, there are further contributions payable to the UK pension defined benefit plan in 2013 and beyond, dependent upon certain contribution calculations as detailed in the 'Contractual Obligations' section below.

US Plan

We made cash contributions to our US defined benefit plan of $7 million in first quarter 2012, compared with $8 million in first quarter 2011.

For the US plan, expected contributions are the contributions we will be required to make under US pension legislation based on our December 31, 2011 balance sheet position. We currently expect to contribute $40 million for full year 2012.

International Plans

We made cash contributions to our International defined benefit pension plans of $2 million in first quarter 2012 compared with $1 million in first quarter 2011.

In 2012, we expect to contribute approximately $12 million to our international plans.

Summary consolidated cash flow information (millions):

	Three months ended March 31,	
	2012	2011
Cash provided by operating activities		
Total cash provided by continuing operating activities	$ 62	$ 7
Cash flows from investing activities		
Total net cash used in continuing investing activities	(37)	(24)
Increase (decrease) in cash and cash equivalents from operating and investing activities	25	(17)
Cash flows from financing activities		
Total net cash provided by continuing financing activities	—	127
Increase in cash and cash equivalents	25	110
Effect of exchange rate changes on cash and cash equivalents	3	6
Cash and cash equivalents, beginning of period	436	316
Cash and cash equivalents, end of period	$ 464	$ 432

This summary consolidated cash flow should be viewed in addition to, not in lieu of, the Company's consolidated financial statements.

Consolidated Cash Flow for First Quarter 2012 compared to First Quarter 2011

Operating Activities

Total net cash provided by continuing operating activities was $62 million in first quarter 2012, compared with $7 million in first quarter 2011. The increase of $55 million reflects the period-over-period decrease in accounts receivable, as higher revenues were more than offset by more timely collections, increase in net income and other movements in working capital.

Investing Activities

Total net cash used in continuing investing activities was $37 million in first quarter 2012, compared with $24 million in first quarter 2011. The $37 million outflow was mainly due to capital spending, including IT platform, infrastructure spend and real estate projects.

Financing Activities

Total net cash provided by continuing financing activities was $nil in first quarter 2012, compared to $127 million in first quarter 2011, as the $85 million draw down on the revolving credit facility and $11 million proceeds from exercises of share options were offset by $19 million repurchase of shares, $46 million dividend payment and $29 million related to the acquisition of 49.9 percent of Gras Savoye Re, increasing our shareholding from 50.1 percent to 100 percent.

Own Funds

As of March 31, 2012, we had cash and cash equivalents of $464 million, compared with $436 million at December 31, 2011.

Fiduciary Funds

As an intermediary, we hold funds generally in a fiduciary capacity for the account of third parties, typically as the result of premiums received from clients that are in transit to insurers and claims due to clients that are in transit from insurers. We report premiums, which are held on account of, or due from, clients, as assets with a corresponding liability due to the insurers. Claims held by, or due to, us which are due to clients are also shown as both assets and liabilities.

Fiduciary funds are generally required to be kept in regulated bank accounts subject to guidelines which emphasize capital preservation and liquidity; such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with clients and insurers, the Company is entitled to retain investment income earned on fiduciary funds in accordance with industry custom and practice and, in some cases, as supported by agreements with insureds. As of March 31, 2012, we had fiduciary funds of $1.8 billion, compared with $1.7 billion at December 31, 2011.

Share Buybacks

On February 27, 2012, the Company issued 24,222 shares without registration under the Securities Act of 1933, as amended, in reliance upon the exemption under Section 4(2) of such Act relating to transactions by an issuer not involving a public offering. The shares were issued by the Company pursuant to an earnout provision that was triggered in connection with the acquisition in September 2006 of MGT Re Corredora de Reaseguros S.A. and Newco Brokers S.A. by Willis Corredores de Reaseguros Limitada, a subsidiary of the Company.

The Company is authorized to buyback shares, by way of redemption, and will consider whether to do so from time to time, based on many factors, including market conditions.

In February 2012, the Company announced that during the year it intends to buyback up to $100 million of shares through open market or privately negotiated transactions, from time to time, depending on market conditions.

During first quarter 2012, we bought back 600,000 shares at an average price of $35.35 on a trade date basis.

As of May 4, 2012 the Company had bought back a total of 1,000,000 shares at a total price of approximately $35 million and there remains approximately $889 million under the current authorization.

Dividends

In April 2012, we declared a quarterly cash dividend of $0.27 per share, an annual 2012 rate of $1.08 per share. This represents an increase of 4 percent on first quarter 2011 per share dividend.

Cash dividends paid in first quarter 2012 were $46 million compared with $45 million in first quarter 2011.

The $1 million increase in first quarter 2012, compared with first quarter 2011 is driven by the small period-over-period increase in share count.

REVIEW OF SEGMENTAL RESULTS

We organize our business into three segments: Global, North America and International. Our Global business provides specialist brokerage and consulting services to clients worldwide for risks arising from specific industries and activities. North America and International comprise our retail operations and provide services to small, medium and major corporations.

The following table is a summary of our operating results by segment for the three months ended March 31, 2012 and 2011 (millions, except percentages):

	Three months ended March 31,					
	2012			2011		
	Revenues	Operating Income	Operating Margin	Revenues	Operating Income	Operating Margin
Global	$ 372	$ 179	48.1%	$ 360	$ 176	48.9%
North America	349	82	23.5%	358	85	23.7%
International	292	81	27.7%	289	86	29.8%
Total Retail	641	163	25.4%	647	171	26.4%
Corporate & Other	—	(25)	n/a	—	(108)	n/a
Total Consolidated	$ 1,013	$ 317	31.3%	$ 1,007	$ 239	23.7%

Global

Our Global operations comprise Global Specialties, Reinsurance, Willis Faber & Dumas and Willis Capital Markets & Advisory (WCMA).

The following table sets out Global's revenues, organic commissions and fees growth and operating income and margin for the three months ended March 31, 2012 and 2011 (millions, except percentages):

	Three months ended March 31,	
	2012	2011
Commissions and fees[(a)]	$ 370	$ 357
Investment income	2	3
Total revenues	$ 372	$ 360
Operating income	$ 179	$ 176
Organic commissions and fees growth[(b)]	5%	8%
Operating margin	48.1%	48.9%

(a) Reported commissions and fees included a favorable impact from a change in accounting methodology in a Global Specialty business of $6 million in first quarter 2011.
(b) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; (iii) the net commission and fee revenues related to operations disposed of in each period presented; and (iv) investment income and other income from reported revenues.

Revenues

Commissions and fees of $370 million were $13 million, or 4 percent, higher in first quarter 2012 compared with same period 2011 reflecting strong organic growth of 5 percent.

Reinsurance reported high single-digit growth in first quarter 2012, led by strong growth in North America, International and Specialty, including the benefits of double-digit new business growth, favorable rate movements and changes in client buying patterns.

The Global Specialties business reported low single-digit organic growth, as strong growth in Marine and Energy was offset by the non-recurrence of the first quarter 2011 $6 million revenue adjustment attributable to a change in accounting.

Willis Faber & Dumas business achieved low double-digit organic growth driven by strong growth in Global Markets International and Faber & Dumas, our wholesale brokerage division. Growth was the result of solid new business growth and favorable timing in the quarter offset by lower retention.

WCMA is a transaction oriented business and its results are more variable than some of our other businesses. In first quarter 2012 we reported lower organic commissions and fees than first quarter 2011 as a result of heavy M&A advisory deal activity in the prior year period.

Client retention levels remained high at 91 percent for first quarter 2012, in line with first quarter 2011.

Operating margin

Operating margin was 48.1 percent in first quarter 2012 and 48.9 percent in first quarter 2011 as the benefit of 5 percent organic commissions and fees growth discussed above was more than offset by lower investment income and higher cost of incentives which includes the amortization of cash retention awards.

North America

Our North America business provides risk management, insurance brokerage, related risk services and employee benefits brokerage and consulting to a wide array of industry and client segments in the United States, Canada and Mexico.

The following table sets out revenues, organic commissions and fees growth and operating income and margin for the three months ended March 31, 2012 and 2011 (millions, except percentages):

	Three months ended March 31, 2012	Three months ended March 31, 2011
Commissions and fees[a]	$ 346	$ 356
Investment income	—	2
Other income[c]	3	—
Total revenues	$ 349	$ 358
Operating income	$ 82	$ 85
Organic commissions and fees growth[b]	(2)%	(1)%
Operating margin	23.5%	23.7%

(a) Included in North America reported commissions and fees were legacy contingent commissions assumed as part of the HRH acquisition that had not been converted into higher standard commissions of $1 million in first quarter 2012, compared with $4 million in first quarter 2011.

(b) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; (iii) the net commission and fee revenues related to operations disposed of in each period presented; (iv) in North America, legacy contingent commissions assumed as part of the HRH acquisition and that had not been converted into higher standard commissions; and (v) investment income and other income from reported revenues.

(c) Other income comprises gains on disposal of intangible assets, which primarily arise from settlements through enforcing non-compete agreements in the event of losing accounts through producer defection or the disposal of books of business.

Revenues

Commissions and fees of $346 million were $10 million, or 3 percent, lower for first quarter 2012 compared with same period 2011. Legacy contingent commissions assumed as part of the HRH acquisition amounted to $1 million in first quarter 2012 compared to $4 million in the prior year first quarter.

Organic commissions and fees growth declined 2 percent in 2012 compared with 2011, as the benefits of new business generation and firming rates in certain lines of business, were more than offset by declining Loan Protector revenues and the impact of changes in client buying patterns. The Loan Protector decline began in second quarter 2011 and has continued into 2012. This movement is driven by the loss of clients through attrition and M&A activity, industry-wide commission pressures and a slowdown in foreclosures in the US.

Excluding the impact of Loan Protector from both periods, the segment achieved organic growth of 1 percent compared to first quarter 2011.

Client retention levels were 92 percent in first quarter 2012 compared to 94 percent in first quarter 2011.

Operating margin

Operating margin in North America was 23.5 percent in first quarter 2012 compared to 23.7 percent in first quarter 2011. The adverse impact of the 2 percent decline in organic commissions and fees, the reduction in legacy HRH contingent commissions and increased amortization of cash retention awards were partly offset by the benefit of cost reductions driven by the 2011 Operational Review and continued focus on expense management.

International

Our International business comprises our retail operations in Eastern and Western Europe, the United Kingdom, Asia, Asia-Pacific, the Middle East, South Africa and Latin America. The services provided are focused according to the characteristics of each market and vary across offices, but generally include direct risk management and insurance brokerage and employee benefits consulting.

The following table sets out revenues, organic commissions and fees growth and operating income and margin for the three months ended March 31, 2012 and 2011 (millions, except percentages):

	Three months ended March 31, 2012	2011
Commissions and fees	$ 289	$ 286
Investment income	3	3
Total revenues	$ 292	$ 289
Operating income	$ 81	$ 86
Organic commissions and fees growth[(a)]	4%	6%
Operating margin	27.7%	29.8%

(a) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; (iii) the net commission and fee revenues related to operations disposed of in each period presented; and (iv) investment income and other income from reported revenues.

Table of Contents

Revenues

Commissions and fees of $289 million were $3 million, or 1 percent, higher for first quarter 2012 compared with same period 2011, comprising 4 percent organic commissions and fees growth and a 3 percent negative impact from foreign currency translation. New business generation was in the high single-digits, with no significant rate impact.

There were strong contributions to 2012 organic commissions and fees growth from most regions, including double-digit growth in our Latin America and Eastern Europe regions, together with single-digit growth in Asia and Continental Europe. In particular, there was strong growth in Brazil, Chile, Argentina, Russia and China.

The single-digit organic commissions and fees growth in our large retail operations in Continental Europe was primarily driven by strong growth in Spain, Germany and Norway, despite the ongoing challenging economic conditions in this region, offset by lower commissions and fees in Denmark, Italy, Ireland and the Netherlands.

Organic commissions and fees growth in our UK retail operations declined mid-single digits in 2012, compared with the same period 2011, driven by the economic pressures that continue to affect the region.

A significant part of International's revenues are earned in currencies other than the US dollar, most notably the Euro, Japanese Yen, Pound sterling and Australian dollar. The net 3 percent negative impact from foreign currency translation in first quarter 2012 primarily reflected the strengthening of the US dollar against these and other currencies in which we earn International revenues.

Client retention levels were 95 percent for first quarter 2012 compared with 94 percent in first quarter 2011.

Operating margin

Operating margin in International was 27.7 percent in first quarter 2012, compared with 29.8 percent in same period 2011, with the decrease reflecting declining performance in our UK retail operations; the increase in incentive expenses in first quarter 2012, including amortization of cash retention award payments; an adverse net impact from foreign currency translation, primarily reflecting the negative impact of the weakening of the Euro and other currencies in which we earn a significant portion of our operating income against the US dollar; and increased spending on initiatives to drive future growth partially offset by organic growth in commissions and fees, discussed above.

Corporate & Other

The Company evaluates the performance of its operating segments based on organic commissions and fees growth and operating income. For internal reporting and segmental reporting, items for which segmental management are not held responsible for are held within 'Corporate & Other'.

Corporate & Other operating loss comprises the following (millions):

	Three months ended March 31, 2012	Three months ended March 31, 2011
Amortization of intangible assets	$ (15)	$ (17)
Write-off of uncollectible accounts receivable balance and legal fees[(a)]	(13)	—
Foreign exchange hedging	2	1
Foreign exchange gain on the UK pension plan asset	1	1
Net gain on disposal of operations	—	4
2011 Operational Review	—	(97)
	$ (25)	$ (108)

(a) Write-off of uncollectible accounts receivable balance relating to periods prior to January 1, 2012 and associated legal fees, in North America. See 'Correction of Commissions and Fees Overstatement Relating to 2011 and Prior Periods', above.

CRITICAL ACCOUNTING ESTIMATES

The accounting estimates or assumptions that management considers to be the most important to the presentation of our financial condition or operating performance are discussed in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 29, 2012. There were no significant additions or changes to these assumptions in first quarter 2012. Our North America segment continued to be hampered this quarter by declining Loan Protector business results and the effect of the soft economy in the US. As discussed in the Form 10-K, in the event of either a significant deterioration in a key estimate or assumption or a less significant deterioration to a combination of assumptions or the sale of part of the reporting unit there could be an impairment to the carrying value in future periods.

CONTRACTUAL OBLIGATIONS

There have been no material changes to our contractual obligations since December 31, 2011, except contractual, planned payments and a change to our contractual obligation for pension plan contributions as set out below.

On March 30, 2012, the Company agreed a revised schedule of contributions with the UK pension Trustee which sets out the contributions toward on-going accrual of benefits and deficit funding contributions the Company will make to the UK plan over the next six year period from January 1, 2012 to December 31, 2017. On-going contributions will be based on 15.9 percent of active plan members' pensionable salary, approximately $23 million per annum and deficit funding contributions have been agreed at $58 million per annum.

There are also two further contributions payable under the revised schedule of contributions, based on a profit share calculation (equal to 20 percent of EBITDA in excess of $900 million per annum) and an exceptional return calculation (equal to 10 percent of any exceptional returns made to shareholders, for example, share buybacks and special dividends). The two further contributions are to be paid by the end of the first quarter following the year-end at which they are calculated.

Aggregate contributions under the deficit funding contribution and the profit share calculation are capped at £312 million ($499 million) over the six years ended December 31, 2017.

NEW ACCOUNTING STANDARDS

There were no new accounting standards issued during first quarter 2012 that would have a significant impact on the Company's reporting.

OFF BALANCE SHEET TRANSACTIONS

Apart from commitments, guarantees and contingencies, as disclosed in Note 7 to the Condensed Consolidated Financial Statements, the Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on the Company's financial condition, results of operations or liquidity.

Item 3 — Quantitative and Qualitative Disclosures about Market Risk

There has been no material change with respect to market risk from that described in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Item 4 — Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of March 31, 2012, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chairman and Chief Executive Officer and the Group Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and the Group Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that the information required to be included in the Company's periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to them as appropriate to allow for timely decisions regarding required disclosure.

Apart from the enhancements discussed under 'Correction of Commissions and Fees Overstatement Relating to 2011 and Prior Periods', there have been no changes in the Company's internal controls over financial reporting during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents

PART II — OTHER INFORMATION

Item 1 — Legal Proceedings

Information regarding legal proceedings is set forth in Note 7 — 'Commitments and Contingencies' to the Condensed Consolidated Financial Statements (Unaudited) appearing in Part I, Item 1 of this report.

Item 1A — Risk Factors

There have been no material changes to the risk factors described in Part I, Item 1A 'Risk Factors' included in the Form 10-K for the year ended December 31, 2011.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

On February 27, 2012, the Company issued 24,222 shares without registration under the Securities Act of 1933, as amended, in reliance upon the exemption under Section 4(2) of such Act relating to transactions by an issuer not involving a public offering. The shares were issued by the Company pursuant to an earnout provision that was triggered in connection with the acquisition in September 2006 of MGT Re Corredora de Reaseguros S.A. and Newco Brokers S.A. by Willis Corredores de Reaseguros Limitada, a subsidiary of the Company.

Share Buybacks

The Company is authorized to buyback shares, by way of redemption, and will consider whether to do so from time to time, based on many factors, including market conditions.

In February 2012, the Company announced that during the year it intends to buyback up to $100 million of shares through open market or privately negotiated transactions, from time to time, depending on market conditions.

The following shares of the Company's ordinary shares were bought back by the Company during first quarter 2012 and are reflected below based on the date of trade:

	Total number of shares purchased	Average price paid per share(i)	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
Period				
January 1, to January 31, 2012	—	$ —	—	$924,778,829
February 1, to February 29, 2012	160,000	$ 35.15	160,000	$919,155,027
March 1, to 31, 2012	440,000	$ 35.29	440,000	$903,627,115
Total	600,000	$ 35.25	600,000	

(i) Does not include commissions and fees.

As of May 4, 2012, the Company had bought back a total of 1,000,000 shares at a total price of approximately $35 million and there remains approximately $889 million under the current authorization.

Item 3 — Defaults upon Senior Securities

None.

Item 4 — Mine Safety Disclosures

Not applicable.

Item 5 — Other Information

None.

Item 6 — Exhibits

31.1	Certification Pursuant to Rule 13a-14(a)
31.2	Certification Pursuant to Rule 13a-14(a)
32.1	Certification Pursuant to 18 U.S.C. Section 1350
32.2	Certification Pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WILLIS GROUP HOLDINGS PLC
(REGISTRANT)

By: /s/ Michael K. Neborak
Michael K. Neborak
Group Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: May 10, 2012

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, Joseph J. Plumeri, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Group Holdings plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2012

By: /s/ Joseph J. Plumeri

Joseph J. Plumeri
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, Michael K. Neborak, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Willis Group Holdings plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 10, 2012

By: /s/ Michael K. Neborak

Michael K. Neborak
Group Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, of Willis Group Holdings plc (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph J. Plumeri, Chairman and Chief Executive Officer of the Company, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2012

By: /s/ Joseph J. Plumeri

Joseph J. Plumeri
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Willis Group Holdings plc and will be retained by Willis Group Holdings plc and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, of Willis Group Holdings plc (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael K. Neborak, Group Chief Financial Officer of the Company, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2012

By: /s/ Michael K. Neborak

Michael K. Neborak
Group Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Willis Group Holdings plc and will be retained by Willis Group Holdings plc and furnished to the Securities and Exchange Commission or its staff upon request.