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

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**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 June 30, 2010

or

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

Commission file number: 001-16503

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**WILLIS GROUP HOLDINGS PUBLIC  
LIMITED COMPANY**

*(Exact name of registrant as specified in its charter)*

**Ireland**  
*(Jurisdiction of  
incorporation or organization)*

**98-0352587**  
*(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)*

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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  Smaller reporting company   
(Do not check if a 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 July 31, 2010, there were outstanding 170,276,062 ordinary shares, nominal value \$0.000115 per share and 40,000 ordinary shares, nominal value €1, of the Registrant.

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WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY

QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTER ENDED JUNE 30, 2010

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**Certain Definitions**

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

‘We’, ‘Us’, ‘Company’, ‘Group’, ‘Willis’ or ‘Our’	Willis-Ireland and its subsidiaries and, prior to the effective time of the redomicile of the parent company discussed in Note 2 to the Notes to the Condensed Consolidated Financial Statements, Willis-Bermuda and its subsidiaries
‘Willis Group Holdings’ or ‘Willis-Ireland’	Willis Group Holdings Public Limited Company, a company organized under the laws of Ireland
‘Willis-Bermuda’	Willis Group Holdings Limited, a company organized under the laws of Bermuda
‘shares’	The ordinary shares of Willis-Ireland, nominal value \$0.000115 per share
‘HRH’	Hilb Rogal & Hobbs Company

## INFORMATION CONCERNING 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, included in this document that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our outlook, 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 and 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 any insolvencies or other difficulties experienced by our clients, insurance companies or financial institutions;
  - our ability to continue to manage our significant indebtedness;
  - our ability to compete effectively in our industry;
  - our ability to implement or realize anticipated benefits of the Shaping Our Future, Right Sizing Willis, Funding for Growth initiatives or any other new initiatives;
  - 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;
  - the volatility or declines in other insurance markets and the premiums on which our commissions are based, but which we do not control;
  - our ability to retain key employees and clients and attract new business;
  - the timing or ability to carry out share repurchases 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;
  - 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 funding obligations;
  - our ability to achieve the expected strategic benefits of transactions;
  - changes in the tax or accounting treatment of our operations;
  - any potential impact from the new US healthcare reform legislation;
  - 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;
  - our involvements in and the results of any regulatory investigations, legal proceedings and other contingencies;
  - underwriting, advisory or reputational risks associated with non-core operations;
  - 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 additional factors see also Part I, Item 1A 'Risk Factors' included in Willis' Form 10-K for the year ended December 31, 2009. Copies of the 10-K are available online at <http://www.sec.gov> or [www.willis.com](http://www.willis.com).

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.

PART I — FINANCIAL INFORMATION

Item 1 — Financial Statements

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(millions, except per share data)			
<b>REVENUES</b>				
Commissions and fees	\$ 789	\$ 772	\$ 1,752	\$ 1,687
Investment income	10	12	19	25
Other income	—	—	—	2
Total revenues	<u>799</u>	<u>784</u>	<u>1,771</u>	<u>1,714</u>
<b>EXPENSES</b>				
Salaries and benefits (including share based compensation of \$13 million, \$10 million, \$25 million and \$15 million (Note 3))	(456)	(443)	(942)	(923)
Other operating expenses	(135)	(139)	(284)	(277)
Depreciation expense	(16)	(14)	(31)	(28)
Amortization of intangible assets	(21)	(23)	(42)	(47)
Net loss on disposal of operations	(2)	—	(2)	—
Total expenses	<u>(630)</u>	<u>(619)</u>	<u>(1,301)</u>	<u>(1,275)</u>
<b>OPERATING INCOME</b>	<u>169</u>	<u>165</u>	<u>470</u>	<u>439</u>
Interest expense	(41)	(43)	(84)	(81)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN (LOSS)</b>				
EARNINGS OF ASSOCIATES	128	122	386	358
Income taxes	(35)	(31)	(102)	(93)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN (LOSS) EARNINGS OF ASSOCIATES</b>	93	91	284	265
Interest in (loss) earnings of associates, net of tax	(2)	—	18	26
<b>INCOME FROM CONTINUING OPERATIONS</b>	<u>91</u>	<u>91</u>	<u>302</u>	<u>291</u>
Discontinued operations, net of tax (Note 4)	—	—	—	1
<b>NET INCOME</b>	<u>91</u>	<u>91</u>	<u>302</u>	<u>292</u>
Less: net income attributable to noncontrolling interests	(2)	(4)	(9)	(12)
<b>NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	<u>\$ 89</u>	<u>\$ 87</u>	<u>\$ 293</u>	<u>\$ 280</u>
<b>AMOUNTS ATTRIBUTABLE TO WILLIS GROUP HOLDINGS SHAREHOLDERS</b>				
Income from continuing operations, net of tax	\$ 89	\$ 87	\$ 293	\$ 279
Income from discontinued operations, net of tax	—	—	—	1
<b>NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	<u>\$ 89</u>	<u>\$ 87</u>	<u>\$ 293</u>	<u>\$ 280</u>
<b>EARNINGS PER SHARE — BASIC AND DILUTED (Note 5)</b>				
<b>BASIC EARNINGS PER SHARE</b>				
— Continuing operations	<u>\$ 0.52</u>	<u>\$ 0.52</u>	<u>\$ 1.73</u>	<u>\$ 1.67</u>
<b>DILUTED EARNINGS PER SHARE</b>				
— Continuing operations	<u>\$ 0.52</u>	<u>\$ 0.52</u>	<u>\$ 1.71</u>	<u>\$ 1.66</u>
<b>CASH DIVIDENDS DECLARED PER SHARE</b>	<u>\$ 0.26</u>	<u>\$ 0.26</u>	<u>\$ 0.52</u>	<u>\$ 0.52</u>

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

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2010	December 31, 2009
	(millions, except share data)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 139	\$ 191
Fiduciary funds — restricted	1,977	1,683
Accounts receivable, net of allowance for doubtful accounts of \$20 million in 2010 and \$20 million in 2009	9,687	8,638
Fixed assets, net of accumulated depreciation of \$253 million in 2010 and \$257 million in 2009	346	352
Goodwill (Note 10)	3,271	3,277
Other intangible assets, net of accumulated amortization of \$221 million in 2010 and \$179 million in 2009 (Note 11)	528	572
Investments in associates	151	156
Deferred tax assets	91	82
Pension benefits asset	121	69
Other assets	709	603
<b>TOTAL ASSETS</b>	<b>\$ 17,020</b>	<b>\$ 15,623</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 10,975	\$ 9,686
Deferred revenue and accrued expenses	240	301
Deferred tax liabilities	28	29
Income taxes payable	93	46
Short-term debt (Note 12)	193	209
Long-term debt (Note 12)	2,154	2,165
Liability for pension benefits	171	187
Other liabilities	737	771
Total liabilities	14,591	13,394
<b>COMMITMENTS AND CONTINGENCIES (Note 7)</b>		
<b>EQUITY</b>		
Shares, \$0.000115 nominal value; Authorized: 4,000,000,000; Issued and outstanding, 170,216,447 shares in 2010 and 168,661,172 shares in 2009. Shares, €1 nominal value; Authorized: 40,000; Issued and outstanding, 40,000 shares in 2010 and 2009	—	—
Additional paid-in capital	951	918
Retained earnings	2,063	1,859
Accumulated other comprehensive loss, net of tax (Note 14)	(610)	(594)
Treasury shares, at cost, 57,310 shares, \$0.000115 nominal value in 2010 and 54,310 shares, \$0.000115 nominal value in 2009 and 40,000 shares, €1 nominal value, in 2010 and 2009	(3)	(3)
Total Willis Group Holdings stockholders' equity	2,401	2,180
Noncontrolling interests	28	49
Total equity	2,429	2,229
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 17,020</b>	<b>\$ 15,623</b>

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

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended	
	June 30,	
	2010	2009
	(millions)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 302	\$ 292
Adjustments to reconcile net income to total net cash provided by operating activities:		
Income from discontinued operations	—	(1)
Net loss/(gain) on disposal of operations, fixed and intangible assets and short-term investments	3	(3)
Depreciation expense	31	28
Amortization of intangible assets	42	47
Benefit for deferred income taxes	(17)	(17)
Excess tax benefits from share-based payment arrangements	(1)	—
Share-based compensation (Note 3)	25	15
Undistributed earnings of associates	(14)	(19)
Non-cash Venezuela currency devaluation	12	—
Effect of exchange rate changes on net income	(2)	18
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Fiduciary funds — restricted	(362)	(60)
Accounts receivable	(1,262)	(1,114)
Accounts payable	1,548	1,164
Additional funding of UK and US pension plans	(19)	—
Other assets	(111)	(141)
Other liabilities	(19)	3
Net cash provided by continuing operating activities	156	212
Net cash used in discontinued operating activities	—	(4)
Total net cash provided by operating activities	156	208
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on disposal of fixed and intangible assets	4	9
Additions to fixed assets	(45)	(38)
Acquisitions of subsidiaries, net of cash acquired	(15)	(3)
Acquisition of investments in associates	(1)	(41)
Proceeds from sale of operations, net of cash disposed	—	37
Proceeds on sale of short-term investments	—	21
Total net cash used in continuing investing activities	(57)	(15)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from draw down of revolving credit facility	30	95
Proceeds from issue of short-term debt, net of debt issuance costs	—	1
Repayments of debt	(70)	(750)
Senior notes issued, net of debt issuance costs	—	482
Proceeds from issue of shares	17	12
Excess tax benefits from share-based payment arrangements	1	—
Dividends paid	(89)	(87)
Acquisition of noncontrolling interests	(4)	(14)
Dividends paid to noncontrolling interests	(22)	(9)
Total net cash used in continuing financing activities	(137)	(270)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Effect of exchange rate changes on cash and cash equivalents	(38)	(77)
Effect of exchange rate changes on cash and cash equivalents	(14)	4
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>191</b>	<b>176</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 139</b>	<b>\$ 103</b>
Cash and cash equivalents — reported as discontinued operations	—	—
Cash and cash equivalents — continuing operations	\$ 139	\$ 103

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



**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. NATURE OF OPERATIONS**

Willis Group Holdings and its subsidiaries provide 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 major corporates 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 six month period ended June 30, 2010 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, 2009 and 2008, 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, 2009 included in the Current Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2010.

***Redomicile to Ireland***

On September 24, 2009, Willis Group Holdings was incorporated in Ireland, in order to effectuate the change of the place of incorporation of the parent company of the Group. Willis Group Holdings operated as a wholly-owned subsidiary of Willis-Bermuda until December 31, 2009, when the outstanding common shares of Willis-Bermuda were canceled and Willis Group Holdings issued ordinary shares with substantially the same rights and preferences on a one-for-one basis to the holders of the Willis-Bermuda common shares that were canceled. Upon completion of this transaction, Willis Group Holdings replaced Willis-Bermuda as the ultimate parent company and Willis-Bermuda became a wholly-owned subsidiary of Willis Group Holdings.

This transaction was accounted for as a merger between entities under common control: accordingly, the historical financial statements of Willis-Bermuda for periods prior to this transaction are considered to be the historical financial statements of Willis Group Holdings. No changes in capital structure, assets or liabilities resulted from this transaction, other than Willis Group Holdings has provided a guarantee of amounts due under certain borrowing arrangements of two of its subsidiaries as described in notes 17 and 18.

***Devaluation of Venezuelan currency***

With effect from January 1, 2010, the Venezuelan economy was designated as hyper-inflationary. The Venezuelan government also devalued the Bolivar Fuerte in January 2010. As a result of these actions, the Company recorded a \$12 million charge in other operating expenses to reflect the re-measurement of its net assets denominated in Venezuelan Bolivar Fuerte at January 1, 2010.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent Accounting Pronouncements**

*Variable Interest Entities*

In June 2009, the FASB issued new accounting guidance which amends the evaluation criteria to identify the primary beneficiary of a Variable Interest Entity ('VIE') and requires ongoing reassessment of whether an enterprise is the primary beneficiary of the VIE. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both of the following characteristics:

- the power to direct the activities of a VIE that most significantly impact the entity's economic performance; and
- the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

This new accounting guidance became effective January 1, 2010. The implementation of this guidance did not have a material effect on the Company's financial position or results of operations.

**3. SALARIES AND BENEFITS**

*Severance costs*

The Company incurred severance costs of \$11 million in the six months ended June 30, 2010 (2009: \$18 million). These costs relate to approximately 320 positions that have been or will be eliminated as part of the Company's continuing focus on managing expense. Of these costs, \$3 million were incurred in the three months ended June 30, 2010 (2009: \$2 million). Severance costs for these employees were recognized pursuant to the terms of their existing benefit arrangements or employment agreements.

*Cash retention awards*

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 retirement or permanent disability) before a certain time period, currently 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 assets.

The following table sets out the amount of cash retention awards made and the related amortization of those awards for the three and six months ended June 30, 2010 and 2009:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(millions)			
Cash retention awards made	\$ 16	\$ 29	\$ 185	\$ 140
Amortization of cash retention awards included in salaries and benefits	32	26	60	44

Unamortized cash retention awards totaled \$217 million as of June 30, 2010 (December 31, 2009: \$98 million; June 30, 2009: \$142 million).

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**3. SALARIES AND BENEFITS (Continued)**

*Share-based compensation*

The Company incurred share-based compensation, reported within salaries and benefits, of \$25 million in the six months ended June 30, 2010 (2009: \$15 million) of which \$13 million was incurred in the three months ended June 30, 2010 (2009: \$10 million).

During the six months ended June 30, 2009, the Company recorded a \$7 million credit relating to the accumulated compensation expense for certain 2008 awards which were dependent upon performance targets which the Company no longer expects to achieve.

**4. DISCONTINUED OPERATIONS**

On April 15, 2009, the Company disposed of Bliss & Glennon, a US-based wholesale insurance operation acquired as part of the acquisition of HRH in 2008. Gross proceeds were \$41 million.

Bliss & Glennon's net assets at April 15, 2009 were \$39 million, of which \$34 million related to identifiable intangible assets and goodwill. In addition, there were costs and income taxes relating to the transaction of \$2 million. No gain or loss was recognized on this disposal.

On September 1, 2009, the Company disposed of Managing Agency Group ('MAG'), another US-based wholesale insurance operation acquired as part of the acquisition of HRH in 2008. MAG achieved a breakeven result in the first half of 2009.

Amounts of revenue and pre-tax income reported in discontinued operations include the following:

	Six months ended June 30, 2009 <u>(millions)</u>
Revenues	\$ 7
Income before income taxes	1
Income taxes	—
Income from discontinued operations	<u>\$ 1</u>
Gain on disposal of discontinued operations, net of tax	—
Discontinued operations, net of tax	<u>\$ 1</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**4. DISCONTINUED OPERATIONS (Continued)**

Net assets and liabilities of discontinued operations consist of the following:

	<b>Bliss and Glennon April 15, 2009 (millions)</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1
Fiduciary funds — restricted	9
Accounts receivable	17
Fixed assets	1
Intangible assets	34
Other assets	2
Total assets	<u>\$ 64</u>
<b>Liabilities</b>	
Accounts payable	\$ 24
Other liabilities	1
Total liabilities	<u>\$ 25</u>
Net assets of discontinued operations	<u>\$ 39</u>

**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 June 30, 2010, time-based and performance-based options to purchase 12.3 million and 8.6 million (2009: 15.3 million and 9.3 million) shares, respectively, and 1.7 million (2009: 1.2 million) restricted shares, were outstanding.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**5. EARNINGS PER SHARE (Continued)**

Basic and diluted earnings per share are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(millions, except per share data)			
Net income attributable to Willis Group Holdings	\$ 89	\$ 87	\$ 293	\$ 280
Basic average number of shares outstanding	170	168	169	167
Dilutive effect of potentially issuable shares	1	—	2	1
Diluted average number of shares outstanding	171	168	171	168
Basic earnings per share:				
Continuing operations	\$ 0.52	\$ 0.52	\$ 1.73	\$ 1.67
Discontinued operations	—	—	—	0.01
Net income attributable to Willis Group Holdings shareholders	\$ 0.52	\$ 0.52	\$ 1.73	\$ 1.68
Dilutive effect of potentially issuable shares	—	—	(0.02)	(0.01)
Diluted earnings per share:				
Continuing operations	\$ 0.52	\$ 0.52	\$ 1.71	\$ 1.66
Discontinued operations	—	—	—	0.01
Net income attributable to Willis Group Holdings shareholders	\$ 0.52	\$ 0.52	\$ 1.71	\$ 1.67

Options to purchase 13 million shares were not included in the computation of the dilutive effect of stock options for the three and six months ended June 30, 2010 because the effect was antidilutive (three and six months ended June 30, 2009: 23.9 million).

**6. PENSION PLANS**

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

	Three months ended June 30,					
	UK pension benefits		US pension benefits		Intl pension benefits	
	2010	2009	2010	2009	2010	2009
	(millions)					
Components of net periodic benefit cost (income):						
Service cost	\$ 9	\$ 5	\$ —	\$ 1	\$ 2	\$ 2
Interest cost	24	24	10	10	2	2
Expected return on plan assets	(33)	(32)	(10)	(8)	(2)	(1)
Amortization of unrecognized prior service gain	(1)	(1)	—	—	—	—
Amortization of unrecognized actuarial loss	9	8	—	3	1	—
Curtailment gain	—	—	—	(12)	—	—
Net periodic benefit cost (income)	\$ 8	\$ 4	\$ —	\$ (6)	\$ 3	\$ 3

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**6. PENSION PLANS (Continued)**

	Six months ended June 30,					
	UK pension benefits		US pension benefits		Intl pension benefits	
	2010	2009	2010	2009	2010	2009
(millions)						
<b>Components of net periodic benefit cost:</b>						
Service cost	\$ 18	\$ 10	\$ —	\$ 7	\$ 3	\$ 3
Interest cost	49	46	20	20	4	4
Expected return on plan assets	(69)	(61)	(21)	(17)	(4)	(3)
Amortization of unrecognized prior service gain	(2)	(2)	—	—	—	—
Amortization of unrecognized actuarial loss	18	16	1	5	1	1
Curtailment gain	—	—	—	(12)	—	—
Net periodic benefit cost	<u>\$ 14</u>	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 5</u>

For the six months ended June 30, 2010, the Company had made contributions of \$43 million, \$13 million and \$4 million to the UK, US and international defined benefit pension plans (2009: \$26 million, \$7 million and \$3 million), respectively. The Company expects to contribute approximately \$86 million to the UK defined benefit pension plan, \$30 million to the US plan and \$8 million to the international plan for the full year 2010.

Effective May 15, 2009, the Company closed the US defined benefit plan to future accrual. Consequently, a curtailment gain of \$12 million was recognized during the three and six months ended June 30, 2009.

**7. COMMITMENTS AND CONTINGENCIES**

***Claims, Lawsuits and Other Proceedings***

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 in the ordinary course of business. 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. In respect of 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:

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**7. COMMITMENTS AND CONTINGENCIES (Continued)**

*Inquiries and Investigations*

In connection with the investigation commenced 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 customers. 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 commenced 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 (the 'CT Attorney General') 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 CT 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 contingent compensation on brokerage business. The Company has co-operated fully with other similar investigations by the regulators and/or attorneys general of other jurisdictions, some of which have been concluded with no indication of any finding of wrongdoing.

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 subsidiaries named therein. The Amended and Restated AOD was effective February 11, 2010 and supersedes and replaces the Original AOD.

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 to clients that the AOD originally imposed.

The Amended and Restated AOD requires the Company 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. In addition, in placing, renewing, consulting on or servicing any insurance policy, it prohibits the Company from directly or indirectly (a) accepting from or requesting of any insurer any promise or commitment to use any of the Company's brokerage, agency, producing or consulting services in exchange for production of business to such insurer or (b) knowingly place, renew or consult on or service a client's insurance business through a wholesale broker in a manner that is contrary to the client's best interest.

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,

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**7. COMMITMENTS AND CONTINGENCIES (Continued)**

including compensation arrangements for brokers, to at least 150 European brokers including our operations in nine European countries. The Company responded to the European Commission questionnaires and has filed responses with the European Free Trade Association Surveillance Authority for two of its Norwegian entities. The European Commission reported on a final basis on September 25, 2007, expressing concerns over potential conflicts of interest in the industry relating to remuneration and binding authorities when assuming a dual role for clients and insurers and also over the nature of the coinsurance market. The Company continues to co-operate with both the European Commission and the European Free Trade Association Surveillance Authority.

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'). There are two amended complaints within the MDL, one that addresses employee benefits ('EB Complaint') and one that addresses all other lines of insurance ('Commercial Complaint'). HRH was a named defendant in the EB Complaint, but has since been voluntarily dismissed. HRH is a named defendant in the Commercial Complaint. The Company is a named defendant in both MDL complaints. Each of the EB Complaint and the Commercial Complaint seeks monetary damages, including punitive damages, and equitable relief and makes allegations regarding the practices and conduct that have been the subject of the investigation of state attorneys general and insurance commissioners, including allegations that the brokers have 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. The complaints also allege the existence of a conspiracy among insurance carriers and brokers and allege violations of federal antitrust laws, the federal Racketeer Influenced and Corrupt Organizations ('RICO') statute and the Employee Retirement Income Security Act of 1974 ('ERISA'). In separate decisions issued in August and September 2007, the antitrust and RICO Act claims were dismissed with prejudice and the state claims were dismissed without prejudice from the Commercial Complaint.

In January 2008, the Judge dismissed the ERISA claims with prejudice from the EB Complaint and the state law claims without prejudice. Plaintiffs filed a notice of appeal regarding the dismissal of the antitrust and RICO claims and oral arguments on this appeal were heard in April 2009 but there is no indication when a ruling will be issued. 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.

*Reinsurance Market Dispute*

Various legal proceedings are pending, have concluded or may commence between reinsurers, reinsureds and in some cases their intermediaries, including reinsurance brokers, relating to personal accident excess of loss reinsurance for the years 1993 to 1998. The proceedings principally concern allegations by reinsurers that they have sustained substantial losses due to an alleged abnormal 'spiral' in the market in which the reinsurance contracts were placed, the existence and nature of which, as well as other information, was not disclosed to them by the reinsureds or their reinsurance broker. A 'spiral' is a market term for a situation in which reinsureds and reinsurers reinsure each other with the effect that the same loss or portion of that loss moves through the market multiple times.

The reinsurers concerned have taken the position that, despite their decisions to underwrite risks or a group of risks, they are no longer bound by their reinsurance contracts. As a result, they have stopped settling claims and are seeking to recover claims already paid. The Company also understands that there have been at least



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**7. COMMITMENTS AND CONTINGENCIES (Continued)**

two arbitration awards in relation to a 'spiral', among other things, in which the reinsurer successfully argued that it was no longer bound by parts of its reinsurance program. Willis Limited, the Company's principal insurance brokerage subsidiary in the United Kingdom, acted as the reinsurance broker or otherwise as intermediary, but not as an underwriter, for numerous personal accident reinsurance contracts, including two contracts that were involved in one of the arbitrations. Due to the small number of reinsurance brokers generally, Willis Limited also utilized other brokers active in this market as sub-agents, including brokers who are parties to the legal proceedings described above, for certain contracts and may be responsible for any errors and omissions they may have made. In July 2003, one of the reinsurers received a judgment in the English High Court against certain parties, including a sub-broker Willis Limited used to place two of the contracts involved in this trial. Although neither the Company nor any of its subsidiaries were a party to this proceeding or any arbitration, Willis Limited entered into tolling agreements with certain of the principals to the reinsurance contracts tolling the statute of limitations pending the outcome of proceedings between the reinsureds and reinsurers.

Two former clients of Willis Limited, American Reliable Insurance Company and one of its associated companies (collectively, 'ARIC'), and CNA Insurance Company Limited and two of its associated companies ('CNA') terminated their respective tolling agreements with Willis Limited and commenced litigation in September 2007 and January 2008, respectively, in the English Commercial Court against Willis Limited. ARIC alleged conspiracy between a former Willis Limited employee and the ARIC underwriter as well as negligence and CNA alleged deceit and negligence by the same Willis Limited employee both in connection with placements of personal accident reinsurance in the excess of loss market in London and elsewhere. ARIC asserted a claim of approximately \$257 million (plus unspecified interest and costs). On June 9, 2009, Willis Limited entered into a settlement agreement pursuant to which Willis Limited agreed to pay a total of \$139 million to ARIC in two installments. All installments have been paid by the Company. Each party has also released and waived all claims it may have against any of the other parties arising out of or in connection with the subject matter of the litigation. The settlement includes no admission of wrongdoing by any party. The \$139 million required to fund the settlement agreement was covered by errors and omissions insurance.

On September 11, 2009, Willis Limited entered into a settlement agreement pursuant to which Willis Limited agreed to pay a total of \$130 million to CNA in two instalments which were paid in 2009. Each party has also released and waived all claims it may have against any of the other parties arising out of or in connection with the subject-matter of the litigation. The settlement includes no admission of wrongdoing by any party. The Company has partially collected and believes it will collect in full the \$130 million required to fund the settlement agreement from errors and omissions insurers.

Various arbitrations relating to reinsurance continue to be active and from time to time the principals request co-operation from the Company and suggest that claims may be asserted against the Company. Such claims may be made against the Company if reinsurers do not pay claims on policies issued by them. The Company cannot predict at this time whether any such claims will be made or the damages that may be alleged.

*Gender Discrimination Class Action*

In March 2008, the Company settled an action in the United States District Court for the Southern District of New York commenced against the Company in 2001 on behalf of an alleged nationwide class of present and former female officer and officer equivalent employees alleging that the Company discriminated against them on the basis of their gender and seeking injunctive relief, money damages, attorneys' fees and costs. Although the Court had denied plaintiffs' motions to certify a nationwide class or to grant nationwide discovery, it did certify a class of approximately 200 female officers and officer equivalent employees based in the Company's offices in New York, New Jersey and Massachusetts. The settlement agreement provides for injunctive relief

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**7. COMMITMENTS AND CONTINGENCIES (Continued)**

and a monetary payment, including the amount of attorney fees plaintiffs' counsel are entitled to receive, which was not material to the Company. In December 2006, a former female employee, whose motion to intervene in the class action was denied, filed a purported class action in the United States District Court, Southern District of New York, with almost identical allegations as those contained in the suit that was settled in 2008, except seeking a class period of 1998 to the time of trial (the class period in the settled suit was 1998 to the end of 2001). The Company's motion to dismiss this suit was denied and the Court did not grant the Company permission to immediately file an appeal from the denial of its motion to dismiss. The parties are in the discovery phase of the litigation. The suit was amended to include one additional plaintiff and another has filed an arbitration demand that includes a class allegation.

The Court has decided that, to the extent a class is ever certified, the class period will end at the end of 2007 and not up to the time of trial as plaintiffs had sought. The Company cannot predict at this time what, if any, damages might result from this action.

*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 and 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*

On July 2, 2009, a putative class action complaint, captioned *Troice, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:09-CV-01274-N, was filed in the U.S. District Court for the Northern District of Texas against Willis Group Holdings, Willis of Colorado, Inc. and a Willis associate, among others, 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 complaint generally alleged 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 complaint alleged 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 putative class consisted of Stanford investors in Mexico and the complaint asserted various claims under Texas statutory and common law and sought actual damages in excess of \$1 billion, punitive damages and costs. On August 12, 2009, the plaintiffs filed an amended complaint, which, notwithstanding the addition of certain factual allegations and Texas common law claims, largely mirrored the original and sought the same relief.

On July 17, 2009, a putative class action complaint, captioned *Ranni v. Willis of Colorado, Inc., et al.*, C.A. No. 09-22085, was filed against Willis Group Holdings and Willis of Colorado, Inc. in the U.S. District Court

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**7. COMMITMENTS AND CONTINGENCIES (Continued)**

for the Southern District of Florida, relating to the same alleged course of conduct as the Troice complaint described above. Based on substantially the same allegations as the Troice complaint, but on behalf of a putative class of Venezuelan and other South American Stanford investors, the Ranni complaint asserts a claim under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, as well as various claims under Florida statutory and common law, and seeks damages in an amount to be determined at trial and costs.

On or about July 24, 2009, a motion was filed by certain individuals (collectively, the 'Movants') with the U.S. Judicial Panel on Multidistrict Litigation (the 'JPML') to consolidate and coordinate in the Northern District of Texas nine separate putative class actions — including the Troice and Ranni actions described above, as well as other actions against various Stanford-related entities and individuals and the Commonwealth of Antigua and Barbuda — relating to Stanford and its allegedly fraudulent certificates of deposit.

On August 6, 2009, a putative class action complaint, captioned *Canabal, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:09-CV-01474-D, was filed against Willis Group Holdings, Willis of Colorado, Inc. and the same Willis associate, among others, also in the Northern District of Texas, relating to the same alleged course of conduct as the Troice complaint described above. Based on substantially the same allegations as the Troice complaint, but on behalf of a putative class of Venezuelan investors, the Canabal complaint asserted various claims under Texas statutory and common law and sought actual damages in excess of \$1 billion, punitive damages, attorneys' fees and costs.

On or about August 10, 2009, the Movants filed with the JPML a Notice of Related Action that referred the Canabal action to the JPML. On October 6, 2009, the JPML ruled on the transfer motion, transferring seven of the subject actions (including the Troice and Ranni actions) — i.e., the original nine actions minus two that had since been dismissed — for consolidation or coordination in the Northern District of Texas. On October 27, 2009, the parties to the Canabal action stipulated to the designation of that action as an 'xyz case' properly part of the new Stanford MDL proceeding in the Northern District of Texas.

On September 14, 2009, a complaint, captioned *Rupert, et al. v. Winter, et al.*, Case No. 2009C115137, was filed on behalf of 97 Stanford investors against Willis Group Holdings, Willis of Colorado, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). Based on substantially the same allegations as the Troice complaint, the Rupert complaint asserts claims under the Securities Act of 1933, as well as various Texas statutory and common law claims, and seeks rescission, damages, special damages and consequential damages of \$79.1 million, treble damages of \$237.4 million under the Texas Insurance Code, attorneys' fees and costs. On October 20, 2009, certain defendants, including Willis of Colorado, Inc., (i) removed the Rupert action to the U.S. District Court for the Western District of Texas, (ii) notified the JPML of the pendency of this additional 'tag-along' 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. In November 2009, the JPML issued a conditional transfer order (the 'CTO') for the transfer of the Rupert action to the Northern District of Texas. On December 22, 2009, the plaintiffs filed a motion to vacate, or alternatively stay, the CTO, to which Willis of Colorado, Inc. responded on January 4, 2010. On April 1, 2010, the JPML denied the plaintiffs' motion to vacate the CTO and issued a final transfer order for the transfer of the Rupert action to the Northern District of Texas.

On December 18, 2009, the parties to the Troice and Canabal actions stipulated to the consolidation of those actions and, on December 31, 2009, the plaintiffs therein, collectively, filed a Second Amended Class Action Complaint, which largely mirrors the Troice and Canabal predecessor complaints, but seeks relief on behalf of a worldwide class of Stanford investors. Also on December 31, 2009, the plaintiffs in the Canabal action filed

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**7. COMMITMENTS AND CONTINGENCIES (Continued)**

a Notice of Dismissal, dismissing the Canabal action without prejudice. On February 25, 2010, the defendants filed motions to dismiss the Second Amended Class Action Complaint in the consolidated Troice/Canabal action. Those motions are currently pending. On May 24, 2010, the plaintiffs in the consolidated Troice/Canabal action filed a motion for leave to file a Third Amended Class Action Complaint, which, among other things, adds several Texas statutory claims. That motion is also currently pending.

The defendants have not yet responded to the Ranni or Rupert complaints.

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.

***St. Jude***

In January 2009, Willis of Minnesota, Inc. was named as a third party defendant in a lawsuit between American Insurance Company ("AIC") and St. Jude Medical, Inc. ("St. Jude") pending in the United States District Court, District of Minnesota, that arose out of a products liability insurance program for St. Jude in which AIC provided one layer of insurance and the Company acted as the broker. St. Jude is seeking a judgment against AIC requiring AIC to pay its policy limits of \$50 million plus interest and costs for certain personal injury claims filed against St. Jude and denied by AIC. To the extent there is a finding that AIC does not have to provide coverage for these claims, St. Jude has alternatively alleged standard errors and omissions claims against the Company for the same amount. While the Company cannot predict the outcome of any litigation, the Company believes AIC should provide coverage and believes that St. Jude should have a favorable outcome against AIC. If St. Jude prevails against AIC, St. Jude's claims against the Company become moot. The Company continues to vigorously defend itself and disputes the allegations made against it. Pending the outcome of summary judgment motions, the case may proceed to trial in November 2010.

***Commitments***

In December 2009, the Company made a capital commitment of \$25 million to Trident V, LP, an investment fund managed by Stone Point Capital. The first capital call was made and met in April 2010 and was for \$1 million. As at June 30, 2010 there had been \$2 million of capital calls, all of which have been met.

**8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

***Accounting for derivative financial instruments***

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

***Primary risks managed by derivative financial instruments***

The Company uses derivative financial instruments to manage exposures arising from its operating activities. The Company is exposed to market risk from changes in interest rates and foreign currency exchange rates.

***Interest rate risk***

As a result of its 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 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

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**8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

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 in the significant currencies of these short-term investments. The use of interest rate contracts essentially converts groups of short-term variable rate investments to fixed rates.

The fair value of these contracts is recorded in other assets and other liabilities. For contracts that qualify as accounting hedges, changes in fair value are recorded as a component of other comprehensive income. Amounts are reclassified from other comprehensive income into earnings when the hedged exposure affects earnings. If contracts are deemed not to qualify for hedge accounting, changes in fair value are recorded in other operating expenses.

At June 30, 2010, the Company had the following derivative financial instruments that were designated as cash flow hedges of interest rate risk:

		Notional amount <sup>(i)</sup>	Fair value
		(millions)	
US dollar	Receive fixed — pay variable	\$ 590	\$ 16
Pound Sterling	Receive fixed — pay variable	175	6
Euro	Receive fixed — pay variable	102	2

<sup>(i)</sup> Notional amounts are reported in US dollars translated at spot rates at June 30, 2010.

During the six months ended June 30, 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 the principal amount of the debt.

At June 30, 2010 and December 31, 2009 the Company's interest rate swaps were 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.

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

- to the extent that forecast Pound Sterling expenses exceed Pound 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;
- 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; and

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**8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

*Foreign currency risk (Continued)*

- to the extent that the net sterling asset or liability position in its London Market operations relate to short-term cash flows, the Company limits its exposure by the use of forward purchases and sales. These forward purchases and sales are not effective hedges for accounting purposes.

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. If contracts are deemed not to 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 June 30, 2010 and December 31, 2009 the Company's foreign currency contracts were all designated as hedging instruments.

The table below summarizes by major currency the contractual amounts of the Company's forward contracts to exchange foreign currencies for Pounds Sterling and US dollars at June 30, 2010:

	Sell <sup>(i)</sup>	Fair value
	(millions)	
US dollar	\$ 363	\$ (19)
Euro	137	19
Japanese yen	63	(3)

<sup>(i)</sup> Foreign currency notional amounts are reported in US dollars translated at spot rates at June 30, 2010.

*Derivative financial instruments*

The table below presents the fair value of the Company's derivative financial instruments and their balance sheet classification at June 30, 2010:

Derivative financial instruments designated as hedging instruments:	Balance sheet classification	Fair value	
		June 30, 2010	December 31, 2009
(millions)			
<b>Assets:</b>			
Interest rate swaps (cash flow hedges)	Other assets	\$ 24	\$ 27
Interest rate swaps (fair value hedges)	Other assets	14	—
Forward exchange contracts	Other assets	21	8
Total derivatives designated as hedging instruments		<u>\$ 59</u>	<u>\$ 35</u>
<b>Liabilities:</b>			
Interest rate swaps	Other liabilities	\$ —	\$ (1)
Forward exchange contracts	Other liabilities	(24)	(22)
Total derivatives designated as hedging instruments		<u>\$ (24)</u>	<u>\$ (23)</u>

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**8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

*Derivative financial instruments (Continued)*

The table below presents the effects of derivative financial instruments in cash flow hedging relationships on the consolidated statements of operations and the consolidated statements of equity for the three and six months ended June 30, 2010 and 2009:

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in OCI <sup>(i)</sup> on derivative (Effective element) (millions)	Location of gain (loss) reclassified from accumulated OCI <sup>(i)</sup> into income (Effective element)	Amount of gain (loss) reclassified from accumulated OCI <sup>(i)</sup> into income (Effective element) (millions)	Location of gain (loss) recognized in income on derivative (Ineffective hedges and ineffective element of effective hedges)	Amount of gain (loss) recognized in income on derivative (Ineffective hedges and ineffective element of effective hedges) (millions)
<b>Three months ended June 30, 2010</b>					
Interest rate swaps	\$ 6	Investment income	\$ (6)	Other operating expenses	\$ —
Forward exchange contracts	7	Other operating expenses	2	Interest expense	—
Total	<u>\$ 13</u>		<u>\$ (4)</u>		<u>\$ —</u>
<b>Three months ended June 30, 2009</b>					
Interest rate swaps	\$ 3	Investment income	\$ (7)	Other operating expenses	\$ —
Forward exchange contracts	27	Other operating expenses	13	Interest expense	—
Total	<u>\$ 30</u>		<u>\$ 6</u>		<u>\$ —</u>
<b>Six months ended June 30, 2010</b>					
Interest rate swaps	\$ 11	Investment income	\$ (13)	Other operating expenses	\$ —
Forward exchange contracts	4	Other operating expenses	7	Interest expense	—
Total	<u>\$ 15</u>		<u>\$ (6)</u>		<u>\$ —</u>
<b>Six months ended June 30, 2009</b>					
Interest rate swaps	\$ 9	Investment income	\$ (12)	Other operating expenses	\$ (1)
Forward exchange contracts	33	Other operating expenses	30	Interest expense	—
Total	<u>\$ 42</u>		<u>\$ 18</u>		<u>\$ (1)</u>

(i) OCI means other comprehensive income. Amounts above shown gross of tax.

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 rate are included in this assessment.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

*Derivative financial instruments (Continued)*

At June 30, 2010, the Company estimates there will be no material reclassification of net derivative gains or losses from other 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 operations for the three and six months ended June 30, 2010. The Company did not have any derivative financial instruments in fair value hedging relationships during 2009.

Derivatives in fair value hedging relationships	Hedged item in fair value hedging relationship	Gain recognized for derivative	Loss recognized for hedged item (millions)	Ineffectiveness recognized in interest expense
<b>Three months ended June 30, 2010</b>				
Interest rate swaps	5.625% Senior notes due 2015	\$ 12	\$ (12)	\$ —
<b>Six months ended June 30, 2010</b>				
Interest rate swaps	5.625% Senior notes due 2015	\$ 14	\$ (14)	\$ —

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:

	June 30, 2010			Total
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs	
	Level 1	Level 2	Level 3	
	(millions)			
<b>Assets at fair value:</b>				
Cash and cash equivalents	\$ 139	\$ —	\$ —	\$ 139
Fiduciary funds — restricted	1,977	—	—	1,977
Derivative financial instruments	—	59	—	59
<b>Total assets</b>	<b>\$ 2,116</b>	<b>\$ 59</b>	<b>\$ —</b>	<b>\$ 2,175</b>
<b>Liabilities at fair value:</b>				
Derivative financial instruments	\$ —	\$ 24	\$ —	\$ 24
Changes in fair value of hedged debt <sup>(i)</sup>	—	14	—	14
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 38</b>	<b>\$ —</b>	<b>\$ 38</b>

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



**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**9. FAIR VALUE MEASUREMENT (Continued)**

	December 31, 2009			
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs	Total
	Level 1	Level 2	Level 3	Total
	(millions)			
<b>Assets at fair value:</b>				
Cash and cash equivalents	\$ 191	\$ —	\$ —	\$ 191
Fiduciary funds — restricted	1,683	—	—	1,683
Derivative financial instruments	—	35	—	35
<b>Total assets</b>	<b>\$ 1,874</b>	<b>\$ 35</b>	<b>\$ —</b>	<b>\$ 1,909</b>
<b>Liabilities at fair value:</b>				
Derivative financial instruments	\$ —	\$ 23	\$ —	\$ 23
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 23</b>	<b>\$ —</b>	<b>\$ 23</b>

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.

	June 30, 2010		December 31, 2009	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	(millions)			
<b>Assets:</b>				
Cash and cash equivalents	\$ 139	\$ 139	\$ 191	\$ 191
Fiduciary funds — restricted	1,977	1,977	1,683	1,683
Derivative financial instruments	59	59	35	35
<b>Liabilities:</b>				
Short-term debt	\$ 193	\$ 193	\$ 209	\$ 211
Long-term debt	2,154	2,415	2,165	2,409
Derivative financial instruments	24	24	23	23

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 — Restricted* — Fair values are based on quoted market values.

*Short-Term Debt and Long-Term Debt* — Fair values are based on quoted market values.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**9. FAIR VALUE MEASUREMENT (Continued)**

*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, current foreign currency forward rates and counterparty risk. The fair value of the Company's derivative financial instruments is computed based on an income approach using appropriate valuation techniques including discounted future cash flows and other methods that are consistent with accepted methodologies for pricing financial instruments.

**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. As part of the evaluation the estimated future discounted cash flows associated with the underlying business operation are compared to the carrying amount of goodwill to determine if a write-down is required. If such an assessment indicates that the discounted future cash flows are not sufficient, the carrying amount is reduced to the estimated fair value.

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 six months ended June 30, 2010 and the year ended December 31, 2009 are as follows:

	Global	North America	International	Total
	(millions)			
Balance at December 31, 2008	\$ 1,046	\$ 1,810	\$ 419	\$ 3,275
Goodwill acquired during 2009	4	1	14	19
Purchase price allocation adjustments	24	(4)	—	20
Goodwill disposed of during 2009	—	(27)	(1)	(28)
Foreign exchange	(9)	—	—	(9)
Balance at December 31, 2009	\$ 1,065	\$ 1,780	\$ 432	\$ 3,277
Other movements <sup>(i)</sup>	—	(2)	1	(1)
Foreign exchange	(5)	—	—	(5)
Balance at June 30, 2010	\$ 1,060	\$ 1,778	\$ 433	\$ 3,271

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

**11. OTHER INTANGIBLE ASSETS**

Other intangible assets are classified into the following categories:

- 'Customer and Marketing related' includes
  - Client Relationships,
  - Client Lists,
  - Non-compete Agreements,
  - Trade Names; and
- 'Contract based, Technology and Other' includes all other purchased intangible assets.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**11. OTHER INTANGIBLE ASSETS (Continued)**

The major classes of amortizable intangible assets are as follows:

	June 30, 2010			December 31, 2009		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(millions)					
<b>Customer and Marketing Related:</b>						
Client Relationships	\$ 689	\$ (170)	\$ 519	\$ 691	\$ (138)	\$ 553
Client Lists	9	(7)	2	9	(6)	3
Non-compete Agreements	36	(32)	4	36	(23)	13
Trade Names	11	(10)	1	11	(10)	1
Total Customer and Marketing Related	745	(219)	526	747	(177)	570
Contract based, Technology and Other	4	(2)	2	4	(2)	2
Total amortizable intangible assets	<u>\$ 749</u>	<u>\$ (221)</u>	<u>\$ 528</u>	<u>\$ 751</u>	<u>\$ (179)</u>	<u>\$ 572</u>

The aggregate amortization of intangible assets for the six months ended June 30, 2010 was \$42 million (2009: \$47 million), of which \$21 million was recognized in the three months ended June 30, 2010 (2009: \$23 million). The total amortizable intangible assets are expected to be amortized over the following periods:

	Remainder of 2010	2011	2012	2013	2014	Thereafter	Total
	(millions)						
Amortization of intangible assets	<u>\$ 39</u>	<u>\$ 67</u>	<u>\$ 61</u>	<u>\$ 56</u>	<u>\$ 50</u>	<u>\$ 255</u>	<u>\$ 528</u>

**12. DEBT**

Short-term debt consists of the following:

	June 30, 2010	December 31, 2009
	(millions)	
Current portion of 5-year term loan facility	\$ 110	\$ 110
5.125% senior notes due 2010	83	90
6.000% loan notes due 2010	—	9
	<u>\$ 193</u>	<u>\$ 209</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**12. DEBT (Continued)**

Long-term debt consists of the following:

	June 30, 2010	December 31, 2009
	(millions)	
5-year term loan facility	\$ 356	\$ 411
Revolving credit facility	30	—
6.000% senior notes due 2012	4	4
5.625% senior notes due 2015	364	350
12.875% senior notes due 2016	500	500
6.200% senior notes due 2017	600	600
7.000% senior notes due 2019	300	300
	<u>\$ 2,154</u>	<u>\$ 2,165</u>

During the six months ended June 30, 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 the principal amount of the debt.

The 5-year term loan facility bears interest at LIBOR plus 2.250% and is repayable at \$27 million per quarter, with a final payment of \$115 million due in the fourth quarter of 2013. Drawings under the revolving credit facility also bear interest at LIBOR plus 2.250% and the facility expires on October 1, 2013.

**13. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

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

	Six months ended June 30,	
	2010	2009
	(millions)	
<b>Supplemental disclosures of cash flow information:</b>		
Cash payments for income taxes, net of cash received	\$ 56	\$ 66
Cash payments for interest	82	76
<b>Supplemental disclosures of non-cash flow investing and financing activities:</b>		
Issue of stock on acquisitions of subsidiaries	\$ —	\$ 1
Issue of stock on acquisitions of noncontrolling interests	—	10
<b>Acquisitions:</b>		
Fair value of assets acquired	\$ 1	\$ 6
Less: Liabilities assumed	—	(35)
Net assets (liabilities) acquired, net of cash acquired	<u>\$ 1</u>	<u>\$ (29)</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**14. COMPREHENSIVE INCOME**

a) The components of comprehensive income are as follows:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(millions)			
Net income	\$ 91	\$ 91	\$ 302	\$ 292
Other comprehensive income, net of tax:				
Foreign currency translation adjustment (net of tax of \$nil, \$nil, \$nil and \$nil)	(29)	4	(35)	5
Pension funding adjustment (net of tax of \$(2) million, \$1 million, \$(5) million and \$(2) million)	6	—	12	6
Net unrealized gain on derivative instruments (net of tax of \$(2) million, \$(10) million, \$(2) million and \$(17) million)	7	26	7	43
Other comprehensive (loss) income (net of tax of \$(4) million, \$(9) million, \$(7) million and \$(19) million)	(16)	30	(16)	54
Comprehensive income	<u>75</u>	<u>121</u>	<u>286</u>	<u>346</u>
Noncontrolling interests	(2)	(4)	(9)	(12)
Comprehensive income attributable to Willis Group Holdings	<u>\$ 73</u>	<u>\$ 117</u>	<u>\$ 277</u>	<u>\$ 334</u>

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

	<u>June 30,</u>	<u>December 31,</u>
	<u>2010</u>	<u>2009</u>
	(millions)	
Net foreign currency translation adjustment	\$ (81)	\$ (46)
Net unrealized holding loss	(2)	(2)
Pension funding adjustment	(542)	(554)
Net unrealized gain on derivative instruments	15	8
Accumulated other comprehensive loss, attributable to Willis Group Holdings	<u>\$ (610)</u>	<u>\$ (594)</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**15. EQUITY AND NONCONTROLLING INTERESTS**

The components of equity and noncontrolling interests are as follows:

	June 30, 2010			June 30, 2009		
	Willis Group Holdings stockholders	Noncontrolling interests	Total equity	Willis Group Holdings stockholders	Noncontrolling interests	Total equity
	(millions)					
Balance at beginning of period	\$ 2,180	\$ 49	\$ 2,229	\$ 1,845	\$ 50	\$ 1,895
Comprehensive income:						
Net income	293	9	302	280	12	292
Other comprehensive (loss) income, net of tax	(16)	—	(16)	54	—	54
Comprehensive income	277	9	286	334	12	346
Dividends	(89)	(22)	(111)	(87)	(9)	(96)
Additional paid-in capital	33	—	33	22	—	22
Purchase of subsidiary shares from noncontrolling interests	—	(4)	(4)	—	(9)	(9)
Foreign currency translation	—	(4)	(4)	—	—	—
Balance at end of period	<u>\$ 2,401</u>	<u>\$ 28</u>	<u>\$ 2,429</u>	<u>\$ 2,114</u>	<u>\$ 44</u>	<u>\$ 2,158</u>

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

	June 30, 2010	June 30, 2009
	(millions)	
Net income attributable to Willis Group Holdings	\$ 293	\$ 280
Transfers from noncontrolling interest:		
Decrease in Willis Group Holdings' paid-in capital for purchase of noncontrolling interests	(14)	(15)
Net transfers from noncontrolling interest	(14)	(15)
Change from net income attributable to Willis Group Holdings and transfers from noncontrolling interests	<u>\$ 279</u>	<u>\$ 265</u>

**16. 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 major corporates, accessing Global's specialist expertise when required.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**16. SEGMENT INFORMATION (Continued)**

The Company evaluates the performance of its operating segments based on organic revenue 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 loss from the devaluation of the Venezuelan currency;
- iii) foreign exchange hedging activities, foreign exchange movements on the UK pension plan asset and foreign exchange gains and losses from currency purchases and sales;
- iv) amortization of intangible assets;
- v) gains and losses on the disposal of operations and major properties;
- vi) significant legal and regulatory settlements which are managed centrally;
- vii) integration costs associated with the acquisition of HRH; and
- viii) costs associated with the redomicile of the Company's parent company from Bermuda to Ireland.

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 current Report on Form 10-K for the year ended December 31, 2009. 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:

	<b>Three months ended June 30, 2010</b>						
	<u>Commissions and Fees</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Total Revenues (millions)</u>	<u>Depreciation and Amortization</u>	<u>Operating Income</u>	<u>Interest in Earnings of Associates, net of tax</u>
Global	\$ 216	\$ 1	\$ —	\$ 217	\$ 5	\$ 69	\$ —
North America	326	5	—	331	6	68	—
International	247	4	—	251	5	59	(2)
Total Retail	573	9	—	582	11	127	(2)
Total Operating Segments	789	10	—	799	16	196	(2)
Corporate and Other <sup>(i)</sup>	—	—	—	—	21	(27)	—
Total Consolidated	<u>\$ 789</u>	<u>\$ 10</u>	<u>\$ —</u>	<u>\$ 799</u>	<u>\$ 37</u>	<u>\$ 169</u>	<u>\$ (2)</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**16. SEGMENT INFORMATION (Continued)**

	Three months ended June 30, 2009						
	Commissions and Fees	Investment Income	Other Income	Total Revenues (millions)	Depreciation and Amortization	Operating Income	Interest in Earnings of Associates, net of tax
Global	\$ 207	\$ 2	\$ —	\$ 209	\$ 3	\$ 74	\$ —
North America	332	4	—	336	6	75	—
International	233	6	—	239	5	55	—
Total Retail	565	10	—	575	11	130	—
Total Operating Segments	772	12	—	784	14	204	—
Corporate and Other <sup>(i)</sup>	—	—	—	—	23	(39)	—
Total Consolidated	<u>\$ 772</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ 784</u>	<u>\$ 37</u>	<u>\$ 165</u>	<u>\$ —</u>

	Six months ended June 30, 2010						
	Commissions and Fees	Investment Income	Other Income	Total Revenues (millions)	Depreciation and Amortization	Operating Income	Interest in Earnings of Associates, net of tax
Global	\$ 517	\$ 3	\$ —	\$ 520	\$ 9	\$ 207	\$ —
North America	687	9	—	696	12	161	—
International	548	7	—	555	10	162	18
Total Retail	1,235	16	—	1,251	22	323	18
Total Operating Segments	1,752	19	—	1,771	31	530	18
Corporate and Other <sup>(i)</sup>	—	—	—	—	42	(60)	—
Total Consolidated	<u>\$ 1,752</u>	<u>\$ 19</u>	<u>\$ —</u>	<u>\$ 1,771</u>	<u>\$ 73</u>	<u>\$ 470</u>	<u>\$ 18</u>



**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

**16. SEGMENT INFORMATION (Continued)**

	Six months ended June 30, 2009						
	Commissions and Fees	Investment Income	Other Income	Total Revenues (millions)	Depreciation and Amortization	Operating Income	Interest in Earnings of Associates, net of tax
Global	\$ 482	\$ 5	\$ —	\$ 487	\$ 6	\$ 201	\$ —
North America	703	8	2	713	11	169	—
International	502	12	—	514	11	151	26
Total Retail	1,205	20	2	1,227	22	320	26
Total Operating Segments	1,687	25	2	1,714	28	521	26
Corporate and Other <sup>(i)</sup>	—	—	—	—	47	(82)	—
Total Consolidated	<u>\$ 1,687</u>	<u>\$ 25</u>	<u>\$ 2</u>	<u>\$ 1,714</u>	<u>\$ 75</u>	<u>\$ 439</u>	<u>\$ 26</u>

<sup>(i)</sup> Corporate and Other includes the costs of the holding company, foreign exchange loss from the devaluation of the Venezuelan currency, foreign exchange hedging activities, foreign exchange movements on the UK pension plan asset, foreign exchange gains and losses from currency purchases and sales, amortization of intangible assets, gains and losses on disposal of operations and major properties, significant legal and regulatory settlements, integration costs associated with the acquisition of HRH and the costs associated with the redomicile of the Company's parent company from Bermuda to Ireland.

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(millions)			
Total consolidated operating income	\$ 169	\$ 165	\$ 470	\$ 439
Interest expense	(41)	(43)	(84)	(81)
Income from continuing operations before income taxes and interest in earnings of associates	<u>\$ 128</u>	<u>\$ 122</u>	<u>\$ 386</u>	<u>\$ 358</u>

The Company does not routinely evaluate the total asset position by segment, and the following allocations have been made based on reasonable estimates and assumptions:

	June 30, 2010	December 31, 2009
	(millions)	
Total assets:		
Global	\$ 11,192	\$ 9,542
North America	3,954	4,408
International	1,755	2,246
Total Retail	5,709	6,654
Total Operating Segments	16,901	16,196
Corporate and Other	119	(573)
Total Consolidated	<u>\$ 17,020</u>	<u>\$ 15,623</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

On July 1, 2005, Willis North America Inc. ('Willis North America') issued senior notes totaling \$600 million under its February 2004 registration statement. On March 28, 2007, Willis North America issued further senior notes totaling \$600 million under its June 2006 registration statement. On September 29, 2009, Willis North America issued senior notes totaling \$300 million under its June 2009 registration statement. The debt securities are jointly and severally, irrevocably and fully and unconditionally guaranteed by Willis Group Holdings, Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, Willis Group Limited, Trinity Acquisition plc, TA I Limited, TA II Limited, TA III Limited and TA IV Limited.

Presented below is unaudited 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;
- iii) the Issuer, Willis North America;
- iv) Other, which are the non-guarantor subsidiaries, on a combined basis;
- v) Consolidating adjustments; and
- vi) Consolidated Company.

The equity method has been used for all investments in subsidiaries in the unaudited condensed consolidating balance sheets 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 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, Trinity Acquisition plc, TA I Limited, TA II Limited, TA III Limited, TA IV Limited and Willis Group Limited.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Three months ended June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 789	\$ —	\$ 789
Investment income	—	2	—	13	(5)	10
Other income	—	—	—	—	—	—
Total revenues	—	2	—	802	(5)	799
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(466)	10	(456)
Other operating expenses	369	8	(61)	(436)	(15)	(135)
Depreciation expense	—	—	(2)	(14)	—	(16)
Amortization of intangible assets	—	—	—	(21)	—	(21)
Gain on disposal	—	—	—	2,433	(2,435)	(2)
Total expenses	369	8	(63)	1,496	(2,440)	(630)
<b>OPERATING INCOME (LOSS)</b>						
Investment income from Group undertakings	—	218	117	65	(400)	—
Interest expense	—	(79)	(38)	(154)	230	(41)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN LOSS OF ASSOCIATES</b>						
	369	149	16	2,209	(2,615)	128
<b>Income taxes</b>	—	(7)	16	(45)	1	(35)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN LOSS OF ASSOCIATES</b>						
	369	142	32	2,164	(2,614)	93
Interest in loss of associates, net of tax	—	—	—	(6)	4	(2)
<b>INCOME FROM CONTINUING OPERATIONS</b>						
	369	142	32	2,158	(2,610)	91
Discontinued operations, net of tax	—	—	—	—	—	—
<b>NET INCOME</b>						
	369	142	32	2,158	(2,610)	91
Less: Net income attributable to noncontrolling interests	—	—	—	—	(2)	(2)
<b>EQUITY ACCOUNT FOR SUBSIDIARIES</b>						
	(280)	97	(35)	—	218	—
<b>NET INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	<b>\$ 89</b>	<b>\$ 239</b>	<b>\$ (3)</b>	<b>\$ 2,158</b>	<b>\$ (2,394)</b>	<b>\$ 89</b>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Three months ended June 30, 2009					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 772	\$ —	\$ 772
Investment income	—	—	2	(93)	103	12
Other income	—	—	—	—	—	—
Total revenues	—	—	2	679	103	784
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(445)	2	(443)
Other operating expenses	1	79	32	(241)	(10)	(139)
Depreciation expense	—	—	(2)	(12)	—	(14)
Amortization of intangible assets	—	—	—	(26)	3	(23)
Total expenses	1	79	30	(724)	(5)	(619)
<b>OPERATING INCOME (LOSS)</b>	1	79	32	(45)	98	165
Investment income from Group undertakings	23	100	22	175	(320)	—
Interest expense	—	(113)	(46)	(59)	175	(43)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES</b>	24	66	8	71	(47)	122
Income taxes	—	(18)	(4)	(18)	9	(31)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES</b>	24	48	4	53	(38)	91
Interest in earnings of associates, net of tax	—	—	—	—	—	—
<b>INCOME FROM CONTINUING OPERATIONS</b>	24	48	4	53	(38)	91
Discontinued operations, net of tax	—	—	—	—	—	—
<b>NET INCOME</b>	24	48	4	53	(38)	91
Less: Net income attributable to noncontrolling interests	—	—	—	(1)	(3)	(4)
<b>EQUITY ACCOUNT FOR SUBSIDIARIES</b>	63	(46)	137	—	(154)	—
<b>NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	\$ 87	\$ 2	\$ 141	\$ 52	\$ (195)	\$ 87

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Six months ended June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 1,752	\$ —	\$ 1,752
Investment income	—	5	1	18	(5)	19
Other income	—	—	—	—	—	—
Total revenues	<u>—</u>	<u>5</u>	<u>1</u>	<u>1,770</u>	<u>(5)</u>	<u>1,771</u>
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(957)	15	(942)
Other operating expenses	565	(26)	(59)	(730)	(34)	(284)
Depreciation expense	—	—	(4)	(27)	—	(31)
Amortization of intangible assets	—	—	—	(42)	—	(42)
Gain on disposal	—	—	—	2,435	(2,437)	(2)
Total expenses	<u>565</u>	<u>(26)</u>	<u>(63)</u>	<u>679</u>	<u>(2,456)</u>	<u>(1,301)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>565</u>	<u>(21)</u>	<u>(62)</u>	<u>2,449</u>	<u>(2,461)</u>	<u>470</u>
Investment income from Group undertakings	—	551	173	488	(1,212)	—
Interest expense	—	(211)	(80)	(211)	418	(84)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES</b>	<u>565</u>	<u>319</u>	<u>31</u>	<u>2,726</u>	<u>(3,255)</u>	<u>386</u>
Income taxes	—	(4)	9	(119)	12	(102)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES</b>	<u>565</u>	<u>315</u>	<u>40</u>	<u>2,607</u>	<u>(3,243)</u>	<u>284</u>
Interest in earnings of associates, net of tax	—	—	—	14	4	18
<b>INCOME FROM CONTINUING OPERATIONS</b>	<u>565</u>	<u>315</u>	<u>40</u>	<u>2,621</u>	<u>(3,239)</u>	<u>302</u>
Discontinued operations, net of tax	—	—	—	—	—	—
<b>NET INCOME</b>	<u>565</u>	<u>315</u>	<u>40</u>	<u>2,621</u>	<u>(3,239)</u>	<u>302</u>
Less: Net income attributable to noncontrolling interests	—	—	—	(3)	(6)	(9)
<b>EQUITY ACCOUNT FOR SUBSIDIARIES</b>	<u>(272)</u>	<u>132</u>	<u>(30)</u>	<u>—</u>	<u>170</u>	<u>—</u>
<b>NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	<u>\$ 293</u>	<u>\$ 447</u>	<u>\$ 10</u>	<u>\$ 2,618</u>	<u>\$ (3,075)</u>	<u>\$ 293</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Six months ended June 30, 2009					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 1,687	\$ —	\$ 1,687
Investment income	—	—	4	21	—	25
Other income	—	—	—	2	—	2
Total revenues	—	—	4	1,710	—	1,714
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(928)	5	(923)
Other operating expenses	—	69	43	(386)	(3)	(277)
Depreciation expense	—	—	(4)	(24)	—	(28)
Amortization of intangible assets	—	—	—	(47)	—	(47)
Total expenses	—	69	39	(1,385)	2	(1,275)
<b>OPERATING INCOME</b>						
Investment income from Group undertakings	45	193	138	181	(557)	—
Interest expense	—	(199)	(84)	(211)	413	(81)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES</b>	45	63	97	295	(142)	358
Income taxes	—	(18)	(3)	(79)	7	(93)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES</b>	45	45	94	216	(135)	265
Interest in earnings of associates, net of tax	—	—	—	26	—	26
<b>INCOME FROM CONTINUING OPERATIONS</b>	45	45	94	242	(135)	291
Discontinued operations, net of tax	—	—	—	1	—	1
<b>NET INCOME</b>	45	45	94	243	(135)	292
Less: Net income attributable to noncontrolling interests	—	—	—	(3)	(9)	(12)
<b>EQUITY ACCOUNT FOR SUBSIDIARIES</b>	235	129	34	—	(398)	—
<b>NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	\$ 280	\$ 174	\$ 128	\$ 240	\$ (542)	\$ 280

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Balance Sheet**

	As at June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>ASSETS</b>						
Cash and cash equivalents	\$ —	\$ —	\$ 81	\$ 58	\$ —	\$ 139
Fiduciary funds — restricted	—	—	—	1,977	—	1,977
Accounts receivable	3,726	5,776	4,231	12,443	(16,489)	9,687
Fixed assets	—	—	44	304	(2)	346
Goodwill	—	—	—	1,715	1,556	3,271
Other intangible assets	—	—	—	498	30	528
Investments in associates	—	—	—	(48)	199	151
Deferred tax assets	—	—	—	110	(19)	91
Pension benefits asset	—	—	—	121	—	121
Other assets	19	254	59	969	(592)	709
Investments in subsidiaries	2,369	3,781	1,066	3,831	(11,047)	—
<b>TOTAL ASSETS</b>	<b>\$ 6,114</b>	<b>\$ 9,811</b>	<b>\$ 5,481</b>	<b>\$ 21,978</b>	<b>\$ (26,364)</b>	<b>\$ 17,020</b>
<b>LIABILITIES AND EQUITY</b>						
Accounts payable	\$ 3,668	\$ 10,573	\$ 3,107	\$ 10,250	\$ (16,623)	\$ 10,975
Deferred revenue and accrued expenses	—	—	—	273	(33)	240
Deferred tax liabilities	—	3	19	25	(19)	28
Income taxes payable	—	128	—	263	(298)	93
Short-term debt	—	—	193	—	—	193
Long-term debt	—	500	1,650	4	—	2,154
Liability for pension benefits	—	—	—	171	—	171
Other liabilities	45	14	40	621	17	737
<b>Total liabilities</b>	<b>3,713</b>	<b>11,218</b>	<b>5,009</b>	<b>11,607</b>	<b>(16,956)</b>	<b>14,591</b>
Total Willis Group Holdings stockholders' equity	2,401	(1,407)	472	10,366	(9,431)	2,401
Noncontrolling interests	—	—	—	5	23	28
Total equity	2,401	(1,407)	472	10,371	(9,408)	2,429
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 6,114</b>	<b>\$ 9,811</b>	<b>\$ 5,481</b>	<b>\$ 21,978</b>	<b>\$ (26,364)</b>	<b>\$ 17,020</b>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Balance Sheet**

	As at December 31, 2009					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>ASSETS</b>						
Cash and cash equivalents	\$ —	\$ —	\$ 104	\$ 87	\$ —	\$ 191
Fiduciary funds — restricted	—	—	—	1,683	—	1,683
Accounts receivable	—	4,428	4,185	9,294	(9,269)	8,638
Fixed assets	—	—	35	317	—	352
Goodwill	—	—	—	1,722	1,555	3,277
Other intangible assets	—	—	—	542	30	572
Investments in associates	—	—	—	76	80	156
Deferred tax assets	—	—	—	97	(15)	82
Pension benefits asset	—	—	—	69	—	69
Other assets	—	99	35	909	(440)	603
Investments in subsidiaries	2,180	3,693	1,132	3,867	(10,872)	—
<b>TOTAL ASSETS</b>	<b>\$ 2,180</b>	<b>\$ 8,220</b>	<b>\$ 5,491</b>	<b>\$ 18,663</b>	<b>\$ (18,931)</b>	<b>\$ 15,623</b>
<b>LIABILITIES AND EQUITY</b>						
Accounts payable	\$ —	\$ 6,887	\$ 3,169	\$ 9,042	\$ (9,412)	\$ 9,686
Deferred revenue and accrued expenses	—	—	—	324	(23)	301
Deferred tax liabilities	—	—	15	29	(15)	29
Income taxes payable	—	86	—	205	(245)	46
Short-term debt	—	—	200	9	—	209
Long-term debt	—	500	1,661	4	—	2,165
Liability for pension benefits	—	—	—	187	—	187
Other liabilities	—	—	40	715	16	771
<b>Total liabilities</b>	<b>—</b>	<b>7,473</b>	<b>5,085</b>	<b>10,515</b>	<b>(9,679)</b>	<b>13,394</b>
Total Willis Group Holdings stockholders' equity	2,180	747	406	8,144	(9,297)	2,180
Noncontrolling interests	—	—	—	4	45	49
<b>Total equity</b>	<b>2,180</b>	<b>747</b>	<b>406</b>	<b>8,148</b>	<b>(9,252)</b>	<b>2,229</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,180</b>	<b>\$ 8,220</b>	<b>\$ 5,491</b>	<b>\$ 18,663</b>	<b>\$ (18,931)</b>	<b>\$ 15,623</b>



**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Cash Flows**

	Six months ended June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	\$ 569	\$ 321	\$ 42	\$ (20)	\$ (756)	\$ 156
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds on disposal of fixed and intangible assets	—	—	—	4	—	4
Additions to fixed assets	—	—	(13)	(32)	—	(45)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(15)	—	(15)
Acquisitions of investments in associates	—	—	—	(1)	—	(1)
Proceeds on sale of short-term investments	—	—	—	—	—	—
Net cash used in investing activities	—	—	(13)	(44)	—	(57)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from draw down of revolving credit facility	—	—	30	—	—	30
Proceeds from issue of short-term debt, net of debt issuance costs	—	—	—	—	—	—
Repayments of debt	—	—	(61)	(9)	—	(70)
Senior notes issued, net of debt issuance costs	—	—	—	—	—	—
Proceeds from issue of shares	17	—	—	—	—	17
Amounts owed by and to Group undertakings	(542)	(189)	(21)	752	—	—
Excess tax benefits from share-based payment arrangements	—	—	—	1	—	1
Dividends paid	(44)	(132)	—	(669)	756	(89)
Acquisition of noncontrolling interests	—	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(22)	—	(22)
Net cash (used in) provided by financing activities	(569)	(321)	(52)	49	756	(137)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	—	—	(23)	(15)	—	(38)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(14)	—	(14)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	—	—	104	87	—	191
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 81</u>	<u>\$ 58</u>	<u>\$ —</u>	<u>\$ 139</u>
Cash and cash equivalents reported as discontinued operations	—	—	—	—	—	—
Cash and cash equivalents reported as continuing operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 81</u>	<u>\$ 58</u>	<u>\$ —</u>	<u>\$ 139</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Cash Flows**

Six months ended June 30, 2009

	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 48	\$ 42	\$ 143	\$ 3	\$ (28)	\$ 208
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds on disposal of fixed and intangible assets	—	—	—	9	—	9
Additions to fixed assets	—	—	(9)	(29)	—	(38)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(3)	—	(3)
Acquisitions of investments in associates	—	—	—	(41)	—	(41)
Proceeds from sale of operations, net of cash disposed	—	—	—	37	—	37
Proceeds on sale of short-term investments	—	—	—	21	—	21
Net cash used in investing activities	—	—	(9)	(6)	—	(15)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from draw down of revolving credit facility	—	—	95	—	—	95
Proceeds from issue of short-term debt, net of debt issuance costs	—	—	—	1	—	1
Repayments of debt	—	—	(750)	—	—	(750)
Senior notes issued, net of debt issuance costs	—	482	—	—	—	482
Proceeds from issue of shares	12	—	—	—	—	12
Amounts owed by and to Group undertakings	42	(524)	532	(50)	—	—
Dividends paid	(87)	—	—	(28)	28	(87)
Acquisition of noncontrolling interests	(12)	—	—	(2)	—	(14)
Dividends paid to noncontrolling interests	—	—	—	(9)	—	(9)
Net cash used in financing activities	(45)	(42)	(123)	(88)	28	(270)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3</b>	<b>—</b>	<b>11</b>	<b>(91)</b>	<b>—</b>	<b>(77)</b>
Effect of exchange rate changes on cash and cash equivalents	—	—	—	4	—	4
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>176</b>	<b>—</b>	<b>176</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ 11</b>	<b>\$ 89</b>	<b>\$ —</b>	<b>\$ 103</b>
Cash and cash equivalents — reported as discontinued operations	—	—	—	—	—	—
Cash and cash equivalents — continuing operations	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ 89</u>	<u>\$ —</u>	<u>\$ 103</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

In March 2009, Trinity Acquisition plc issued senior notes totaling \$500 million in a private transaction. The debt securities are jointly and severally, irrevocably and fully and unconditionally guaranteed by Willis Group Holdings, Willis Netherlands B.V., Willis Investment UK Holdings Limited, TA I Limited, TA II Limited, TA III Limited, TA IV Limited, Willis Group Limited and Willis North America. This debt has not been registered with the Securities and Exchange Commission. If and when registered, any necessary financial statements will be provided.

The Company filed a shelf registration on Form S-3 under which Willis Group Holdings may offer debt securities, preferred stock, ordinary stock and other securities. In addition, Trinity Acquisition plc may offer debt securities ('the Subsidiary Debt Securities'). The Subsidiary Debt Securities, if issued, will be guaranteed by certain of the Company's subsidiaries.

Presented below is unaudited condensed consolidating financial information required under the existing shelf registration for:

- (i) Willis Group Holdings, which will be 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;
- (iii) the Issuer, Trinity Acquisition plc;
- (iv) Other, which are the non-guarantor subsidiaries, on a combined basis;
- (v) Consolidating adjustments; and
- (vi) Consolidated Company.

The equity method has been used for investments in subsidiaries in the unaudited condensed consolidating balance sheets 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 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, TA II Limited and TA III Limited.

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Three months ended June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 789	\$ —	\$ 789
Investment income	—	2	—	13	(5)	10
Other income	—	—	—	—	—	—
Total revenues	<u>—</u>	<u>2</u>	<u>—</u>	<u>802</u>	<u>(5)</u>	<u>799</u>
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(466)	10	(456)
Other operating expenses	369	11	2	(502)	(15)	(135)
Depreciation expense	—	—	—	(16)	—	(16)
Amortization of intangible assets	—	—	—	(21)	—	(21)
Gain on disposal	—	—	—	2,433	(2,435)	(2)
Total expenses	<u>369</u>	<u>11</u>	<u>2</u>	<u>1,428</u>	<u>(2,440)</u>	<u>(630)</u>
<b>OPERATING INCOME</b>	<u>369</u>	<u>13</u>	<u>2</u>	<u>2,230</u>	<u>(2,445)</u>	<u>169</u>
Investment income from Group undertakings	—	162	30	208	(400)	—
Interest expense	—	(43)	3	(231)	230	(41)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN LOSS OF ASSOCIATES</b>	<u>369</u>	<u>132</u>	<u>35</u>	<u>2,207</u>	<u>(2,615)</u>	<u>128</u>
Income taxes	—	(1)	(10)	(25)	1	(35)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN LOSS OF ASSOCIATES</b>	<u>369</u>	<u>131</u>	<u>25</u>	<u>2,182</u>	<u>(2,614)</u>	<u>93</u>
Interest in loss of associates, net of tax	—	—	—	(6)	4	(2)
<b>INCOME FROM CONTINUING OPERATIONS</b>	<u>369</u>	<u>131</u>	<u>25</u>	<u>2,176</u>	<u>(2,610)</u>	<u>91</u>
Discontinued operations, net of tax	—	—	—	—	—	—
<b>NET INCOME</b>	<u>369</u>	<u>131</u>	<u>25</u>	<u>2,176</u>	<u>(2,610)</u>	<u>91</u>
Less: Net income attributable to noncontrolling interests	—	—	—	—	(2)	(2)
<b>EQUITY ACCOUNT FOR SUBSIDIARIES</b>	<u>(280)</u>	<u>108</u>	<u>36</u>	<u>—</u>	<u>136</u>	<u>—</u>
<b>NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	<u>\$ 89</u>	<u>\$ 239</u>	<u>\$ 61</u>	<u>\$ 2,176</u>	<u>\$ (2,476)</u>	<u>\$ 89</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Three months ended June 30, 2009					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 772	\$ —	\$ 772
Investment income	—	—	—	(91)	103	12
Other income	—	—	—	—	—	—
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>681</u>	<u>103</u>	<u>784</u>
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(445)	2	(443)
Other operating expenses	1	2	(22)	(110)	(10)	(139)
Depreciation expense	—	—	—	(14)	—	(14)
Amortization of intangible assets	—	—	—	(26)	3	(23)
Total expenses	<u>1</u>	<u>2</u>	<u>(22)</u>	<u>(595)</u>	<u>(5)</u>	<u>(619)</u>
OPERATING INCOME (LOSS)	1	2	(22)	86	98	165
Investment income from Group undertakings	23	8	62	227	(320)	—
Interest expense	—	(41)	(32)	(145)	175	(43)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	24	(31)	8	168	(47)	122
Income taxes	—	11	(5)	(46)	9	(31)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	24	(20)	3	122	(38)	91
Interest in earnings of associates, net of tax	—	—	—	—	—	—
INCOME (LOSS) FROM CONTINUING OPERATIONS	24	(20)	3	122	(38)	91
Discontinued operations, net of tax	—	—	—	—	—	—
NET INCOME (LOSS)	24	(20)	3	122	(38)	91
Less: Net income attributable to noncontrolling interests	—	—	—	(1)	(3)	(4)
EQUITY ACCOUNT FOR SUBSIDIARIES	63	(6)	13	—	(70)	—
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	<u>\$ 87</u>	<u>\$ (26)</u>	<u>\$ 16</u>	<u>\$ 121</u>	<u>\$ (111)</u>	<u>\$ 87</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Six months ended June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 1,752	\$ —	\$ 1,752
Investment income	—	5	—	19	(5)	19
Other income	—	—	—	—	—	—
Total revenues	—	5	—	1,771	(5)	1,771
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(957)	15	(942)
Other operating expenses	565	15	19	(849)	(34)	(284)
Depreciation expense	—	—	—	(31)	—	(31)
Amortization of intangible assets	—	—	—	(42)	—	(42)
Gain on disposal	—	—	—	2,435	(2,437)	(2)
Total expenses	565	15	19	556	(2,456)	(1,301)
<b>OPERATING INCOME</b>	565	20	19	2,327	(2,461)	470
Investment income from Group undertakings	—	192	111	909	(1,212)	—
Interest expense	—	(83)	(49)	(370)	418	(84)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES</b>	565	129	81	2,866	(3,255)	386
Income taxes	—	(1)	(22)	(91)	12	(102)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES</b>	565	128	59	2,775	(3,243)	284
Interest in earnings of associates, net of tax	—	—	—	14	4	18
<b>INCOME FROM CONTINUING OPERATIONS</b>	565	128	59	2,789	(3,239)	302
Discontinued operations, net of tax	—	—	—	—	—	—
<b>NET INCOME</b>	565	128	59	2,789	(3,239)	302
Less: Net income attributable to noncontrolling interests	—	—	—	(3)	(6)	(9)
<b>EQUITY ACCOUNT FOR SUBSIDIARIES</b>	(272)	319	209	—	(256)	—
<b>NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS</b>	\$ 293	\$ 447	\$ 268	\$ 2,786	\$ (3,501)	\$ 293

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Operations**

	Six months ended June 30, 2009					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>REVENUES</b>						
Commissions and fees	\$ —	\$ —	\$ —	\$ 1,687	\$ —	\$ 1,687
Investment income	—	—	—	25	—	25
Other income	—	—	—	2	—	2
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,714</u>	<u>—</u>	<u>1,714</u>
<b>EXPENSES</b>						
Salaries and benefits	—	—	—	(928)	5	(923)
Other operating expenses	—	2	(20)	(256)	(3)	(277)
Depreciation expense	—	—	—	(28)	—	(28)
Amortization of intangible assets	—	—	—	(47)	—	(47)
Total expenses	<u>—</u>	<u>2</u>	<u>(20)</u>	<u>(1,259)</u>	<u>2</u>	<u>(1,275)</u>
OPERATING INCOME (LOSS)	—	2	(20)	455	2	439
Investment income from Group undertakings	45	16	100	396	(557)	—
Interest expense	—	(81)	(39)	(374)	413	(81)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE</b>						
INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	45	(63)	41	477	(142)	358
Income taxes	—	20	(14)	(106)	7	(93)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE</b>						
INTEREST IN EARNINGS OF ASSOCIATES	45	(43)	27	371	(135)	265
Interest in earnings of associates, net of tax	—	—	—	26	—	26
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>						
Discontinued operations, net of tax	—	—	—	1	—	1
<b>NET INCOME (LOSS)</b>						
Less: Net income attributable to noncontrolling interests	—	—	—	(3)	(9)	(12)
EQUITY ACCOUNT FOR SUBSIDIARIES	235	189	161	—	(585)	—
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	<u>\$ 280</u>	<u>\$ 146</u>	<u>\$ 188</u>	<u>\$ 395</u>	<u>\$ (729)</u>	<u>\$ 280</u>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Balance Sheet**

	As at June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>ASSETS</b>						
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 139	\$ —	\$ 139
Fiduciary funds — restricted	—	—	—	1,977	—	1,977
Accounts receivable	3,726	1,972	2,568	17,910	(16,489)	9,687
Fixed assets	—	—	—	348	(2)	346
Goodwill	—	—	—	1,715	1,556	3,271
Other intangible assets	—	—	—	498	30	528
Investments in associates	—	—	—	(48)	199	151
Deferred tax assets	—	—	—	110	(19)	91
Pension benefits asset	—	—	—	121	—	121
Other assets	19	159	15	1,108	(592)	709
Investments in subsidiaries	2,369	3,318	2,510	2,878	(11,075)	—
<b>TOTAL ASSETS</b>	<b>\$ 6,114</b>	<b>\$ 5,449</b>	<b>\$ 5,093</b>	<b>\$ 26,756</b>	<b>\$ (26,392)</b>	<b>\$ 17,020</b>
<b>LIABILITIES AND EQUITY</b>						
Accounts payable	\$ 3,668	\$ 6,838	\$ 1,287	\$ 15,805	\$ (16,623)	\$ 10,975
Deferred revenue and accrued expenses	—	—	—	273	(33)	240
Deferred tax liabilities	—	—	—	47	(19)	28
Income taxes payable	—	18	51	322	(298)	93
Short-term debt	—	—	—	193	—	193
Long-term debt	—	—	500	1,654	—	2,154
Liability for pension benefits	—	—	—	171	—	171
Other liabilities	45	—	—	675	17	737
<b>Total liabilities</b>	<b>3,713</b>	<b>6,856</b>	<b>1,838</b>	<b>19,140</b>	<b>(16,956)</b>	<b>14,591</b>
Total Willis Group Holdings stockholders' equity	2,401	(1,407)	3,255	7,611	(9,459)	2,401
Noncontrolling interests	—	—	—	5	23	28
Total equity	2,401	(1,407)	3,255	7,616	(9,436)	2,429
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 6,114</b>	<b>\$ 5,449</b>	<b>\$ 5,093</b>	<b>\$ 26,756</b>	<b>\$ (26,392)</b>	<b>\$ 17,020</b>



**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Balance Sheet**

	As at December 31, 2009					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>ASSETS</b>						
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 191	\$ —	\$ 191
Fiduciary funds — restricted	—	—	—	1,683	—	1,683
Accounts receivable	—	698	2,489	14,720	(9,269)	8,638
Fixed assets	—	—	—	352	—	352
Goodwill	—	—	—	1,722	1,555	3,277
Other intangible assets	—	—	—	542	30	572
Investments in associates	—	—	—	76	80	156
Deferred tax assets	—	—	—	97	(15)	82
Pension benefits asset	—	—	—	69	—	69
Other assets	—	37	17	989	(440)	603
Equity accounted subsidiaries	2,180	3,051	2,366	2,882	(10,479)	—
<b>TOTAL ASSETS</b>	<b>\$ 2,180</b>	<b>\$ 3,786</b>	<b>\$ 4,872</b>	<b>\$ 23,323</b>	<b>\$ (18,538)</b>	<b>\$ 15,623</b>
<b>LIABILITIES AND EQUITY</b>						
Accounts payable	\$ —	\$ 3,040	\$ 1,289	\$ 14,769	\$ (9,412)	\$ 9,686
Deferred revenue and accrued expenses	—	—	—	324	(23)	301
Deferred tax liabilities	—	—	—	44	(15)	29
Income taxes payable	—	1	32	258	(245)	46
Short-term debt	—	—	—	209	—	209
Long-term debt	—	—	500	1,665	—	2,165
Liability for pension benefits	—	—	—	187	—	187
Other liabilities	—	—	—	755	16	771
<b>Total liabilities</b>	<b>—</b>	<b>3,041</b>	<b>1,821</b>	<b>18,211</b>	<b>(9,679)</b>	<b>13,394</b>
Total Willis Group Holdings stockholders' equity	2,180	745	3,051	5,108	(8,904)	2,180
Noncontrolling interests	—	—	—	4	45	49
Total equity	2,180	745	3,051	5,112	(8,859)	2,229
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,180</b>	<b>\$ 3,786</b>	<b>\$ 4,872</b>	<b>\$ 23,323</b>	<b>\$ (18,538)</b>	<b>\$ 15,623</b>

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Cash Flows**

	Six months ended June 30, 2010					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 569	\$ 132	\$ 80	\$ 131	\$ (756)	\$ 156
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds on disposal of fixed and intangible assets	—	—	—	4	—	4
Additions to fixed assets	—	—	—	(45)	—	(45)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(15)	—	(15)
Acquisitions of investments in associates	—	—	—	(1)	—	(1)
Proceeds on sale of short-term investments	—	—	—	—	—	—
Net cash used in investing activities	—	—	—	(57)	—	(57)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from draw down of revolving credit facility	—	—	—	30	—	30
Proceeds from issue of short-term debt, net of debt issuance costs	—	—	—	—	—	—
Repayments of debt	—	—	—	(70)	—	(70)
Senior notes issued, net of debt issuance costs	—	—	—	—	—	—
Proceeds from issue of shares	17	—	—	—	—	17
Amounts owed by and to Group undertakings	(542)	—	(80)	622	—	—
Excess tax benefits from share-based payment arrangements	—	—	—	1	—	1
Dividends paid	(44)	(132)	—	(669)	756	(89)
Acquisition of noncontrolling interests	—	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(22)	—	(22)
Net cash used in financing activities	(569)	(132)	(80)	(112)	756	(137)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>						
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(38)	—	(38)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(14)	—	(14)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	—	—	—	191	—	191
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ —	\$ —	\$ —	\$ 139	\$ —	\$ 139
Cash and cash equivalents reported as discontinued operations	—	—	—	—	—	—
Cash and cash equivalents reported as continuing operations	\$ —	\$ —	\$ —	\$ 139	\$ —	\$ 139

**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**  
**(Unaudited)**

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

**Condensed Consolidating Statement of Cash Flows**

	Six months ended June 30, 2009					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	\$ 48	\$ (65)	\$ 29	\$ 224	\$ (28)	\$ 208
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds on disposal of fixed and intangible assets	—	—	—	9	—	9
Additions to fixed assets	—	—	—	(38)	—	(38)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(3)	—	(3)
Investments in associates	—	—	—	(41)	—	(41)
Proceeds from sale of operations, net of cash disposed	—	—	—	37	—	37
Proceeds on sale of short-term investments	—	—	—	21	—	21
Net cash used in investing activities	—	—	—	(15)	—	(15)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from draw down of revolving credit facility	—	—	—	95	—	95
Proceeds from issue of short-term debt, net of debt issuance costs	—	—	—	1	—	1
Repayments of debt	—	—	—	(750)	—	(750)
Senior notes issued, net of debt issuance costs	—	—	482	—	—	482
Proceeds from issue of shares	12	—	—	—	—	12
Amounts owed by and to Group undertakings	42	65	(511)	404	—	—
Dividends paid	(87)	—	—	(28)	28	(87)
Acquisition of noncontrolling interests	(12)	—	—	(2)	—	(14)
Dividends paid to noncontrolling interests	—	—	—	(9)	—	(9)
Net cash (used in) provided by financing activities	(45)	65	(29)	(289)	28	(270)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>(80)</b>	<b>—</b>	<b>(77)</b>
Effect of exchange rate changes on cash and cash equivalents	—	—	—	4	—	4
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>176</b>	<b>—</b>	<b>176</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 100</b>	<b>\$ —</b>	<b>\$ 103</b>
Cash and cash equivalents — reported as discontinued operations	—	—	—	—	—	—
Cash and cash equivalents — continuing operations	\$ 3	\$ —	\$ —	\$ 100	\$ —	\$ 103

**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 the rules of the Securities and Exchange Commission ('SEC'). We present such non-GAAP financial measures, 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 revenue growth and organic growth in commissions and fees exclude 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. We believe organic revenue growth and organic growth in commissions and fees provide measures that the investment community may find helpful in assessing the performance of operations*

*that were part of our operations in both the current and prior periods, and provide a measure against which our businesses may be assessed in the future. These financial measures should be viewed in addition to, not in lieu of, the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2010.*

*This discussion includes forward-looking statements, including under the headings 'Business Overview and Market Outlook', 'Executive Summary', 'Operating Results — Group, Interest in Earnings of Associates', 'Operating Results — Segments' and 'Liquidity and Capital Resources.' Please see 'Information Concerning 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.*

**BUSINESS OVERVIEW AND MARKET OUTLOOK**

We provide a broad range of insurance broking, risk management and consulting services to our clients worldwide. Our core specialty businesses include Aerospace; Energy; Marine; Construction; Financial and Executive Risks; Fine Art, Jewelry and Specie; Special Contingency Risks; and Reinsurance. Our retail operations provide services to small, medium and major corporations and the employee benefits practice, our largest product-based practice group, provides health, welfare and human resources consulting and brokerage services. Our Willis Capital Markets & Advisory division ('WCMA') acts as a financial advisor on mergers and acquisitions and capital markets products, primarily focusing on the insurance and reinsurance sector and may place or underwrite securities.

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 risk 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. Fluctuations

in these premiums charged by the insurance carriers have a direct and potentially material impact on our results of operations. Commission levels generally follow the same trend as premium levels as they are derived from a percentage of the premiums paid by the insureds. Due to the cyclical nature of the insurance market and the impact of other market conditions on insurance premiums, they may vary widely between accounting periods. Reductions in premium rates, leading to downward pressure on commission revenues (a 'soft' market), can have a potentially material impact on our commission revenues and operating margin.

A 'hard' market occurs when premium uplifting factors, including a greater than anticipated loss experience or capital shortages, more than offset any downward pressures on premiums. This usually has a favorable impact on our commission revenues and operating margin.

From 2000 through 2003, we benefited from a hard market with premium rates stable or increasing. During 2004, we saw a rapid transition from a hard market to a soft market, with premium rates falling in most markets. Rates continued to decline in most sectors through 2005 and 2006, with the exception of catastrophe-exposed markets. In 2007, the market softened further with decreases in many of the market sectors in which we operated and this

continued into 2008 with further premium rate declines averaging 10% across our markets.

In 2009, the benefit of rate increases in the reinsurance market and stabilization in some specialty markets was offset by the continuing soft market in other sectors and the adverse impact of the weakened economic environment across the globe.

Our North America and UK and Ireland retail operations have been particularly impacted by the weakened economic climate and continued soft market with no material improvement in rates across most sectors; clients retaining higher levels of risk; and lower levels of insured activity. This resulted in declines in 2009 revenues in these operations, particularly amongst our smaller clients who are especially vulnerable to the economic downturn.

## EXECUTIVE SUMMARY

### *Overview*

Despite the continued difficult trading conditions, we reported 2 percent growth in total revenues and 4 percent organic commissions and fees growth in second quarter 2010, and 3 percent growth in total revenues and 4 percent organic commissions and fees growth in first half 2010, compared with the same periods in 2009. This reflected positive organic growth in the second quarter of 8 percent for International and 7 percent for our Global operations, partly offset by a 1 percent fall in our North America operations, where revenues were adversely impacted by the soft market and continued weak economic conditions. In first half 2010, Global achieved 7 percent organic growth, International 6 percent and North America was flat compared with first half 2009.

Operating margin for both second quarter 2010 and second quarter 2009 was 21 percent, and for first half 2010 operating margin increased to 27 percent, compared with 26 percent in first half 2009. This improvement was the product of organic growth in commissions and fees and continuing control of costs, partly offset by investment in new client-facing hires and other growth initiatives.

### *Results from continuing operations for second quarter 2010*

Net income from continuing operations in second quarter 2010 was \$89 million, or \$0.52 per diluted

The difficult market conditions have continued into first half 2010 and we expect the market to remain challenging throughout the remainder of 2010.

Our main priorities in the second half of 2010 continue to be:

- reinforcement of our sales and revenue culture to drive growth;
- execution of our ongoing Shaping Our Future initiatives, creating incremental savings to fund growth and leveraging growth opportunities from our global footprint; and
- further strengthening of the balance sheet and reduction in our debt to EBITDA (earnings before interest, tax, and depreciation and amortization) ratio.

share, compared with \$87 million, or \$0.52 per diluted share, in second quarter 2009.

Total revenues from continuing operations at \$799 million for second quarter 2010 were \$15 million, or 2 percent, higher than in second quarter 2009. This was driven by organic revenue growth of 4 percent, partly offset by a 2 percent adverse impact from foreign currency translation.

Organic revenue growth of 4 percent comprised 6 percent net new business growth (which constitutes the revenue growth from business won over the course of the quarter, net of the revenue from existing business lost) offset by a 2 percent negative impact from declining premium rates and other market factors.

Operating margin at 21 percent was in line with second quarter 2009, as the benefits of:

- 4 percent organic growth in commissions and fees;
- a favorable period-over-period impact from foreign currency translation of about 1 percentage point as the adverse impact of foreign currency on our revenues was more than offset by a favorable impact on our expense base and lower hedging losses when compared with 2009; and
- strict controls over new hires and replacements, letting go of poor performers and savings from actions taken in prior years;

were offset by:

- a \$12 million increase in incentive expenses comprising a \$6 million increase in the amortization of cash retention awards and a \$6 million increase in the accrual for bonuses;
- a \$10 million increase in pension charges in second quarter 2010, primarily due to the non-recurrence of a \$12 million pre-tax curtailment gain realized in second quarter 2009; and
- disciplined investment in new client-facing hires and other growth initiatives.

**Results from continuing operations for the six months ended June 30, 2010**

Net income from continuing operations for first half 2010 was \$293 million, or \$1.71 per diluted share, compared with \$279 million, or \$1.66 per diluted share, in same period 2009.

Total revenues at \$1,771 million for the first half of 2010 were \$57 million, or 3 percent, higher than in 2009, as organic revenue growth of 4 percent, driven by our Global and International operations, and a 1 percent benefit from foreign currency translation, were partly offset by a reduction in investment and other income and a 1 percent decrease attributable to contingent commissions assumed as part of the HRH acquisition.

Operating margin at 27 percent in first half 2010 was 1 percentage point higher than in 2009 as the benefits of:

- 4 percent organic growth in commissions and fees;
- a favorable period-over-period impact from foreign currency translation of about 1 percentage point, excluding the impact from the devaluation of the Venezuelan currency; and
- strict controls over new hires and replacements, letting go of poor performers and savings from actions taken in prior years;

were partly offset by:

- a \$14 million reduction in legacy contingent commissions assumed in the acquisition of HRH;
- a \$14 million increase in incentive expenses comprising a \$16 million increase in the amortization of cash retention and a \$2 million decrease in the accrual for bonuses;

- a charge of \$12 million relating to the devaluation of the Venezuelan currency in January 2010;
- a \$10 million increase in share-based compensation charge, largely due to the non-recurrence of a \$7 million pre-tax credit in first quarter 2009;
- disciplined investment in new client-facing hires and other growth initiatives; and
- a \$6 million reduction in investment income driven by lower average interest rates in first half 2010 compared with 2009.

**Venezuela currency devaluation**

With effect from January 1, 2010 the Venezuelan economy was designated as hyper-inflationary. The Venezuelan government also devalued the Bolivar Fuerte in January 2010. As a result of these actions, we recorded a \$12 million charge in other expenses in first half 2010 to reflect the re-measurement of our net assets denominated in Venezuelan Bolivar Fuerte at January 1, 2010.

**Shaping Our Future and Funding for Growth**

Our Shaping Our Future and Funding for Growth strategies are a series of initiatives designed to deliver profitable growth. These initiatives focus on three key areas:

- an organic growth program designed to drive revenue growth. This program includes achieving retention and new business metrics across our businesses; increasing the productivity and effectiveness of our revenue-generating employees and recruiting the best talent in the industry; and continued development in key markets and potential growth areas such as China, Brazil, Employee Benefits, Facultative and WCMA;
- Shaping Our Future which is driving our efficiency and profitability and includes longer term initiatives designed to enhance our infrastructure and processes, and make optimal use of our locations, including our support centers such as the offshore center in Mumbai; and
- Funding for Growth is the initiative to manage our cost base. We have identified performance management and corporate savings that, as we execute on, will enable us to fund investments in areas such as technology and new key hires.

**Acquisitions**

During first half 2010, we acquired:

- an additional 39 percent of our Chinese operations at a total cost of approximately \$17 million, bringing our ownership to 90 percent as at June 30, 2010; and
- an additional 15 percent of our Colombian Retail operations at a total cost of approximately \$1 million, bringing our ownership to 80 percent as at June 30, 2010.

**Discontinued operations**

No operations were discontinued during first half 2010.

Net income in first half 2009 included \$1 million, recognized in the first quarter, from our Bliss & Glennon and Managing Agency Group US-based wholesale insurance operations, both of which were disposed of during 2009.

**Cash and financing**

Cash at June 30, 2010 was \$139 million, \$52 million lower than at December 31, 2009.

Total cash generated from operating activities in first half 2010 was \$156 million compared with \$208 million in the same period 2009. Net cash generated from operating activities in first half 2010 is after the payment of incentive awards of which \$185 million were paid as cash retention awards (2009: \$140 million), for details of which see below under: 'Operating Results — General and administrative expenses — Salaries and benefits — Cash retention awards'.

In first half 2010, we made \$54 million of mandatory repayments against the 5-year term loan, thereby reducing the outstanding balance at June 30, 2010 to \$466 million. We also repaid in full a \$9 million fixed rate loan due 2010 and repurchased \$7 million of 5.125% senior notes due July 2010.

In July 2010, we repaid the remaining \$83 million of the 5.125% senior notes due July 2010.

At June 30, 2010, we have \$30 million outstanding under our revolving credit facility, compared with \$95 million at June 30, 2009 and nil at December 31, 2009. Drawings under the facility are typically higher in the first half of the year due to the timing of incentive awards.

Total debt, total equity and the capitalization ratio at June 30, 2010 and December 31, 2009 were as follows:

	June 30, 2010	December 31, 2009
	(millions, except percentages)	
Long-term debt	\$ 2,154	\$ 2,165
Short-term debt	193	209
<b>Total debt</b>	<b>\$ 2,347</b>	<b>\$ 2,374</b>
<b>Total equity</b>	<b>\$ 2,429</b>	<b>\$ 2,229</b>
<b>Capitalization ratio</b>	<b>49%</b>	<b>52%</b>

**Liquidity**

Our principal sources of liquidity are cash from operations, cash and cash equivalents of \$139 million at June 30, 2010 and \$270 million remaining availability under our revolving credit facility.

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.

OPERATING RESULTS — GROUP

Revenues

Three months ended June 30,	2010 (millions)	2009 (millions)	% Change	Foreign currency translation	Change attributable to:		Organic revenue growth(a)
					Acquisitions and disposals	Contingent commissions(b)	
Global	\$ 216	\$ 207	4%	(2)%	(1)%	—%	7%
North America	326	332	(2)%	—%	—%	(1)%	(1)%
International	247	233	6%	(4)%	2%	—%	8%
Commissions and fees	\$ 789	\$ 772	2%	(2)%	—%	—%	4%
Investment income	10	12	(17)%				
Other income	—	—	—%				
<b>Total revenues</b>	<b>\$ 799</b>	<b>\$ 784</b>	<b>2%</b>				

Six months ended June 30,	2010 (millions)	2009 (millions)	% Change	Foreign currency translation	Change attributable to:		Organic revenue growth(a)
					Acquisitions and disposals	Contingent commissions(b)	
Global	\$ 517	\$ 482	7%	1%	(1)%	—%	7%
North America	687	703	(2)%	—%	—%	(2)%	—%
International	548	502	9%	1%	2%	—%	6%
Commissions and fees	\$ 1,752	\$ 1,687	4%	1%	—%	(1)%	4%
Investment income	19	25	(24)%				
Other income	—	2	(100)%				
<b>Total revenues</b>	<b>\$ 1,771</b>	<b>\$ 1,714</b>	<b>3%</b>				

(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 acquisition of HRH in 2008 and that had not been converted into higher standard commission; and (v) investment income and other income from reported revenues.

(b) Included in North America reported commissions and fees were legacy HRH contingent commissions of \$2 million in the second quarter 2010 and \$10 million in first half 2010 compared with \$4 million and \$24 million in the second quarter and first half of 2009, respectively.

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

Second quarter 2010

Revenues for the second quarter 2010, at \$799 million, were \$15 million, or 2 percent, higher than 2009. The increase reflects 4 percent organic growth in commissions and fees, partly offset by a negative 2 percent impact from foreign currency translation.

Investment income in second quarter 2010 was \$2 million lower than 2009, with the decrease reflecting lower average interest rates in second quarter 2010 compared with 2009. The impact of rate decreases on our investment income was partially mitigated by our forward hedging program,

from which we expect to generate additional income in 2010 compared to current LIBOR based rates.

Our International and Global operations earn a significant portion of their revenues in currencies other than the US dollar, including the Euro and Pound Sterling. In the three months ended June 30, 2010, reported revenues were adversely impacted by the period-over-period effect of foreign currency translation, in particular due to the weakening of the Euro and Pound Sterling against the US dollar during the quarter, compared with same period 2009.



Organic growth in commissions and fees was 4 percent for the second quarter of 2010. International achieved 8 percent growth with positive contributions from all regions; Global achieved 7 percent growth of which 5 percent was attributable to WCMA and North America reported 1 percent negative growth, reflecting the continued soft market and ongoing weakened economic conditions, partially mitigated by growth in new business.

**Six months ended June 30, 2010**

Revenues for the first half 2010, at \$1,771 million, were \$57 million, or 3 percent, higher than 2009. The increase reflects the benefit of 4 percent organic growth in commissions and fees and a 1 percent period over period favorable impact from foreign currency translation, partly offset by a 1 percent reduction in legacy contingent commissions, together with smaller reductions in investment and other income.

**General and administrative expenses**

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(millions, except percentages)			
Salaries and benefits	\$ 456	\$ 443	\$ 942	\$ 923
Other	135	139	284	277
General and administrative expenses	\$ 591	\$ 582	\$ 1,226	\$ 1,200
Salaries and benefits as a percentage of revenues	57%	57%	53%	54%
Other as percentage of revenues	17%	18%	16%	16%

**Salaries and benefits**

**Second quarter 2010**

Salaries and benefits were 57 percent of revenues in both second quarter 2010 and 2009, reflecting the benefits of:

- a period-over-period benefit from foreign currency translation driven primarily by the strengthening of the US dollar against the Pound Sterling, in which our London Market based operations incur the majority of their salaries and benefits expense; and
- strict controls over new hires and replacements, letting go of poor performers and savings from actions taken in prior years, including Shaping Our Future and Right Sizing Willis initiatives in 2008 and 2009;

In the six months ended June 30, 2010, reported revenues in our International and Global operations were favorably impacted by the period-over-period effect of foreign currency translation, as the relative effect of the second quarter 2010 weakening of the Euro against the US dollar more than offset its first quarter 2010 strengthening. This increased the US dollar value of both our Euro revenues and London Market based revenues earned in Euros, compared with first half 2009.

Organic growth in commissions and fees was 4 percent for the first half of 2010. Global achieved 7 percent growth, driven by strong growth in our WCMA business; International achieved 6 percent growth; and North America was flat, as the benefit of growth in new business was offset by the impact of the continued soft market and ongoing weakened economic conditions.

Organic revenue growth by segment is discussed further in 'Operating Results — Segment Information' below.

offset by:

- a \$12 million increase in incentive expenses comprising a \$6 million increase in the amortization of cash retention awards — see below — and a \$6 million increase in the accrual for bonuses;
- a \$10 million increase in pension charges in second quarter 2010, primarily due to the non-recurrence of a \$12 million curtailment gain realized in second quarter 2009 on the closure of our US defined benefit pension plan to accrual of benefit for future service, partly offset by related cost savings in 2010; and

- disciplined investment in new client-facing hires and other growth initiatives.

*Six months ended June 30, 2010*

Salaries and benefits were 53 percent of first half 2010 revenues, compared with 54 percent in 2009 reflecting the benefits of:

- a \$7 million reduction in severance costs due to fewer positions being eliminated and at a lower average cost per head. In first half 2010 we identified approximately 320 positions that have been or will be eliminated as part of our continued focus on managing expense; this compares with some 350 positions eliminated in first half 2009;
- strict controls over new hires and replacements, letting go of poor performers and savings from actions taken in prior years, including Shaping Our Future and Right Sizing Willis initiatives; and
- a period-over-period benefit from foreign currency translation driven primarily by the strengthening of the US dollar against the Pound Sterling;

partly offset by:

- a \$14 million increase in incentive expenses comprising a \$16 million increase in the amortization of cash retention awards — see below — and a \$2 million decrease in the accrual for bonuses;
- a \$10 million increase in share-based compensation mainly reflecting the non-recurrence of a \$7 million credit in first half 2009. The credit in 2009 related to accumulated compensation expense for certain 2008 awards which were dependent upon performance targets which the Company did not achieve; and
- disciplined investment in 250 new client-facing hires and spending on other growth initiatives.

*Cash retention awards*

We have a cash retention award program in place. We started making cash retention awards in 2005 to a small number of employees. With the success of the program, we have 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 retirement or permanent disability) before a certain time period, currently 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 the second quarter and first half of 2010, we made \$16 million and \$185 million of cash retention payments respectively compared with \$29 million and \$140 million in the same periods of 2009. Salaries and benefits in the second quarter and first half of 2010 include \$32 million and \$60 million respectively of amortization of cash retention payments made on or before June 30, 2010 compared with \$26 million and \$44 million in the same periods of 2009. As of June 30, 2010, December 31, 2009 and June 30, 2009, we included \$217 million, \$98 million and \$142 million, respectively, in other assets on the balance sheet, which represented the unamortized portion of cash retention payments made on or before those dates.

*Other expenses*

*Second quarter 2010*

Other expenses were 17 percent of revenues in second quarter 2010 compared with 18 percent in 2009, as increases in travel and entertaining expenses in support of our revenue growth initiatives were more than offset by smaller savings elsewhere and a net positive period-over-period impact from foreign currency translation.

*Six months ended June 30, 2010*

Other expenses were 16 percent of revenues in both first half 2010 and same period 2009, despite the \$12 million first quarter 2010 charge relating to the devaluation of the Venezuelan currency. This charge, together with increases in travel and entertaining expenses in support of our revenue growth initiatives, were offset by savings elsewhere and the benefit of significantly lower losses on forward rate contracts.

**Amortization of intangible assets**

Amortization of intangible assets for second quarter 2010 was \$21 million compared with \$23 million in 2009 and for the six months ended June 30, 2010 was \$42 million compared with \$47 million in 2009.

The period-over-period decreases primarily reflect the declining charge for the amortization of the HRH customer relationship intangible which is being amortized in line with the underlying discounted cash flows.

**Operating income and margin (operating income as a percentage of revenues)**

	Three months ended June 30,		Six months ended June 30,	
	2010	2009 (millions, except percentages)	2010	2009
Revenues	\$ 799	\$ 784	\$ 1,771	\$ 1,714
Operating income	169	165	470	439
Operating margin or operating income as a percentage of revenues	21%	21%	27%	26%

**Second quarter 2010**

Operating margin was 21 percent in both second quarter 2010 and 2009, as the benefits of:

- 4 percent organic growth in commissions and fees;
- a favorable period-over-period impact from foreign currency translation equivalent to approximately 1 percentage point, primarily reflecting the decreased dollar value of our net Pound Sterling expense base driven by the period-over-period weakening of the Pound Sterling against the US dollar; and
- strict controls over new hires and replacements, letting go of poor performers and savings from actions taken in prior years, including Shaping Our Future and Right Sizing Willis initiatives;

were offset by:

- a \$12 million increase in incentive expenses comprising a \$6 million increase in the amortization of cash retention awards and a \$6 million increase in the accrual for bonuses;
- a \$10 million increase in pension charges in second quarter 2010, primarily due to the non-recurrence of a \$12 million pre-tax curtailment gain realized in second quarter 2009 on the closure of our US defined benefit pension plan to accrual of benefit for future service, partly offset by related cost savings in 2010; and
- disciplined investment in new client-facing hires and other growth initiatives.

**Six months ended June 30, 2010**

Operating margin at 27 percent in first half 2010 was 1 percentage point higher than in 2009, with the increase reflecting the benefit of:

- 4 percent organic growth in commissions and fees;
- a favorable period-over-period impact from foreign currency translation of approximately 1 percentage point, excluding the impact from the devaluation of the Venezuelan currency. This reflects the net benefit of: lower losses on our forward rate hedging program; partly offset by the weakening of the Euro against the US dollar, reducing the US dollar value of our net Euro income and a stronger period-over-period Pound Sterling which increases the US dollar value of our net Pound Sterling expense base; and

- strict controls over new hires and replacements, letting go of poor performers and savings from actions taken in prior years, including Shaping Our Future and Right Sizing Willis initiatives;

partly offset by:

- a \$14 million reduction in legacy contingent commissions assumed on the acquisition of HRH;
- a \$14 million increase in incentive expenses comprising a \$16 million increase in the amortization of cash retention awards and a \$2 million decrease in the accrual for bonuses;
- a charge of \$12 million relating to the devaluation of the Venezuelan currency in January 2010;

- a \$10 million increase in share-based compensation charge, largely due to the non-recurrence of a \$7 million pre-tax credit in first quarter 2009;
- disciplined investment in new client-facing hires and other growth initiatives; and

**Interest expense**

Interest expense in second quarter 2010 of \$41 million was \$2 million lower than in 2009, largely reflecting interest expense savings arising from the period-over-period reduction in the outstanding balances on our term loan and revolving credit facility debt. Interest expense in first half 2010 of \$84 million was \$3 million higher than in 2009, largely

**Income taxes**

The effective tax rate for first half 2010 at 26 percent was consistent with first half 2009 as the benefit of a \$3 million prior year tax credit was offset by there being no tax credits in relation to the \$12 million

**Interest in earnings of associates**

Interest in earnings of associates, net of tax, in first half 2010 of \$18 million was \$8 million lower than in first half 2009. This fall is primarily driven by the reduction from 49 percent to 31 percent in our ownership interest in Gras Savoye, as part of the reorganization of their capital structure in December 2009. Interest receivable on the vendor financing we

**Net income and diluted earnings per share from continuing operations**

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net income from continuing operations	\$ 89	\$ 87	\$ 293	\$ 279
Diluted earnings per share from continuing operations	\$ 0.52	\$ 0.52	\$ 1.71	\$ 1.66
Average diluted number of shares outstanding	171	168	171	168

- a \$6 million reduction in investment income driven by lower average interest rates in first half 2010 compared with 2009.

Operating segment margins are discussed in 'Operating Results — Segment Information' below.

reflecting the higher coupon payable on the \$500 million of 12.875% senior unsecured notes issued in March 2009 to refinance part of the lower coupon interim credit facility relating to the HRH acquisition, partly offset by interest expense savings arising from the period-over-period reduction in term loan and revolving credit facility balances.

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Income before taxes and interest in earnings of associates	\$ 128	\$ 122	\$ 386	\$ 358
Income tax charge	35	31	102	93
Effective tax rate	27%	25%	26%	26%

charge relating to the devaluation of the Venezuelan currency and the net loss on disposal of operations.

Excluding these items, the underlying tax rate at 26 percent remains in line with full year 2009.

provided as part of the capital reorganization is also recorded under this caption. As previously advised, we continue to expect that the reduction in our ownership of Gras Savoye will reduce the 2010 interest in earnings of associates by approximately \$10 million compared with 2009.

*Second quarter 2010*

Net income from continuing operations for second quarter 2010 was \$89 million compared with \$87 million in 2009. This increase reflected the benefit of:

- the \$4 million net increase in operating income discussed above; and
- decreased interest expense, largely reflecting a period-over-period reduction in the outstanding balances on our term loan and revolving credit facility debt;

partly offset by:

- the reduction in earnings from associates.

Diluted earnings per share from continuing operations for second quarter 2010 at \$0.52 were in line with 2009.

Foreign currency translation had a \$0.03 favorable net impact on earnings per diluted share.

Diluted share count in second quarter 2010 was 171 million compared with 168 million in 2009 which had a negative \$0.01 impact on earnings per diluted share.

**OPERATING RESULTS — SEGMENT INFORMATION**

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

*Six months ended June 30, 2010*

Net income from continuing operations for first half 2010 was \$293 million compared with \$279 million in 2009. The \$14 million increase primarily reflected the \$31 million increase in operating income partly offset by the \$8 million decrease in earnings from associates, net of tax, as a result of the Gras Savoye reorganization, and a \$9 million increase in the tax charge.

Foreign currency translation, excluding the impact of the Venezuelan currency devaluation, had a \$0.09 favorable impact on earnings per diluted share. This was largely offset by a \$0.07 per diluted share negative impact from the Venezuela currency devaluation in January 2010.

Diluted earnings per share from continuing operations for first half 2010 increased to \$1.71, compared to \$1.66 in 2009 as the benefit of the increased net income was partly offset by a 3 million increase in average diluted shares outstanding.

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 and six months ended June 30, 2010 and 2009:

	Three months ended June 30, 2010			Three months ended June 30, 2009		
	Revenues	Operating income	Operating margin	Revenues	Operating income	Operating margin
	(millions)			(millions)		
Global	\$ 217	\$ 69	32%	\$ 209	\$ 74	35%
North America	331	68	21%	336	75	22%
International	251	59	24%	239	55	23%
Total Retail	582	127	22%	575	130	23%
Corporate & Other <sup>(i)</sup>	—	(27)	n/a	—	(39)	n/a
Total Consolidated	\$ 799	\$ 169	21%	\$ 784	\$ 165	21%

	Six months ended June 30, 2010			Six months ended June 30, 2009		
	Revenues (millions)	Operating income	Operating margin	Revenues (millions)	Operating income	Operating margin
Global	\$ 520	\$ 207	40%	\$ 487	\$ 201	41%
North America	696	161	23%	713	169	24%
International	555	162	29%	514	151	29%
Total Retail	1,251	323	26%	1,227	320	26%
Corporate & Other <sup>(i)</sup>	—	(60)	n/a	—	(82)	n/a
Total Consolidated	\$ 1,771	\$ 470	27%	\$ 1,714	\$ 439	26%

(i) Corporate & Other comprises the following:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Amortization of intangible assets	\$ (21)	\$ (23)	\$ (42)	\$ (47)
Net loss on disposal of operations	(2)	—	(2)	—
Foreign exchange hedging	(2)	(9)	(6)	(23)
Foreign exchange on the UK pension plan asset	2	(8)	6	(7)
HRH integration costs	—	(1)	—	(4)
Venezuelan currency devaluation	—	—	(12)	—
Other	(4)	2	(4)	(1)
	\$ (27)	\$ (39)	\$ (60)	\$ (82)

**Global**

Our Global operations comprise Global Specialties, Reinsurance, Faber & Dumas and as of 2010, WCMA.

Faber & Dumas includes Glencairn, our London-based wholesale brokerage operation and our Fine Art, Jewelry and Specie; Special Contingency Risk and Hughes-Gibb units. WCMA provides financial

advice on mergers and acquisitions and capital markets products and may place or underwrite securities.

The following table sets out revenues, organic revenue growth and operating income and margin for the quarter and six month periods ended June 30, 2010 and 2009:

	Three months ended June 30,		Six months ended June 30,	
	2010 (millions, except percentages)	2009 (millions, except percentages)	2010 (millions, except percentages)	2009 (millions, except percentages)
Commissions and fees	\$ 216	\$ 207	\$ 517	\$ 482
Investment income	1	2	3	5
Total revenues	\$ 217	\$ 209	\$ 520	\$ 487
Operating income	\$ 69	\$ 74	\$ 207	\$ 201
Organic revenue growth <sup>(a)</sup>	7%	7%	7%	6%
Operating margin	32%	35%	40%	41%

(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.

*Revenues*

Commissions and fees of \$216 million were \$9 million, or 4 percent, higher in second quarter 2010 compared with second quarter 2009. Organic revenue growth of 7 percent was partly offset by a negative 2 percent impact from foreign currency translation and a net 1 percent impact from acquisitions and disposals.

Our young WCMA business contributed 5 percent of Global's organic revenue growth in the quarter, substantially due to a single capital markets transaction. WCMA is a transaction oriented business and we therefore expect its results will be more variable than some of our other businesses.

Reinsurance and our Global Specialties businesses also saw organic growth in second quarter 2010, driven by good net new business generation despite the adverse impact of the continued difficult rate environment and soft market in many of the specialty classes.

Global Specialties reported strong growth in the quarter driven by strong contributions from Financial and Executive Risks, and Energy.

Second quarter growth in Reinsurance was more modest and was headed by growth in new business, especially Marine and Aviation. Despite high loss levels earlier in the year, rates remain soft except for marine and energy.

Organic revenue growth for first half 2010 was 7 percent. Both Global Specialties and Reinsurance recorded good new business generation including Reinsurance growth in North America, Europe and Asia. The growth in North America was partly driven by the team recruited from Carvill in first quarter 2009. As a result of strong reinsurance

*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 and Canada.

underwriting profits in 2009, with the exception of marine and energy, there has been a general but disciplined softening of rates in 2010 which remain a significant headwind for growth.

Client retention levels remained high at 89 percent for the first six months of 2010.

*Operating margin*

Operating margin in our Global operations was 32 percent in second quarter 2010, compared with 35 percent in 2009 and 40 percent in first half 2010, compared with 41 percent in 2009.

These margins reflect the benefits of good organic revenue growth and disciplined cost control.

Offsetting this was the impact of foreign currency translation. The London Market businesses within our Global operations earn revenues in US dollars, Pounds Sterling and Euros and primarily incur expenses in Pounds Sterling. In addition, they are exposed to exchange risk on certain sterling-denominated balances. In both the three and six months ended June 30, 2010, foreign currency translation adversely impacted Global's margin by approximately 4 percentage points and 2 percentage points respectively when compared with 2009.

Margins were also impacted by costs associated with selective recruitment, including the team recruited from Carvill late in first quarter 2009, and higher share-based compensation, in part due to the non-recurrence of a credit in first quarter 2009.

Excluding the impact of foreign currency translation, Global's operating margin was 1 percent higher in both the three and six months ended June 30, 2010 compared with 2009.

The following table sets out revenues, organic revenue growth and operating income and margin for the quarter and six month periods ended June 30, 2010 and 2009:

	Three months ended		Six months ended June 30,	
	2010	2009	2010	2009
	(millions, except percentages)		(millions, except percentages)	
Commissions and fees	\$ 326	\$ 332	\$ 687	\$ 703
Investment income	5	4	9	8
Other income	—	—	—	2
Total revenues	\$ 331	\$ 336	\$ 696	\$ 713
Operating income	\$ 68	\$ 75	\$ 161	\$ 169
Organic revenue growth <sup>(a)</sup>	(1)%	(8)%	—%	(7)%
Operating margin	21%	22%	23%	24%

(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 acquisition of HRH in 2008 and that had not been converted into higher standard commission; and (v) investment income and other income from reported revenues.

Included in North America reported commissions and fees were legacy HRH contingent commissions of \$2 million in the second quarter 2010 and \$10 million in the first half of 2010 compared with \$4 million and \$24 million in the corresponding periods of 2009, respectively.

### Revenues

Our North America segment continues to be impacted by headwinds from soft insurance market conditions and ongoing weakness in the US economy.

Commissions and fees of \$326 million were \$6 million, or 2 percent, lower for the three months ended June 30, 2010 compared with 2009, reflecting the continued adverse impact of the soft market conditions and a \$2 million decrease in legacy contingent commissions assumed as part of the HRH acquisition.

Organic revenue growth was negative 1 percent in second quarter 2010 compared with 2009 as the benefits of:

- strong new business, with improved client retention;
- positive growth in the employee benefits practice; and
- a \$3 million benefit from a one-time accounting adjustment related to the HRH acquisition within the specialty businesses;

were more than offset by:

- a negative 4 percent impact from rate declines and other market factors; and

- continued weakness in our Construction business reflecting the ongoing economic challenges in that sector.

Commissions and fees of \$687 million were \$16 million, or 2 percent, lower for first half 2010 than in 2009, of which \$14 million was attributable to a decrease in legacy contingency commissions assumed as part of the HRH acquisition. Organic revenue growth was flat for the six months ended June 30, 2010 as the benefits of net new business generation and the \$3 million one-time accounting adjustment in the second quarter were offset by the impact of the soft market conditions and weak US economy.

Net new business in the second quarter and first half of 2010 was driven by some of our specialist businesses, with healthcare, financial institutions, professional lines and technology/telecom businesses all reporting strong growth. Our employee benefits practice, which represents approximately 20 percent of North America commissions and fees, showed growth of 2 percent in second quarter 2010 with some positive signs including modest headcount stabilization. Although we currently believe the new US healthcare legislation could be beneficial for our business, at this time, its potential impact is uncertain. In our Construction business declines in fees and commissions were single digits in first half 2010.



compared with the double digit declines in last quarter 2009.

Net new business growth also includes the benefit of higher standard commissions where these have been negotiated in lieu of contingent commissions. These higher standard commissions however may not have been negotiated at the same level or be received in the same periods as the related contingent commissions. Furthermore, the business to which they related may not have been renewed.

Client retention levels remained stable at 92 percent for the first six months of 2010.

*Operating margin*

Operating margin in North America was 21 percent in second quarter 2010 compared with 22 percent in same period 2009 and 23 percent in first half 2010,

**International**

Our International business comprises our retail operations in Eastern and Western Europe, the United Kingdom and Ireland, Asia-Pacific, Russia, 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

compared with 24 percent in 2009. The lower margins mainly reflected the impact of:

- the non-recurrence of a \$9 million benefit in second quarter 2009 from the curtailment of the US pension scheme relating to our North America retail employees; and
  - the period-over-period reduction in legacy HRH contingent commissions of \$14 million in first half 2010, of which \$2 million relate to second quarter;
- partly offset by the benefit of:
- lower period-over-period pension charges, excluding the second quarter 2009 curtailment gain; and
  - strong cost controls.

management and insurance brokerage and employee benefits consulting.

The following table sets out revenues, organic revenue growth and operating income and margin for the quarter and six month periods ended June 30, 2010 and 2009:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(millions, except percentages)		(millions, except percentages)	
Commissions and fees	\$ 247	\$ 233	\$ 548	\$ 502
Investment income	4	6	7	12
Total revenues	\$ 251	\$ 239	\$ 555	\$ 514
Operating income	\$ 59	\$ 55	\$ 162	\$ 151
Organic revenue growth <sup>(a)</sup>	8%	5%	6%	5%
Operating margin	24%	23%	29%	29%

(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) investment income and other income from reported revenues.

*Revenues*

Commissions and fees of \$247 million were \$14 million, or 6 percent, higher for the three months ended June 30, 2010 compared with 2009 of which 8 percent was attributable to organic revenue growth, 2 percent to acquisitions and disposals and a negative 4 percent to foreign currency translation. Net new business growth was 11 percent and there

was a negative 3 percent impact from rates and other market factors.

For the six months ended June 30, 2010, commissions and fees were \$46 million, or 9 percent, higher compared with 2009 of which 6 percent was attributable to organic revenue growth, 2 percent to acquisitions and disposals and 1 percent to foreign currency translation.

A significant part of International's revenues are earned in currencies other than the US dollar. The US dollar has strengthened against a number of these currencies in second quarter 2010 compared with the same period in 2009, most notably the Euro, Pound Sterling and Australian dollar. Consequently, revenues reported in US dollars have decreased by 4 percent as a result of foreign currency translation in second quarter 2010 compared to same period 2009.

For the six months ended June 30, 2010, as a whole, the US dollar weakened against the Euro, Pound Sterling and Australian dollar as the relative effect of its second quarter strengthening was more than offset by first quarter 2010 weakening when compared with the same periods of 2009. Consequently, revenues reported in US dollars have increased by 1 percent as a result of foreign currency translation in first half 2010, compared to 2009.

Organic revenue growth was strongest in emerging markets with Latin America, in particular Brazil and Chile, Asia, in particular China and Indonesia, and Russia all reporting strong growth in second quarter and first half 2010. Despite the challenging

economic environment in continental Europe, overall growth was positive in both second quarter and first half 2010 with good contributions from Switzerland and Italy. Spain reported strong growth in the second quarter. Organic revenue growth was also positive in our UK and Irish retail operations as we begin to see signs of an improving economy in the United Kingdom, and consequent growth in our UK revenues partly offset by negative growth in our Irish revenues. Our employee benefits practice, which represents approximately 10 percent of International commissions and fees, continued to perform well in the first half of 2010 with growth in the mid single digits.

Client retention levels remained high at 92 percent for the first six months of 2010.

#### *Operating margin*

Operating margin in International was 24 percent in second quarter 2010 compared with 23 percent in second quarter 2009 and 29 percent in both first half 2010 and same period 2009 as the benefit of strong revenue growth and focused expense management has been largely offset by spending on initiatives to drive future growth.

### **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, 2009.

There were no significant additions or changes to these assumptions in first half 2010.

### **NEW ACCOUNTING STANDARDS**

There were no new accounting standards issued during the second quarter 2010 that would have a

significant impact on the Company's reporting.

### **LIQUIDITY AND CAPITAL RESOURCES**

In the short term, our capital management priority is debt reduction. Total debt as of June 30, 2010 decreased to \$2.3 billion, compared with \$2.4 billion at December 31, 2009.

In first half 2010, we made \$54 million of mandatory repayments against the 5-year term loan due 2013, thereby reducing the outstanding balance as at June 30, 2010 to \$466 million. We also repaid in full a \$9 million fixed rate loan due 2010 and repurchased \$7 million of 5.125% senior notes due July 2010.

In July 2010, we repaid the remaining \$83 million of the 5.125% senior notes due July 2010.

At June 30, 2010, we have \$30 million outstanding under our \$300 million revolving credit facility, compared with \$95 million at June 30, 2009 and \$nil at December 31, 2009. Drawings under the facility are typically higher in the first half of the year due to incentive payments in the first quarter.

Following the repayment of the \$83 million of 5.125% senior notes that matured in July 2010, the only other mandatory debt repayments over the 12 month period from June 30, 2010 are scheduled

repayments on our \$700 million 5-year term loan totaling \$110 million.

***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. All these balances due or payable are included in accounts receivable and accounts payable on the balance sheet. We earn interest on these funds during the time between the receipt of the cash and the time the cash is paid out. Fiduciary cash must be kept in certain regulated bank accounts subject to guidelines, which generally emphasize capital preservation and liquidity, and is not generally available to service our debt or for other corporate purposes.

***Own funds***

As of June 30, 2010, we had cash and cash equivalents of \$139 million, compared with \$191 million at December 31, 2009 and \$270 million of our \$300 million revolving credit facility remained available to draw.

***Operating activities***

Total cash generated from operating activities in first half 2010 was \$156 million compared with \$208 million in first half 2009. Cash generated from operating activities in first half 2010 is after the payment of incentive awards, of which \$185 million were paid as cash retention awards (2009: \$140 million).

***Investing activities***

Total net cash used in investing activities was \$57 million in the six months ended June 30, 2010 compared with \$15 million in the same period of 2009.

The increase in cash used in investing activities of \$42 million was mainly attributable to:

- the net proceeds in first half 2009 of \$37 million received on the disposal of Bliss and Glennon;

- the \$21 million proceeds on sale of our short-term investments in first half 2009, as we liquidated our own funds portfolio;
  - an increase of \$7 million in the net investment in tangible fixed assets in first half 2010 compared with the same period in 2009, mainly reflecting increased spend on infrastructure projects; and
  - a \$12 million increase in acquisitions of subsidiaries, primarily comprising cash payments for the deferred consideration relating to previous acquisitions;
- partly offset by:
- the payment in first half 2009 of \$41 million in respect of an additional 5 percent interest in Gras Savoye.

***Financing activities***

Net cash used in financing activities was \$137 million in the six months ended June 30, 2010 compared with \$270 million in the same period of 2009.

The decrease in cash used in financing activities of \$133 million was mainly attributable to:

- a \$268 million net outflow in 2009 relating to the repayment/refinancing of \$750 million of the then outstanding interim credit facility. As part of the refinancing we issued \$500 million of 12.875% senior unsecured notes in March 2009 and received net proceeds of \$482 million;

partly offset by:

- a \$65 million reduction in the drawdown against our revolving credit facility from \$95 million in first half 2009 to \$30 million in first half 2010; and
- first half 2010 debt repayments of \$70 million comprising: the \$54 million of mandatory repayments against the 5-year term loan; a repurchase of \$7 million of July 2010 bonds; and the repayment of a \$9 million fixed rate loan due 2010.

***Share buybacks***

There have been no share buybacks in first half 2010. There remains \$925 million under the current buyback authorization.

*Dividends*

Cash dividends paid in first half 2010 were \$89 million compared with \$87 million in same period 2009. The \$2 million change reflects a small increase in the number of shares as a result of share

option exercises during 2009. In July 2010, we declared a quarterly cash dividend of \$0.26 per share, an annual rate of \$1.04 per share and unchanged from the prior year.

**CONTRACTUAL OBLIGATIONS**

There have been no material changes to our contractual obligations since December 31, 2009.

except for contractual, planned payments.

**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, 2009.

**Item 4 — Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

As of June 30, 2010, 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 Chief Financial Officer and Global Group Financial Controller, 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 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.

There have been no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**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 and incorporated herein by reference.

**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, 2009.

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

During the quarter ended June 30, 2010, no shares were issued by the Company without registration under the Securities Act of 1933, as amended.

The Company may purchase shares, from time to time in the open market or through negotiated trades with persons who are not affiliates of the Company, at an aggregate purchase price of up to \$1 billion under an open-ended program approved by the Board of Directors. The Company did not repurchase any of its own shares during the quarter covered by this report.

**Item 3 — Defaults Upon Senior Securities**

None.

**Item 4 — (Removed and Reserved)**

**Item 5 — Other Information**

None.

**Item 6 — Exhibits**

10.1	Form of Time-Based Restricted Share Units Award Agreement granted under the HRH 2007 Share Incentive Plan
10.2	Form of Performance-Based Restricted Share Units Award Agreement granted under the HRH 2007 Share Incentive Plan
10.3	Form of Time-Based Share Option Agreement granted under the HRH 2007 Share Incentive Plan
10.4	Form of Performance-Based Share Option Agreement granted under the HRH 2007 Share Incentive Plan
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 furnished and 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 furnished and 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.

**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: August 6, 2010

**WILLIS GROUP HOLDINGS**  
**RESTRICTED SHARE UNITS AWARD AGREEMENT**  
**(Time-Based Restricted Share Units)**  
**GRANTED UNDER THE HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

**THIS RESTRICTED SHARE UNITS AGREEMENT** (this "Agreement"), effective as of [INSERT DATE] is made by and between Willis Group Holdings Public Limited Company and any successor thereto, hereinafter referred to as the "Company," and the individual (the "Associate") who has duly completed, executed and delivered the Award Acceptance Form, a copy of which is attached hereto as Schedule A, and which is deemed to be part hereof (the "Acceptance Form") and, if applicable, the Agreement of Restrictive Covenants and Other Obligations, a copy of which is set out in Schedule C attached hereto and deemed to be a part hereof;

**WHEREAS**, the Company wishes to carry out the Plan (as hereinafter defined), the terms of which are hereby incorporated by reference and made a part of this Agreement; and

**WHEREAS**, the Committee (as hereinafter defined) has determined that it would be to the advantage and best interest of the Company and its shareholders to grant an award of Restricted Share Units (as hereinafter defined) provided for herein to the Associate as an incentive for increased efforts during his term of office with the Company or its Subsidiaries (as hereinafter defined), and has advised the Company thereof and instructed the undersigned officer to prepare said Restricted Share Unit Award;

**NOW, THEREFORE**, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Defined terms in this Agreement shall have the meaning specified in the Plan unless the context clearly indicates to the contrary.

Section 1.1 - Act

"Act" shall mean the Companies Act 1963 of Ireland.

Section 1.2 - Board

"Board" shall mean the board of directors of the Company.



Section 1.3 - Cause

“Cause” shall mean (i) the Associate’s continued and/or chronic failure to adequately and/or competently perform his material duties with respect to the Company or its Subsidiaries after having been provided reasonable notice of such failure and a period of at least ten days after the Associate’s receipt of such notice to cure and/or correct such performance failure, (ii) willful misconduct by the Associate in connection with the Associate’s employment which is injurious to the Company or its Subsidiaries (willful misconduct shall be understood to include, but not be limited to, any breach of the duty of loyalty owed by the Associate to the Company or its Subsidiaries), (iii) conviction of any criminal act (other than minor road traffic violations not involving imprisonment), (iv) any breach of the Associate’s restrictive covenants and other obligations as provided in Schedule C to this Agreement (if applicable), in the Associate’s employment agreement (if any), or any other non-compete agreement and/or confidentiality agreement entered into between the Associate and the Company or any of its Subsidiaries (other than an insubstantial, inadvertent and non-recurring breach), or (v) any material violation of any written Company policy after reasonable notice and an opportunity to cure such violation within ten (10) days after the Associate’s receipt of such notice.

Section 1.4 - Change of Control

“Change of Control” shall mean (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the U.S. Securities and Exchange Commission thereunder as in effect on the date hereof) of the Ordinary Shares representing more than 50% of the aggregate voting power represented by the issued and outstanding Ordinary Shares; or (b) occupation of a majority of the seats (other than vacant seats) on the Board by persons who were neither (i) nominated by the Board nor (ii) appointed by directors so nominated. For the avoidance of doubt, a transaction shall not constitute a Change of Control (i) if effected for the purpose of changing the place of incorporation or form of organization of the ultimate parent entity of the Willis Group (including where the Company is succeeded by an issuer incorporated under the laws of another state, country or foreign government for such purpose and whether or not the Company remains in existence following such transaction) and (ii) where all or substantially all of the person(s) who are the beneficial owners of the outstanding voting securities of the Company immediately prior to such transaction will beneficially own, directly or indirectly, all or substantially all of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors of the ultimate parent entity resulting from such transaction in substantially the same proportions as their ownership, immediately prior to such transaction, of such outstanding securities of the Company.

Section 1.5 - Committee

“Committee” shall mean the Compensation Committee of the Board or any successor thereto.

Section 1.6 - Grant Date

“Grant Date” shall mean [INSERT DATE].

Section 1.7 - Permanent Disability

The Associate shall be deemed to have a "Permanent Disability" if the Associate meets the requirements of the definition of such term, or of an equivalent term, as defined in the Company's or Subsidiary's long-term disability plan applicable to the Associate or, if no such plan is applicable, in the event the Associate is unable by reason of physical or mental illness or other similar disability, to perform the material duties and responsibilities of his job for a period of 180 consecutive business days out of 270 business days.

Section 1.8 - Person

"Person" shall have the meaning ascribed to such term used in Sections 13(d) and 14(d) of the Exchange Act.

Section 1.9 - Plan

"Plan" shall mean the Hilb Rogal & Hobbs Company 2007 Share Incentive Plan, as amended from time to time.

Section 1.10 - Pronouns

The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.11 - Restricted Share Unit

"Restricted Share Units" shall mean a conditional right to receive ordinary shares, par value of \$0.000115 each, in the Company (the "Ordinary Shares" or "Shares") pursuant to Article IX of the Plan and this Agreement upon vesting and settlement, as set forth in Article III of this Agreement.

Section 1.12 - Subsidiary

"Subsidiary" shall mean a body corporate which is a subsidiary of the Company within the meaning of Section 155 of the Act and a "subsidiary corporation" of that corporation within the meaning of Section 424(f) of the Code.

Section 1.13 - Willis Group

"Willis Group" shall mean the Company and its Subsidiaries, collectively.

ARTICLE II

GRANT OF RESTRICTED SHARE UNITS

Section 2.1 - Grant of the Restricted Share Units

Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, including any country-specific provisions set forth in Schedule B to this Agreement, the Company hereby grants to the Associate the number of Restricted Share Units stated in the Acceptance Form (hereinafter called "RSUs"). In circumstances where the Associate is required to enter into the Agreement of Restrictive Covenants and Other Obligations set forth in Schedule C, the Associate agrees that the grant of RSUs pursuant to this Agreement is sufficient consideration for the Associate entering into such agreement.

#### Section 2.2 - RSU Payment

The Shares to be issued upon vesting and settlement of the RSUs must be fully paid up prior to issuance of Shares by payment of the nominal value (US\$0.000115) per Share. The Committee shall ensure that payment of the nominal value for any Shares underlying the RSUs is received by it on behalf of the Associate at the time the RSUs vest from a Subsidiary or other source and shall establish any procedures or protocols necessary to ensure that payment is timely received.

#### Section 2.3 - Employment Rights

Subject to the terms of the Agreement of Restrictive Covenants and Other Obligations, where applicable, the rights and obligations of the Associate under the terms of his office or employment with the Company or any Subsidiary shall not be affected by his participation in this Plan or any right which he may have to participate in it. The RSUs and the Associate's participation in the Plan will not be interpreted to form an employment agreement with the Company or any Subsidiary. The Associate hereby waives any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to vest in his RSUs as a result of such termination. If, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Associate shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

#### Section 2.4 - Adjustments Upon a Change in Ordinary Shares

In accordance with and subject to Article X of the Plan, in the event that the Shares subject to RSUs are, from time to time, changed into or exchanged for a different number or kind of Shares or other securities, by reason of a (i) share dividend, share split-up, subdivision or consolidation of shares or other similar changes in capitalization; or (ii) spin-off, spin-out, split-up, split-off, or other such distribution of assets to shareholders, then the terms of the RSUs shall be adjusted as the Committee shall determine to be equitably required, provided the number of Shares subject to the RSUs shall always be a whole number. Any such adjustment or determination made by the Committee shall be final and binding upon the Associate, the Company and all other interested persons. An adjustment may have the effect of reducing the price at which Shares may be acquired to less than their nominal value (the "Shortfall"), but only if and to the extent that the Committee shall be authorized to capitalize from the reserves of the Company a sum equal to the Shortfall and to apply that sum in paying up that amount on the Shares.

#### Section 2.5 - Employee Costs

The Associate must make full payment to the Company or any Subsidiary by which the Associate is employed (the "Employer") of all income tax, payroll tax, payment on account, and social insurance contribution amounts ("Tax"), which under federal, state, local or foreign law, it is required to withhold upon vesting, settlement or other tax event of the RSUs. In a case where the Employer is obliged to (or would suffer a disadvantage if it were not to) account for any Tax (in any jurisdiction) for which the Associate is liable by virtue of the Associate's participation in the Plan or any social security contributions recoverable from and legally applicable to the Associate (the "Tax-Related Items"), the Associate shall make full payment to the Employer of an amount equal to the Tax-Related Items, or otherwise enter into arrangements acceptable to the

Employer or another Subsidiary to secure that such a payment is made (whether by withholding from the Associate's wages or other cash compensation paid to the Associate or from the proceeds of the sale of Shares acquired at vesting and settlement of the RSUs).

In the event that the Associate has not made payment of an amount equal to the Tax-Related Items liability, or entered into arrangements to secure that such a payment is made by the date of vesting or shortly thereafter as agreed by the Company, the Associate hereby authorizes and empowers the Company to act on his behalf and procure and effect the sale of a sufficient number of the Shares arising from the vesting or settlement of the RSUs (or other tax event) and pay out of the sale proceeds the Tax-Related Items liability to the Employer.

ARTICLE III  
VESTING AND ISSUANCE OF SHARES

Section 3.1 - Vesting Schedule and Forfeiture Provisions

(a) Subject to the Associates' continued employment with the Willis Group through the vesting date (set forth in the left column), the RSUs shall vest as follows:

Date RSUs Become Vested	Percentage of RSUs that Become Vested
On [INSERT DATE]	[INSERT]%
On [INSERT DATE]	[INSERT]%
On [INSERT DATE]	[INSERT]%

(b) The RSUs, to the extent not vested, shall be forfeited immediately upon the termination of the Associate's employment, subject to, and except as otherwise specified within, the terms and conditions of Sections 3.1(c) to 3.1(e) below.

(c) In the event of a termination of the Associate's employment as a result of death or Permanent Disability, the RSUs shall become fully vested with respect to all Shares underlying such RSUs.

(d) In the event of a termination of the Associate's employment for reasons other than death, Permanent Disability or Cause, the Committee may, in its sole discretion, accelerate the vesting of all or a portion of the RSUs. If no determination is made as of the date of termination, then the RSUs shall, to the extent not then vested, be immediately forfeited by the Associate.

(e) In the event of a Change of Control (as defined in the Agreement), the RSUs shall not automatically vest and the Committee shall have the discretion to accelerate the vesting of the RSUs without regard to whether the RSUs are assumed or substituted by a successor company.

(f) The Associate agrees to execute and deliver the following agreements or other documents in connection with the grant of the RSUs within the period set forth below:

- (i) the Associate must execute the Agreement of Restrictive Covenants and Other Obligations pursuant to Article VI below, if applicable, and deliver it to the Company within 45 days of the Grant Date;
- (ii) the Associate must execute the form of joint election as described in Schedule B for the United Kingdom and deliver it to his employing company within 45 days of the Grant Date; and
- (iii) the Associate must execute the RSU Award Agreement Acceptance Form and deliver to the Company within 45 days of the Grant Date.

(g) The Committee may, in its sole discretion, cancel the RSUs if the Associate fails to execute and deliver the agreements and documents within the period set forth in Section 3.1(f).

(h) Shares subject to RSUs that vest shall be delivered within one month following the applicable vesting date.

#### Section 3.2 - Conditions to Issuance of Shares

The Shares to be delivered upon the vesting date of the RSUs, in accordance with Section 3.1 of the Agreement, may be either previously authorized but unissued Shares or issued Shares held by any other person. Such Shares shall be fully paid. The Company shall not be required to deliver any certificates representing such Shares (or their electronic equivalent) allotted and issued upon the applicable date of the vesting of the RSUs prior to fulfillment of all of the following conditions:

- (a) The obtaining of approval or other clearance from any state, federal, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and
- (b) The Associate has paid or made arrangements to pay the Tax-Related Items pursuant to Section 2.5.

Without limiting the generality of the foregoing, the Committee may in the case of U.S. resident employees of the Company or any of its Subsidiaries require an opinion of counsel reasonably acceptable to it to the effect that any subsequent transfer of Shares acquired on the vesting of RSUs does not violate the Exchange Act, and may issue stop-transfer orders in the U.S. covering such Shares.

#### Section 3.3 - Rights as Shareholder

The Associate shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares that may be received upon the vesting of the RSUs unless and until certificates representing such Shares or their electronic equivalent shall have been issued by the Company to the Associate.

Section 3.4 - Limitation on Obligations

The Company's obligation with respect to the RSUs granted hereunder is limited solely to the delivery to the Associate of Shares within the period when such Shares are due to be delivered hereunder, and in no way shall the Company become obligated to pay cash in respect of such obligation. The RSUs shall not be secured by any specific assets of the Company or any of its Subsidiaries, nor shall any assets of the Company or any of its Subsidiaries be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement. In addition, the Company shall not be liable to the Associate for damages relating to any delays in issuing the share certificates or its electronic equivalent to the Associate (or his designated entities), any loss of the certificates, or any mistakes or errors in the issuance of the certificates (or the electronic equivalent) to the Associate (or his designated entities) or in the certificates themselves.

ARTICLE IV

ADDITIONAL TERMS AND CONDITIONS OF THE RSUs

Section 4.1 - Nature of Award

In accepting the RSUs, the Associate acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time;
- (b) the RSU award is voluntary and occasional and does not create any contractual or other right to receive future RSU awards, or benefits in lieu of RSU awards, even if RSU awards have been granted repeatedly in the past;
- (c) all decisions with respect to future RSUs, if any, will be at the sole discretion of the Company;
- (d) the Associate's participation in the Plan is voluntary;
- (e) the RSUs and any Shares acquired under the Plan are not intended to replace any pension rights or compensation under any pension arrangement;
- (f) the RSUs and any Shares acquired under the Plan are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, dismissal, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to past services for, the Employer, the Company or any Subsidiary; and
- (g) the future value of the Shares underlying the RSUs is unknown and cannot be predicted with certainty.

Section 4.2 - - No Advice Regarding Grant

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Associate's participation in the Plan, the issuance of Shares upon vesting of the RSUs or sale of the Shares. The Associate is hereby advised to

consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

ARTICLE V

DATA PRIVACY NOTICE AND CONSENT

Section 5 - Data Privacy

*(a) The Associate hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Associate's personal data as described in this Agreement and any other RSU materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Associate's participation in the Plan.*

*(b) The Associate understands that the Company and the Employer may hold certain personal information about the Associate, including, but not limited to, the Associate's name, home address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Associate's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").*

*(c) The Associate understands that Data will be transferred to Morgan Stanley SmithBarney or to any other third party assisting in the implementation, administration and management of the Plan. The Associate understands that the recipients of the Data may be located in the Associate's country or elsewhere, and that the recipients' country (e.g., Ireland) may have different data privacy laws and protections from the Associate's country. The Associate understands that he may request a list with the names and addresses of any potential recipients of the Data by contacting his local human resources representative. The Associate authorizes the Company, Morgan Stanley SmithBarney and any other recipients of Data which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his participation in the Plan. The Associate understands that Data will be held only as long as is necessary to implement, administer and manage the Associate's participation in the Plan. The Associate understands that he may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. The Associate understands, however, that refusing or withdrawing his consent may affect the Associate's ability to participate in the Plan. For more information on the consequences of the Associate's refusal to consent or withdrawal of consent, the Associate understands that he may contact his local human resources representative.*

ARTICLE VI

AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS

Section 6 - Restrictive Covenants and Other Obligations

In consideration of the grant of RSUs, the Associate shall enter into the Agreement of Restrictive Covenants and Other Obligations, a copy of which is attached hereto as Schedule C. In the event the Associate does not sign and return the Agreement of Restrictive Covenants and Other Obligations within 45 days of the Grant Date, the Committee may, in its sole discretion, cancel the RSUs. If no such agreement is required, Schedule C shall state none or not applicable.

## ARTICLE VII

### MISCELLANEOUS

#### Section 7.1 - Administration

The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Associate, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the RSUs. In its absolute discretion, the Committee may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

#### Section 7.2 - RSUs Not Transferable

Neither the RSUs nor any interest or right therein or part thereof shall be subject to the debts, contracts or engagements of the Associate or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 7.2 shall not prevent transfers made solely for estate planning purposes or under a will or by the applicable laws of inheritance.

#### Section 7.3 - Binding Effect

The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

#### Section 7.4 - Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company at the following address:

Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.  
One World Financial Center  
New York, NY 10281  
Attention: General Counsel

and any notice to be given to the Associate shall be at the address set forth in the RSUs Acceptance Form.



By a notice given pursuant to this Section 7.4, either party may hereafter designate a different address for notices to be given to him. Any notice that is required to be given to the Associate shall, if the Associate is then deceased, be given to the Associate's personal representatives if such representatives have previously informed the Company of their status and address by written notice under this Section 7.4. Any notice shall have been deemed duly given when sent by facsimile or enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or the United Kingdom's Post Office or in the case of a notice given by an Associate resident outside the United States of America or the United Kingdom, sent by facsimile or with a recognized international courier service.

Section 7.5 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 7.6 - Applicability of Plan

The RSUs and the Shares underlying the RSUs shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the RSUs and the underlying Shares. With the exception of the definition of Change of Control, in the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 7.7 - Amendment

This Agreement may be amended only by a document executed by the parties hereto, which specifically states that it is amending this Agreement.

Section 7.8 - Governing Law

This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Virginia without regard to its conflicts of law provisions; provided, however, that the Agreement of Restrictive Covenants and Other Obligations, if applicable, shall be governed by and construed in accordance with the laws specified in that agreement.

Section 7.9 - Jurisdiction

The courts of the state of New York shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with this Agreement and, for such purposes, the parties hereto irrevocably submit to the jurisdiction of such courts; provided, however, where applicable, that with respect to the Agreement of Restrictive Covenants and Other Obligations the courts specified in such agreement shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with that agreement.

Section 7.10 - Electronic Delivery

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Associate hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Section 7.11 - Language

If the Associate has received this Agreement, or any other document related to the RSUs and/or the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

Section 7.12 - Severability

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Section 7.13 - Schedule B

The RSUs shall be subject to any special provisions set forth in Schedule B for the Associate's country of residence, if any. If the Associate relocates to one of the countries included in Schedule B during prior to the vesting of the RSUs, the special provisions for such country shall apply to the Associate, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Schedule B constitutes part of this Agreement.

Section 7.14 - Imposition of Other Requirements

The Company reserves the right to impose other requirements on the RSUs and the Shares acquired upon vesting of the RSUs, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require the Associate to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Section 7.15 - Counterparts

This Agreement may be executed in any number of counterparts (including by facsimile), each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

Section 7.16 - Code Section 409A

For purposes of U.S. taxpayers, it is intended that the terms of the RSUs will comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto so as not to subject the Executive to the payment of additional taxes and interest under Section 409A of the Code, and this Agreement will be interpreted, operated and administered in a manner that is consistent with this intent. In furtherance of this intent, the Committee may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, in each case, without the consent of the Associate, that the Committee determines are reasonable, necessary or appropriate to comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance. In that light, the Willis Group makes no representation or covenant to ensure that the RSUs that are intended to be exempt from, or compliant with, Section 409A of the Code are not so exempt or compliant or for any action taken by the Committee with respect thereto.

IN WITNESS WHEREOF, the Company and the Associate have each executed this Agreement.

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE A  
WILLIS GROUP HOLDINGS  
RESTRICTED SHARE UNITS AWARD AGREEMENT- ACCEPTANCE FORM  
HILB ROGAL & HOBBS COMPANY  
2007 SHARE INCENTIVE PLAN  
(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP  
HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY  
WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY  
ON DECEMBER 31, 2009)

**Name**

**Number of RSUs Granted**

**Grant Date**

[TBD]

I accept the grant of Restricted Stock Units (RSUs) under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time and I agree to be bound by the terms and conditions of the Restricted Share Units Agreement dated [TBD].

**Signature:**

**Address:**

Once completed, please return one copy of this form to:

General Counsel  
Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.  
One World Financial Center  
New York, NY 10281  
U.S.A.

**This form should be returned to the above address within 45 days of receipt. Your RSUs may be cancelled if your form is not received by that date.**

**SCHEDULE B**  
**WILLIS GROUP HOLDINGS**  
**COUNTRY-SPECIFIC APPENDIX TO RESTRICTED SHARE UNITS AWARD AGREEMENT**  
**HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

***Terms and Conditions***

This Schedule B includes additional terms and conditions that govern the Restricted Stock Unit Award granted to the Associate under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time (the "Plan") if the Associate resides in one of the countries listed below. This Schedule B forms part of the Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement or the Plan.

***Notifications***

This Schedule B also includes information based on the securities, exchange control and other laws in effect in the Associate's country as of July 2010. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Associate not rely on the information noted herein as the only source of information relating to the consequences of the Associate's participation in the Plan because the information may be out of date at the time the RSUs vest under the Plan.

In addition, the information is general in nature. The Company is not providing the Associate with any tax advice with respect to the RSUs. The information is provided below may not apply to the Associate's particular situation, and the Company is not in a position to assure the Associate of any particular result. *Accordingly, the Associate is strongly advised to seek appropriate professional advice as to how the tax or other laws in the Associate's country apply to the Associate's situation.*

If the Associate is a citizen or resident of a country other than the one the Associate is working in or transfers employment after the Grant Date the information contained in this Schedule B may not be applicable the Associate.

**UNITED KINGDOM**

***Terms and Conditions***

**Tax Withholding Obligations.** The following provisions supplement Section 2.5 of the Agreement:

The Associate agrees that if he or she does not pay or the Employer or the Company does not withhold from the Associate the full amount of Tax-Related Items that the Associate owes at vesting of the RSUs, or the receipt of any other benefit in connection with the RSUs (the "Taxable Event"), within 90 days after the Taxable Event or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Associate to the Employer, effective 90 days after the Taxable Event. The Associate agrees that the loan will bear interest at the official rate of HM Revenue & Customs ("HMRC") and will be immediately due and repayable by the Associate, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to the Associate by the Employer, by withholding in Shares issued upon vesting of the RSUs or from the cash proceeds from the sale of Shares or by demanding cash or a check from the Associate. The Associate also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

The Associate acknowledges that the Company or the Employer may recover any such additional income tax and NICs at any time thereafter by any of the means referred to in Section 2.5 of the Agreement, although the Associate acknowledges that the Associate ultimately will be responsible for reporting any income tax or National Insurance Contributions ("NICs") due on this additional benefit directly to HMRC under the self-assessment regime.

**Joint Election.** In the case of Associates who are U.K. tax residents, the RSU Award is conditional upon the Associate hereby agreeing to accept any liability for any employer National Insurance contributions ("Employer NICs") which may be payable by the Employer in connection with the vesting, assignment, release or cancellation of any RSUs. The Employer NICs may be collected by the Company or the Employer using any of the methods described in Section 2.5. Without prejudice to the foregoing, the Associate agrees to execute a joint election with Company and/or the Employer ("Election"), the form of such Election being formally approved by HMRC, and any other consent or elections required to accomplish the transfer of the Employer NICs to the Associate. The Associate further agrees to execute such other joint elections as may be required between the Associate and any successor to the Company and/or the Employer. If the Associate does not make an Election prior to the vesting of the RSUs or if approval to the Election is withdrawn by HMRC and a new Election is not entered into, without any liability to the Company, the Employer or any Subsidiary, the RSUs shall become null and void without any liability to the Company and/or the Employer.

## **UNITED STATES OF AMERICA**

### ***Notifications***

**Exchange Control Information.** If you hold assets (*i.e.*, RSUs, shares) or other financial assets in an account outside of the United States and the aggregate amount of said assets is US\$10,000 or more, you are required to submit a report of Foreign Bank and Financial Account ("FBAR") with the United States Internal Revenue Service by June 30 of the year following the year in which the assets in your account meet the US\$10,000 threshold.

**WILLIS GROUP HOLDINGS**  
**RESTRICTED SHARE UNITS AWARD AGREEMENT**  
**(Performance-Based Restricted Share Units)**  
**GRANTED UNDER THE HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

**THIS RESTRICTED SHARE UNITS AGREEMENT** (this "Agreement"), effective as of [INSERT DATE] is made by and between Willis Group Holdings Public Limited Company and any successor thereto, hereinafter referred to as the "Company," and the individual (the "Associate") who has duly completed, executed and delivered the Award Acceptance Form, a copy of which is attached hereto as Schedule A and which is deemed to be part hereof (the "Acceptance Form") and, if applicable, the Agreement of Restrictive Covenants and Other Obligations, a copy of which is set out in Schedule C attached hereto and deemed to be a part hereof;

**WHEREAS**, the Company wishes to carry out the Plan (as hereinafter defined), the terms of which are hereby incorporated by reference and made a part of this Agreement; and

**WHEREAS**, the Committee (as hereinafter defined) has determined that it would be to the advantage and best interest of the Company and its shareholders to grant an award of Restricted Share Units (as hereinafter defined) provided for herein to the Associate as an incentive for increased efforts during his term of office with the Company or its Subsidiaries (as hereinafter defined), and has advised the Company thereof and instructed the undersigned officer to prepare said Restricted Share Unit Award;

**NOW, THEREFORE**, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Defined terms in this Agreement shall have the meaning specified in the Plan unless the context clearly indicates to the contrary.

Section 1.1 - Act

"Act" shall mean the Companies Act 1963 of Ireland.

Section 1.2 - Adjusted Earnings Per Share

"Adjusted Earnings Per Share" shall mean the adjusted earnings per share as stated by the Company in its annual financial results as issued by the Company with respect to the Performance Period.

Section 1.3 - Adjusted Operating Margin

“Adjusted Operating Margin” shall mean the adjusted operating margin as stated by the Company in its annual financial results as issued by the Company with respect to the Performance Period.

Section 1.4 - Board

“Board” shall mean the board of directors of the Company.

Section 1.5 - Cause

“Cause” shall mean (i) the Associate’s continued and/or chronic failure to adequately and/or competently perform his material duties with respect to the Company or its Subsidiaries after having been provided reasonable notice of such failure and a period of at least ten days after the Associate’s receipt of such notice to cure and/or correct such performance failure, (ii) willful misconduct by the Associate in connection with the Associate’s employment which is injurious to the Company or its Subsidiaries (willful misconduct shall be understood to include, but not be limited to, any breach of the duty of loyalty owed by the Associate to the Company or its Subsidiaries), (iii) conviction of any criminal act (other than minor road traffic violations not involving imprisonment), (iv) any breach of the Associate’s restrictive covenants and other obligations as provided in Schedule C to this Agreement (if applicable), in the Associate’s employment agreement (if any), or any other non-compete agreement and/or confidentiality agreement entered into between the Associate and the Company or any of its Subsidiaries (other than an insubstantial, inadvertent and non-recurring breach), or (v) any material violation of any written Company policy after reasonable notice and an opportunity to cure such violation within ten (10) days after the Associate’s receipt of such notice.

Section 1.6 - Change of Control

“Change of Control” shall mean (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the U.S. Securities and Exchange Commission thereunder as in effect on the date hereof) of the Ordinary Shares representing more than 50% of the aggregate voting power represented by the issued and outstanding Ordinary Shares; or (b) occupation of a majority of the seats (other than vacant seats) on the Board by persons who were neither (i) nominated by the Board nor (ii) appointed by directors so nominated. For the avoidance of doubt, a transaction shall not constitute a Change of Control (i) if effected for the purpose of changing the place of incorporation or form of organization of the ultimate parent entity of the Willis Group (including where the Company is succeeded by an issuer incorporated under the laws of another state, country or foreign government for such purpose and whether or not the Company remains in existence following such transaction) and (ii) where all or substantially all of the person(s) who are the beneficial owners of the outstanding voting securities of the Company immediately prior to such transaction will beneficially own, directly or indirectly, all or substantially all of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors of the ultimate parent entity resulting from such transaction in substantially the same proportions as their ownership, immediately prior to such transaction, of such outstanding securities of the Company.



Section 1.7 - Committee

“Committee” shall mean the Compensation Committee of the Board or any successor thereto.

Section 1.8 - Earned Date

“Earned Date” shall mean the date that the annual financial results of the Company are issued by the Company.

Section 1.9 - Earned Performance Shares

“Earned Performance Shares” shall mean Shares subject to the RSUs in respect of which the applicable Performance Objectives, as set out in Section 3.1, have been achieved and shall become eligible for vesting and payment as set out in Section 3.2.

Section 1.10 - Grant Date

“Grant Date” shall mean [INSERT DATE].

Section 1.11 - Performance Period

“Performance Period” shall mean [INSERT PERFORMANCE PERIOD].

Section 1.12 - Performance Objectives

“Performance Objectives” shall mean the performance objectives based on Adjusted Earnings Per Share or Adjusted Operating Margin that are set forth in Section 3.1(a).

Section 1.13 - Permanent Disability

The Associate shall be deemed to have a “Permanent Disability” if the Associate meets the requirements of the definition of such term, or of an equivalent term, as defined in the Company’s or Subsidiary’s long-term disability plan applicable to the Associate or, if no such plan is applicable, in the event the Associate is unable by reason of physical or mental illness or other similar disability, to perform the material duties and responsibilities of his job for a period of 180 consecutive business days out of 270 business days.

Section 1.14 - Person

“Person” shall have the meaning ascribed to such term used in Sections 13(d) and 14(d) of the Exchange Act.

Section 1.15 - Plan

“Plan” shall mean the Hilb Rogal & Hobbs Company 2007 Share Incentive Plan, as amended from time to time.

Section 1.16 - Pronouns

The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.17 - Restricted Share Unit

“Restricted Share Units” shall mean a conditional right to receive ordinary shares, par value of \$0.000115 each, in the Company (the “Ordinary Shares” or “Shares”) pursuant to Article IX of the Plan and this Agreement upon vesting and settlement, as set forth in Article III of this Agreement.

Section 1.18 - Subsidiary

“Subsidiary” shall mean a body corporate which is a subsidiary of the Company within the meaning of Section 155 of the Act and a “subsidiary corporation” of that corporation within the meaning of Section 424(f) of the Code.

Section 1.19 - Willis Group

“Willis Group” shall mean the Company and its Subsidiaries, collectively.

ARTICLE II

GRANT OF RESTRICTED SHARE UNITS

Section 2.1 - Grant of the Restricted Share Units

Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement including any country-specific provisions set forth in Schedule B to this Agreement, the Company hereby grants to the Associate the number of Restricted Share Units stated in the Acceptance Form (hereinafter called “RSUs”). In circumstances where the Associate is required to enter into the Agreement of Restrictive Covenants and Other Obligations set forth in Schedule C, the Associate agrees that the grant of RSUs pursuant to this Agreement is sufficient consideration for the Associate entering into such agreement.

Section 2.2 - RSU Payment

The Shares to be issued upon vesting and settlement of the RSUs must be fully paid up prior to issuance of Shares by payment of the nominal value (US\$0.000115) per Share. The Committee shall ensure that payment of the nominal value for any Shares underlying the RSUs is received by it on behalf of the Associate at the time the RSUs vest from a Subsidiary or other source and shall establish any procedures or protocols necessary to ensure that payment is timely received.

Section 2.3 - Employment Rights

Subject to the terms of the Agreement of Restrictive Covenants and Other Obligations, where applicable, the rights and obligations of the Associate under the terms of his office or employment with the Company or any Subsidiary shall not be affected by his participation in this Plan or any right which he may have to participate in it. The RSUs and the Associate’s participation in the Plan will not be interpreted to form an employment agreement with the Company or any Subsidiary. The Associate hereby waives any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to earn or vest in his RSUs as a result of such termination. If, notwithstanding the

foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Associate shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

Section 2.4 - Adjustments Upon a Change in Ordinary Shares

In accordance with and subject to Article X of the Plan, in the event that the Shares subject to RSUs are, from time to time, changed into or exchanged for a different number or kind of Shares or other securities, by reason of a (i) share dividend, share split-up, subdivision or consolidation of shares or other similar changes in capitalization; or (ii) spin-off, spin-out, split-up, split-off, or other such distribution of assets to shareholders, then the terms of the RSUs shall be adjusted as the Committee shall determine to be equitably required, provided the number of Shares subject to the RSUs shall always be a whole number. Any such adjustment or determination made by the Committee shall be final and binding upon the Associate, the Company and all other interested persons. An adjustment may have the effect of reducing the price at which Shares may be acquired to less than their nominal value (the "Shortfall"), but only if and to the extent that the Committee shall be authorized to capitalize from the reserves of the Company a sum equal to the Shortfall and to apply that sum in paying up that amount on the Shares.

Section 2.5 - Employee Costs

The Associate must make full payment to the Company or any Subsidiary by which the Associate is employed (the "Employer") of all income tax, payroll tax, payment on account, and social insurance contribution amounts ("Tax"), which under federal, state, local or foreign law, it is required to withhold upon vesting, settlement or other tax event of the RSUs. In a case where the Employer is obliged to (or would suffer a disadvantage if it were not to) account for any Tax (in any jurisdiction) for which the Associate is liable by virtue of the Associate's participation in the Plan or any social security contributions recoverable from and legally applicable to the Associate (the "Tax-Related Items"), the Associate shall make full payment to the Employer of an amount equal to the Tax-Related Items, or otherwise enter into arrangements acceptable to the Employer or another Subsidiary to secure that such a payment is made (whether by withholding from the Associate's wages or other cash compensation paid to the Associate or from the proceeds of the sale of Shares acquired at vesting and settlement of the RSUs).

In the event that the Associate has not made payment of an amount equal to the Tax-Related Items liability, or entered into arrangements to secure that such a payment is made by the date of vesting or shortly thereafter as agreed by the Company, the Associate hereby authorizes and empowers the Company to act on his behalf and procure and effect the sale of a sufficient number of the Shares arising from the vesting or settlement of the RSUs (or other tax event) and pay out of the sale proceeds the Tax-Related Items liability to the Employer.

ARTICLE III

PERIOD OF PERFORMANCE-BASED AND TIME-BASED VESTING REQUIREMENTS

Section 3.1 - Earning Performance Shares

(a) Subject to Sections 3.1(c) and (d), the Shares subject to the RSUs shall become Earned Performance Shares as of the Earned Date and shall become eligible to vest and become payable in accordance with the provisions of Section 3.2 if the following Performance Objectives are attained and subject to the Participant being in the employment of the Company or any Subsidiary at each respective date:

(i) A number of Shares equal to 50% of the Shares subject to the RSUs shall become Earned Performance Shares if in respect to the Performance Period the Company achieves an Adjusted Earnings Per Share of not less than [INSERT VALUE].

(ii) A number of Shares equal to 50% of the Shares subject to the RSUs shall become Earned Performance Shares if in respect of the Performance Period the Company achieves an Adjusted Operating Margin of not less than [INSERT PERCENTAGE].

(b) The Associate understands and agrees that the terms under which the RSUs shall become Earned Performance Shares is confidential and the Associate agrees not to disclose, reproduce or distribute such confidential information concerning the Company, except as required in the course of the Associate's employment with the Company or one of its Subsidiaries, without the prior written consent of the Company. The Associate's failure to abide by this condition may result in the immediate cancellation of the RSUs.

(c) As promptly as practicable following the Performance Period, the Committee shall determine whether the applicable Performance Objectives were attained, and based on such determination, shall declare the number of Shares subject to the RSUs that shall become Earned Performance Shares. Anything to the contrary in this Section 3.1 notwithstanding, the Committee retains sole discretion to determine the number of Shares subject to the RSUs that will become Earned Performance Shares.

(d) All Shares subject to the RSUs that are not declared by the Committee on the Earned Date to be Earned Performance Shares shall be forfeited immediately.

Section 3.2 - Vesting/Settlement

(a) Subject to the Associates' continued employment with the Willis Group through the applicable vesting date (set forth in the left column), the Earned Performance Shares shall vest as follows and become payable in accordance with Section 3.2(g) below:

<u>Date Earned Performance Shares Become Vested</u>	<u>Percentage of Earned Performance Shares that Become Vested</u>
First anniversary of Grant Date [INSERT DATE]	[INSERT]%
Second anniversary of Grant Date [INSERT DATE]	[INSERT]%
Third anniversary of Grant Date [INSERT DATE]	[INSERT]%

(b) In the event of a termination of the Associate's employment with Willis Group any unvested Earned Performance Shares will be forfeited immediately by the Associate, subject to, and except as otherwise specified within, the terms and conditions of Sections 3.2(c) to 3.2(e) below.

(c) In the event of a termination of the Associate's employment as a result of death or Permanent Disability, the RSUs shall become fully vested with respect to all Earned Performance Shares on the termination date.

(d) In the event of a termination of the Associate's employment for reasons other than death, Permanent Disability or Cause, the Committee may, in its discretion accelerate the vesting of the RSUs over Earned Performance Shares as to all or a portion of the Earned Performance Shares subject thereto. If no determination is made as of the date of termination, then the Earned Performance Shares shall, to the extent not then vested be immediately forfeited by the Associate.

(e) In the event of a Change of Control (as defined in the Agreement), the RSUs shall not automatically vest and the Committee shall have the sole discretion to accelerate the vesting of unvested Earned Performance Shares without regard to whether the Earned Performance Shares are assumed or substituted by a successor company.

(f) The Associate agrees to execute and deliver the following agreements and other documents in connection with the grant of the RSUs within the period set forth below:

(i) the Associate must execute the Agreement of Restrictive Covenants and Other Obligations pursuant to Article VI below, if applicable, and deliver it to the Company within 45 days of the Grant Date;

(ii) the Associate must execute the form of joint election as described in Schedule B for the United Kingdom and deliver it to his employing company within 45 days of the Grant Date; and

(iii) the Associate must execute the RSU Award Agreement Acceptance Form and deliver to the Company within 45 days of the Grant Date.

(g) The Committee may, in its sole discretion, cancel the RSUs if the Associate fails to execute and deliver the agreements and documents within the period set forth in Section 3.2(f) or fails to meet the requirements as set forth in Section 3.1(c).

(h) Earned Performance Shares that become vested in accordance with this Section 3.2 shall be delivered within one month following the applicable vesting date.

Section 3.3 - Conditions to Issuance of Shares

The Earned Performance Shares to be delivered upon the vesting of the RSUs, in accordance with Section 3.2 of the Agreement, may be either previously authorized but unissued Shares or issued Shares held by any other person. Such Shares shall be fully paid. The Company shall not be required to deliver any certificates representing such Shares (or their electronic equivalent) allotted and issued upon the applicable date of the vesting of the RSUs prior to fulfillment of all of the following conditions, and in any event, subject to Section 409A of the Code for U.S. taxpayers:

- (a) The obtaining of approval or other clearance from any state, federal, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and
- (b) The Associate has paid or made arrangements to pay the Tax-Related Items pursuant to Section 2.5.

Without limiting the generality of the foregoing, the Committee may in the case of U.S. resident employees of the Company or any of its Subsidiaries require an opinion of counsel reasonably acceptable to it to the effect that any subsequent transfer of Shares acquired on the vesting of RSUs does not violate the Exchange Act and may issue stop-transfer orders in the U.S. covering such Shares.

Section 3.4 - Rights as Shareholder

The Associate shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares that may be received upon the settlement of the RSUs unless and until certificates representing such Shares or their electronic equivalent shall have been issued by the Company to the Associate.

Section 3.5 - Limitation on Obligations

The Company's obligation with respect to the RSUs granted hereunder is limited solely to the delivery to the Associate of Shares within the period when such Shares are due to be delivered hereunder, and in no way shall the Company become obligated to pay cash in respect of such obligation. The RSUs shall not be secured by any specific assets of the Company or any of its Subsidiaries, nor shall any assets of the Company or any of its Subsidiaries be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement. In addition, the Company shall not be liable to the Associate for damages relating to any delays in issuing the share certificates or its electronic equivalent to the Associate (or his designated entities), any loss of the certificates, or any mistakes or errors in the issuance of the certificates (or the electronic equivalent) to the Associate (or his designated entities) or in the certificates themselves.

ARTICLE IV

ADDITIONAL TERMS AND CONDITIONS OF THE RSUs

Section 4.1 - Nature of Award

In accepting the RSUs, the Associate acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time;

(b) the RSU award is voluntary and occasional and does not create any contractual or other right to receive future RSU awards, or benefits in lieu of RSU awards, even if RSU awards have been granted repeatedly in the past;

(c) all decisions with respect to future RSUs, if any, will be at the sole discretion of the Company;

(d) the Associate's participation in the Plan is voluntary;

(e) the RSUs and any Shares acquired under the Plan are not intended to replace any pension rights or compensation under any pension arrangement;

(f) the RSUs and any Shares acquired under the Plan are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, dismissal, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to past services for, the Employer, the Company or any Subsidiary; and

(g) the future value of the Shares underlying the RSUs is unknown and cannot be predicted with certainty.

Section 4.2 - No Advice Regarding Grant

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Associate's participation in the Plan, the issuance of Shares upon vesting of the RSUs or sale of the Shares. The Associate is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

ARTICLE V

DATA PRIVACY NOTICE AND CONSENT

Section 5 - Data Privacy

*(a) The Associate hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Associate's personal data as described in this Agreement and any other RSU materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Associate's participation in the Plan.*

*(b) The Associate understands that the Company and the Employer may hold certain personal information about the Associate, including, but not limited to, the Associate's name, home address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Associate's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").*

*(c) The Associate understands that Data will be transferred to Morgan Stanley Smith Barney or to any other third party assisting in the implementation, administration and*

management of the Plan. The Associate understands that the recipients of the Data may be located in the Associate's country or elsewhere, and that the recipients' country (e.g., Ireland) may have different data privacy laws and protections from the Associate's country. The Associate understands that he may request a list with the names and addresses of any potential recipients of the Data by contacting his local human resources representative. The Associate authorizes the Company, Morgan Stanley Smith Barney and any other recipients of Data which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his participation in the Plan. The Associate understands that Data will be held only as long as is necessary to implement, administer and manage the Associate's participation in the Plan. The Associate understands that he may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. The Associate understands, however, that refusing or withdrawing his consent may affect the Associate's ability to participate in the Plan. For more information on the consequences of the Associate's refusal to consent or withdrawal of consent, the Associate understands that he may contact his local human resources representative.

#### ARTICLE VI

##### AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS

###### Section 6 - Restrictive Covenants and Other Obligations

In consideration of the grant of RSUs, the Associate shall enter into the Agreement of Restrictive Covenants and Other Obligations, a copy of which is attached hereto as Schedule C. In the event the Associate does not sign and return the Agreement of Restrictive Covenants and Other Obligations within 45 days of the Grant Date, the Committee may, in its sole discretion, cancel the RSUs. If no such agreement is required, Schedule C shall state none or not applicable.

#### ARTICLE VII

##### MISCELLANEOUS

###### Section 7.1 - Administration

The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Associate, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the RSUs. In its absolute discretion, the Committee may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

###### Section 7.2 - RSUs Not Transferable

Neither the RSUs nor any interest or right therein or part thereof shall be subject to the debts, contracts or engagements of the Associate or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other



means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 7.2 shall not prevent transfers made solely for estate planning purposes or under a will or by the applicable laws of inheritance.

Section 7.3 - Binding Effect

The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

Section 7.4 - Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company at the following address:

Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.  
One World Financial Center  
New York, NY 10281  
Attention: General Counsel

and any notice to be given to the Associate shall be at the address set forth in the RSUs Acceptance Form.

By a notice given pursuant to this Section 7.4, either party may hereafter designate a different address for notices to be given to him. Any notice that is required to be given to the Associate shall, if the Associate is then deceased, be given to the Associate's personal representatives if such representatives have previously informed the Company of their status and address by written notice under this Section 7.4. Any notice shall have been deemed duly given when sent by facsimile or enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or the United Kingdom's Post Office or in the case of a notice given by an Associate resident outside the United States of America or the United Kingdom, sent by facsimile or with a recognized international courier service.

Section 7.5 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 7.6 - Applicability of Plan

The RSUs and the Shares underlying the RSUs shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the RSUs and the underlying Shares. With the exception of the definition of Change of Control, in the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 7.7 - Amendment

This Agreement may be amended only by a document executed by the parties hereto, which specifically states that it is amending this Agreement.

Section 7.8 - Governing Law

This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Virginia without regard to its conflicts of law provisions; provided, however, that the Agreement of Restrictive Covenants and Other Obligations, if applicable, shall be governed by and construed in accordance with the laws specified in that agreement.

Section 7.9 - Jurisdiction

The courts of the state of New York shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with this Agreement and, for such purposes, the parties hereto irrevocably submit to the jurisdiction of such courts; provided, however, where applicable, that with respect to the Agreement of Restrictive Covenants and Other Obligations the courts specified in such agreement shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with that agreement.

Section 7.10 - Electronic Delivery

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Associate hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Section 7.11 - Language

If the Associate has received this Agreement, or any other document related to the RSUs and/or the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

Section 7.12 - Severability

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Section 7.13 - Schedule B

The RSUs shall be subject to any special provisions set forth in Schedule B for the Associate's country of residence, if any. If the Associate relocates to one of the countries included in Schedule B during prior to the vesting of the RSUs, the special provisions for such country shall apply to the Associate, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Schedule B constitutes part of this Agreement.

Section 7.14 - Imposition of Other Requirements

The Company reserves the right to impose other requirements on the RSUs and the Shares acquired upon vesting of the RSUs, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to

require the Associate to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Section 7.15 - Counterparts.

This Agreement may be executed in any number of counterparts (including by facsimile), each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

Section 7.16 - Code Section 409A.

For purposes of U.S. taxpayers, it is intended that the terms of the RSUs will comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto so as not to subject the Associate to the payment of additional taxes and interest under Section 409A of the Code, and this Agreement will be interpreted, operated and administered in a manner that is consistent with this intent. In furtherance of this intent, the Committee may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, in each case, without the consent of the Associate, that the Committee determines are reasonable, necessary or appropriate to comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance. In that light, the Willis Group makes no representation or covenant to ensure that the RSUs that are intended to be exempt from, or compliant with, Section 409A of the Code are not so exempt or compliant or for any action taken by the Committee with respect thereto.

IN WITNESS WHEREOF, the Company and the Associate have each executed this Agreement.

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**  
**WILLIS GROUP HOLDINGS**  
**RESTRICTED SHARE UNITS AWARD AGREEMENT- ACCEPTANCE FORM**  
**HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

**Name**

**Number of RSUs Granted**

**Grant Date**

[TBD]

I accept the grant of Restricted Stock Units (RSUs) under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time and I agree to be bound by the terms and conditions of the Restricted Share Units Agreement dated [TBD].

**Signature:**

**Address:**

Once completed, please return one copy of this form to:

General Counsel  
Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.  
One World Financial Center  
New York, NY 10281  
U.S.A.

**This form should be returned to the above address within 45 days of receipt. Your RSUs may be cancelled if your form is not received by that date.**

**SCHEDULE B**  
**WILLIS GROUP HOLDINGS**  
**COUNTRY-SPECIFIC APPENDIX TO RESTRICTED SHARE UNITS AWARD AGREEMENT**  
**HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

***Terms and Conditions***

This Schedule B includes additional terms and conditions that govern the Restricted Stock Unit Award granted to the Associate under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time (the "Plan") if the Associate resides in one of the countries listed below. This Schedule B forms part of the Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement or the Plan.

***Notifications***

This Schedule B also includes information based on the securities, exchange control and other laws in effect in the Associate's country as of July 2010. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Associate not rely on the information noted herein as the only source of information relating to the consequences of the Associate's participation in the Plan because the information may be out of date at the time the RSUs vest under the Plan.

In addition, the information is general in nature. The Company is not providing the Associate with any tax advice with respect to the RSUs. The information is provided below may not apply to the Associate's particular situation, and the Company is not in a position to assure the Associate of any particular result. *Accordingly, the Associate is strongly advised to seek appropriate professional advice as to how the tax or other laws in the Associate's country apply to the Associate's situation.*

If the Associate is a citizen or resident of a country other than the one the Associate is working in or transfers employment after the Grant Date the information contained in this Schedule B may not be applicable the Associate.

**UNITED KINGDOM**

***Terms and Conditions***

**Tax Withholding Obligations.** The following provisions supplement Section 2.5 of the Agreement:

The Associate agrees that if he or she does not pay or the Employer or the Company does not withhold from the Associate the full amount of Tax-Related Items that the Associate owes at vesting of the RSUs, or the receipt of any other benefit in connection with the RSUs (the "Taxable Event"), within 90 days after the Taxable Event or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Associate to the Employer, effective 90 days after the Taxable Event. The Associate agrees that the loan will bear interest at the official rate of HM Revenue & Customs ("HMRC") and will be immediately due and repayable by the Associate, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to the Associate by the Employer, by withholding in Shares issued upon vesting of the RSUs or from the cash proceeds from the sale of Shares or by demanding cash or a check from the Associate. The Associate also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

The Associate acknowledges that the Company or the Employer may recover any such additional income tax and NICs at any time thereafter by any of the means referred to in Section 2.5 of the Agreement, although the Associate acknowledges that the Associate ultimately will be responsible for reporting any income tax or National Insurance Contributions ("NICs") due on this additional benefit directly to HMRC under the self-assessment regime.

**Joint Election.** In the case of Associates who are U.K. tax residents, the RSU Award is conditional upon the Associate hereby agreeing to accept any liability for any employer National Insurance contributions ("Employer NICs") which may be payable by the Employer in connection with the vesting, assignment, release or cancellation of any RSUs. The Employer NICs may be collected by the Company or the Employer using any of the methods described in Section 2.5. Without prejudice to the foregoing, the Associate agrees to execute a joint election with Company and/or the Employer ("Election"), the form of such Election being formally approved by HMRC, and any other consent or elections required to accomplish the transfer of the Employer NICs to the Associate. The Associate further agrees to execute such other joint elections as may be required between the Associate and any successor to the Company and/or the Employer. If the Associate does not make an Election prior to the vesting of the RSUs or if approval to the Election is withdrawn by HMRC and a new Election is not entered into, without any liability to the Company, the Employer or any Subsidiary, the RSUs shall become null and void without any liability to the Company and/or the Employer.

## **UNITED STATES OF AMERICA**

### ***Notifications***

**Exchange Control Information.** If you hold assets (*i.e.*, RSUs, shares) or other financial assets in an account outside of the United States and the aggregate amount of said assets is US\$10,000 or more, you are required to submit a report of Foreign Bank and Financial Account ("FBAR") with the United States Internal Revenue Service by June 30 of the year following the year in which the assets in your account meet the US\$10,000 threshold.

**WILLIS GROUP HOLDINGS****OPTION AGREEMENT**  
**(Time-Based Share Options)****GRANTED UNDER THE HILB ROGAL & HOBBS COMPANY****2007 SHARE INCENTIVE PLAN****(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP  
HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY  
WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY  
ON DECEMBER 31, 2009)**

**THIS OPTION AGREEMENT** (this "Agreement"), effective as of [INSERT DATE] is made by and between Willis Group Holdings Public Limited Company and any successor thereto (hereinafter referred to as the "Company") and the individual (the "Optionee") who has duly completed, executed and delivered the Award Acceptance Form, a copy of which attached hereto as Schedule A and which is deemed to be part hereof (the "Acceptance Form") and, if applicable, the Agreement of Restrictive Covenants and Other Obligations, a copy of which is set out in Schedule C attached hereto and deemed to be a part hereof;

**WHEREAS**, the Company wishes to carry out the Plan (as hereinafter defined), the terms of which are hereby incorporated by reference and made a part of this Agreement; and

**WHEREAS**, the Committee (as hereinafter defined) has determined that it would be to the advantage and best interest of the Company and its shareholders to grant the Option (as hereinafter defined) provided for herein to the Optionee as an incentive for increased efforts during the Optionee's employment with the Company or its Subsidiaries, and has advised the Company thereof and instructed the undersigned officer to prepare said Option.

**NOW, THEREFORE**, the parties hereto do hereby agree as follows:

**ARTICLE I****DEFINITIONS**

Defined terms in this Agreement shall have the meaning specified in the Plan or below unless the context clearly indicates to the contrary.

**Section 1.1 - Act**

"Act" shall mean the Companies Act 1963 of Ireland.

**Section 1.2 - Board**

"Board" shall mean the board of directors of the Company.

**Section 1.3 - Cause**

"Cause" shall mean (i) the Optionee's continued and/or chronic failure to adequately and/or competently perform his material duties with respect to the Company or its Subsidiaries after having been provided reasonable notice of such failure and a period of at least ten days after

the Optionee's receipt of such notice to cure and/or correct such performance failure, (ii) willful misconduct by the Optionee in connection with the Optionee's employment which is injurious to the Company or its Subsidiaries (willful misconduct shall be understood to include, but not be limited to, any breach of the duty of loyalty owed by the Optionee to the Company or its Subsidiaries), (iii) conviction of any criminal act (other than minor road traffic violations not involving imprisonment), (iv) any breach of the Optionee's restrictive covenants and other obligations as provided in Schedule C to this Agreement (if applicable), in the Optionee's employment agreement (if any), or any other non-compete agreement and/or confidentiality agreement entered into between the Optionee and the Company or any of its Subsidiaries (other than an insubstantial, inadvertent and non-recurring breach), or (v) any material violation of any written Company policy after reasonable notice and an opportunity to cure such violation within ten (10) days after the Optionee's receipt of such notice.

#### Section 1.4 - Change of Control

"Change of Control" shall mean (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the U.S. Securities and Exchange Commission thereunder as in effect on the date hereof) of the Ordinary Shares representing more than 50% of the aggregate voting power represented by the issued and outstanding Ordinary Shares; or (b) occupation of a majority of the seats (other than vacant seats) on the Board by persons who were neither (i) nominated by the Board nor (ii) appointed by directors so nominated. For the avoidance of doubt, a transaction shall not constitute a Change of Control (i) if effected for the purpose of changing the place of incorporation or form of organization of the ultimate parent entity of the Willis Group (including where the Company is succeeded by an issuer incorporated under the laws of another state, country or foreign government for such purpose and whether or not the Company remains in existence following such transaction) and (ii) where all or substantially all of the person(s) who are the beneficial owners of the outstanding voting securities of the Company immediately prior to such transaction will beneficially own, directly or indirectly, all or substantially all of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors of the ultimate parent entity resulting from such transaction in substantially the same proportions as their ownership, immediately prior to such transaction, of such outstanding securities of the Company.

#### Section 1.5 - Committee

"Committee" shall mean the Compensation Committee of the Board or any successor thereto.

#### Section 1.6 - Good Reason

"Good Reason" shall mean (i) a reduction in the Optionee's base salary or a material adverse reduction in the Optionee's benefits other than (a) in the case of base salary, a reduction that is offset by an increase in the Optionee's bonus opportunity upon the attainment of reasonable performance targets established by the Board, (b) a general reduction in the compensation or benefits of, or a shift in the general compensation or benefits schemes affecting, a broad group of employees of the Company or any of its Subsidiaries, or (c) in the case of base salary, a reduction which is imposed in accordance with normal administration and application of a producer compensation plan, if applicable to the Optionee, (ii) a material adverse reduction in the Optionee's principal duties and responsibilities, which continues beyond ten days after written notice by the Optionee to the Company or the applicable Subsidiary of such reduction or (iii) a



significant transfer of the Optionee away from the Optionee's primary service area or primary workplace, other than as permitted by the Optionee's existing service contracts; provided, however, that the Optionee shall have a period of ten days following any of the foregoing occurrences or the last event in a series of events which culminate in providing the basis for such notice during which such the Optionee may claim that a basis for a Good Reason termination by the Optionee has occurred.

Section 1.7 - Grant Date

"Grant Date" shall mean [INSERT DATE].

Section 1.8 - Option

"Option" shall mean the option to purchase Ordinary Shares of the Company granted in accordance with this Agreement and the Plan.

Section 1.9 - Option Price

"Option Price" shall mean the price per Share purchased on exercise of the Option, as set forth in the Acceptance Form. The Option Price per Share shall not be less than 100% of the Fair Market Value of one Share on the Grant Date.

Section 1.10 - Permanent Disability

The Optionee shall be deemed to have a "Permanent Disability" if the Optionee meets the requirements of the definition of such term, or of an equivalent term, as defined in the Company's or Subsidiary's long-term disability plan applicable to the Optionee or, if no such plan is applicable, in the event the Optionee is unable by reason of physical or mental illness or other similar disability, to perform the material duties and responsibilities of his job for a period of 180 consecutive business days out of 270 business days.

Section 1.11 - Person

"Person" shall have the meaning ascribed to such term used in Sections 13(d) and 14(d) of the Exchange Act.

Section 1.12 - Plan

"Plan" shall mean the Hilb Rogal & Hobbs Company 2007 Share Incentive Plan, as amended from time to time.

Section 1.13 - Pronouns

The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.14 - Shares or Ordinary Shares

"Shares" or "Ordinary Shares" means ordinary shares of the Company, which may be authorised but unissued.

Section 1.15 - Subsidiary

“Subsidiary” shall mean a body corporate which is a subsidiary of the Company within the meaning of Section 155 of the Act. For purposes of granting share options or any other “stock rights,” within the meaning of Section 409A of the Code, an entity shall not be considered a Subsidiary if granting any such share right would result in the share right becoming subject to Section 409A of the Code. For purposes of granting U.S. incentive stock options, an entity shall not be considered a Subsidiary if it does not also meet the requirements of Section 424(f) of the Code.

Section 1.16 - Willis Group

“Willis Group” shall mean the Company and its Subsidiaries.

ARTICLE II

GRANT OF OPTIONS

Section 2.1 - Grant of Options

Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, including any country-specific provisions set forth in Schedule B to this Agreement, the Company hereby grants to the Optionee an Option to purchase all or part of the aggregate number of Shares, as stated in the Acceptance Form. In circumstances where Optionee is required to enter into the Agreement of Restrictive Covenants and Other Obligations set forth in Schedule C, the Optionee agrees that the grant of an Option pursuant to this Agreement is sufficient consideration for the Optionee entering into such agreement.

Section 2.2 - Option Price

Subject to Section 2.4, the Option Price of each Share subject to the Option shall be as stated in the Acceptance Form.

Section 2.3 - Employment Rights

Subject to the terms of the Agreement of Restrictive Covenants and Other Obligations where applicable, the rights and obligations of the Optionee under the terms of his office or employment with the Company or any Subsidiary shall not be affected by his participation in this Plan or any right which he may have to participate in it. The Option and the Optionee’s participation in the Plan will not be interpreted to form an employment agreement with the Company or any Subsidiary. The Optionee hereby waives any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to vest in or exercise any Option as a result of such termination. If, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

Section 2.5 - Adjustments Upon a Change in Ordinary Shares

In accordance with and subject to Article X of the Plan, in the event that the Shares subject to any Option are, from time to time, changed into or exchanged for a different number or kind of Shares or other securities, by reason of a (i) share dividend, share split-up, subdivision or consolidation of shares or other similar changes in capitalization; (ii) spin-off, spin-out, split-up, split-off, or other such distribution of assets to shareholders; or (iii) direct or indirect assumptions and/or conversions of outstanding Options due to an acquisition of the Company, then the terms of the Option shall be adjusted as the Committee shall determine to be equitably required, provided the number of Shares subject to the Option shall always be a whole number. Any such adjustment or determination made by the Committee shall be final and binding upon the Associate, the Company and all other interested persons.

ARTICLE III  
PERIOD OF EXERCISABILITY

Section 3.1 - Vesting/Exercisability

(a) Subject to the Optionee’s continued employment with the Willis Group through the applicable vesting date (set forth in the left column), the Shares shall vest and become exercisable in accordance with Section 3.2 below:

<u>Date Option Becomes Vested and Exercisable</u>	<u>Percentage of Shares under Option as to which Become Exercisable Shares</u>
On or after 2nd anniversary of Grant Date	[INSERT]%
On or after 3rd anniversary of Grant Date	[INSERT]%
On or after 4th anniversary of Grant Date	[INSERT]%
On or after 5th anniversary of Grant Date	[INSERT]%

(b) In the event of a termination of the Optionee’s employment as a result of death or Permanent Disability, the Option shall become fully vested and exercisable with respect to all Shares underlying such Option.

(c) In the event of a termination of the Optionee’s employment for any reason other than Death or Permanent Disability, then (i) the Shares that have vested and become exercisable and the Option in respect thereof shall remain exercisable as set forth in Section 3.2 (b) below and (ii) the Option over Shares that have not yet vested shall immediately terminate and will at no time become exercisable, except that the Committee may, for termination of employment for reasons other than Cause, determine in its discretion that the Option over Shares that have not yet vested and become exercisable, shall become vested and exercisable.

(d) In the event of a termination of the Optionee's employment for any reason other than set out in (b) and (c) above and subject to Section 3.2, the Options, to the extent not then vested, lapse and be forfeited on the date of termination.

(e) In the event of a Change of Control (as defined in the Agreement), the Option shall not automatically vest and become exercisable and the Committee shall have the sole discretion to accelerate the vesting of unvested Options without regard to whether the Options are assumed or substituted by a successor company.

Section 3.2 - Expiration of Options

(a) The Option shall immediately lapse upon termination of the Optionee's employment, subject to and except as otherwise specified within, the terms and conditions of Section 3.1, above.

(b) The Option over Shares that have become vested and exercisable in accordance with Section 3.1 will cease to be exercisable by the Optionee upon the first to occur of the following events:

(i) The eighth anniversary of the Grant Date; or

(ii) The first anniversary of the date of the Optionee's termination of employment by reason of death or Permanent Disability; or

(iii) Ninety days after the date of any termination of the Optionee's employment by the Company for Cause or by the Optionee without Good Reason; or

(iv) Ninety days after the date of termination of the Optionee's employment other than as set forth in Section 3.1(b) or (c) above, or where the Committee has exercised its discretion in accordance with Section 3.1(c)(ii), the period shall be six calendar months after the date of termination; or

(v) If the Committee so determines pursuant to Section 3.1(e) of this Agreement, the effective date of a Change of Control, so long as the Optionee has a reasonable opportunity to exercise his Options prior to such effective date.

(c) The Optionee agrees to execute and deliver the following agreements or other documents in connection with the grant of the Option within the period set forth below:

(i) the Optionee must execute the Agreement of Restrictive Covenants and Other Obligations pursuant to Article VII below, if applicable, and deliver it to the Company within 45 days of the receipt of this Agreement;

(ii) the Optionee must execute the Option Acceptance Form and deliver it to the Company within 45 days of the receipt of this Agreement; and

(iii) the Optionees who are resident in the United Kingdom must execute the form of joint election as described in terms set forth in Schedule B for the United Kingdom and deliver it to their employing company within 45 days of the receipt of this Agreement.

(d) The Committee may, in its sole discretion, cancel the Option, if the Optionee fails to execute and deliver the agreements and documents within the period set forth in Section 3.2(c).

#### ARTICLE IV

#### EXERCISE OF OPTION

##### Section 4.1 - Person Eligible to Exercise

During the lifetime of the Optionee, only he may exercise an Option or any portion thereof. After the death of the Optionee, any exercisable portion of an Option may, prior to the time when an Option becomes unexercisable under Section 3.2, be exercised by any person empowered to do so under the Optionee's will or under then-applicable laws of inheritance.

##### Section 4.2 - Partial Exercise

Any exercisable portion of an Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole Shares only.

##### Section 4.3 - Manner of Exercise

An Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary or his office or the Company's agent if so directed all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

- (a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Committee and made available to the Optionee (or such other person then entitled to exercise the Option);
- (b) Full payment (in cash, by cheque, electronic transfer, by way of a cashless exercise as approved by the Company, by way of surrender of Shares to the Company, or by a combination thereof) of the Option Price for the Shares with respect to which such Option or portion thereof is exercised;
- (c) Full payment to the Company or any Subsidiary, by which Optionee is employed (the "Employer") of all income tax, payroll tax, payment on account, and social insurance contributions amounts ("Tax") which, under federal, state, local or foreign law, it is required to withhold upon exercise of the Option; and
- (d) In a case where any Employer is obliged to (or would suffer a disadvantage if it were not to) account for any Tax (in any jurisdiction) for which the Optionee is liable by virtue of the Optionee's participation in the Plan and/or any social security contributions recoverable from and legally applicable to the Optionee (the "Tax-Related Items"), the Optionee has either:
  - (i) made full payment to the Employer of an amount equal to the Tax-Related Items, or

(ii) entered into arrangements acceptable to the Employer or another Subsidiary to secure that such a payment is made (whether by withholding from the Optionee's wages or other cash compensation paid to the Optionee or from the proceeds of the sale of Shares acquired at exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization)).

(e) In the event the Option or any portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

Without limiting the generality of the foregoing, the Committee may, prior to exercise, require an opinion of counsel reasonably acceptable to it to the effect that any subsequent transfer of Shares acquired on exercise of an Option does not violate the Exchange Act, and may issue stop-transfer orders in the U.S. covering such Shares.

#### Section 4.4 - Conditions to Issuance of Shares

The Shares to be delivered upon the exercise of an Option, or any portion thereof, in accordance with Section 3.1 of this Agreement may be either previously authorized but unissued Shares or issued Shares held by any other person. Such Shares shall be fully paid. The Company shall not be required to issue or deliver any certificates representing such Shares or their electronic equivalent granted upon the exercise of an Option or portion thereof prior to fulfillment of all of the following conditions:

- (a) The obtaining of approval or other clearance from any state, federal, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and
- (b) The lapse of such reasonable period of time following the exercise of the Option as the Committee may from time to time establish for reasons of administrative convenience.

#### Section 4.5 - Rights as Shareholder

The Optionee shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares that may be received upon the exercise of the Option or any portion thereof unless and until certificates representing such Shares or their electronic equivalent shall have been issued by the Company to the Optionee.

### ARTICLE V

#### ADDITIONAL TERMS AND CONDITIONS OF OPTION

##### Section 5.1 - Nature of Grant

In accepting the Option, the Optionee acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time;
- (b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future options, or benefits in lieu of options, even if options have been granted repeatedly in the past;

- (c) all decisions with respect to future Option grants, if any, will be at the sole discretion of the Company;
- (d) the Optionee's participation in the Plan is voluntary;
- (e) the Option and any Shares acquired under the Plan are not intended to replace any pension rights or compensation under any pension arrangement;
- (f) the Option and any Shares acquired under the Plan are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, dismissal, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to past services for, the Employer, the Company or a Subsidiary;
- (g) the future value of the Shares underlying the Option is unknown and cannot be predicted with certainty; and
- (h) if the Optionee exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Option Price.

**Section 5.2 - No Advice Regarding Grant**

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the issuance of Shares upon exercise of the Option or sale of the Shares. The Optionee is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

ARTICLE VI

**DATA PRIVACY NOTICE AND CONSENT**

**Section 6 - Data Privacy**

*(a) The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.*

*(b) The Optionee understands that the Company and the Employer may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").*

*(c) The Optionee understands that Data will be transferred to Morgan Stanley Smith Barney or to any other third party assisting in the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be*

located in the Optionee's country or elsewhere, and that the recipients' country may have different data privacy laws and protections from the Optionee's country. The Optionee understands that he may request a list with the names and addresses of any potential recipients of the Data by contacting his local human resources representative. The Optionee authorizes the Company, Morgan Stanley Smith Barney and any other recipients of Data which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that he may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. The Optionee understands, however, that refusing or withdrawing his consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he may contact his local human resources representative.

#### ARTICLE VII

##### AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS

###### Section 7 - Restrictive Covenants and Other Obligations

In consideration of the grant of an Option, the Optionee shall enter into the Agreement of Restrictive Covenants and Other Obligations, a copy of which is attached hereto as Schedule C. In the event the Optionee does not sign and return the Agreement of Restrictive Covenants and Other Obligations within 45 days of the receipt of this Agreement, the Committee may, in its sole discretion, cancel the Option. If no such agreement is required, Schedule C shall state none or not applicable.

#### ARTICLE VIII

##### MISCELLANEOUS

###### Section 8.1 - Administration

The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options. In its absolute discretion, the Committee may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

###### Section 8.2 - Options Not Transferable

Neither the Options nor any interest or right therein or part thereof shall be subject to the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to



disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 8.2 shall not prevent transfers made solely for estate planning purposes or under a will or by the applicable laws of inheritance.

Section 8.3 - Binding Effect

The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

Section 8.4 - Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company at the following address:

Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.  
One World Financial Center  
New York, NY 10281  
Attention: General Counsel

and any notice to be given to the Optionee shall be at the address set forth in the Option Acceptance Form.

By a notice given pursuant to this Section 8.4, either party may hereafter designate a different address for notices to be given to him. Any notice that is required to be given to the Optionee shall, if the Optionee is then deceased, be given to the Optionee's personal representatives if such representatives have previously informed the Company of their status and address by written notice under this Section 8.4. Any notice shall have been deemed duly given when sent by facsimile or enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or the United Kingdom's Post Office or in the case of a notice given by an Optionee resident outside the United States of America or the United Kingdom, sent by facsimile or by a recognized international courier service.

Section 8.5 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 8.6 - Applicability of Plan

The Options shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the Options. With the exception of the definition of Change of Control, in the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 8.7 - Amendment

This Agreement may be amended only by a document executed by the parties hereto, which specifically states that it is amending this Agreement.

Section 8.8 - Governing Law

This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Virginia; without regards to its conflicts of law provisions, provided, however, that the Agreement of Restrictive Covenants and Other Obligations, if applicable, shall be governed by and construed in accordance with the laws specified in that agreement.

Section 8.9 - Jurisdiction

The courts of the state of New York shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement and, for such purposes, the parties hereto irrevocably submit to the jurisdiction of such courts; provided, however, where applicable that with respect to the Agreement of Restrictive Covenants and Other Obligations the courts specified in such agreement shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with that agreement.

Section 8.10 - Electronic Delivery

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Section 8.11 - Language

If the Optionee has received this Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

Section 8.12 - Severability

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Section 8.13 - Schedule B

The Option shall be subject to any special provisions set forth in Schedule B for the Optionee's country of residence, if any. If the Optionee relocates to one of the countries included in Schedule B during the life of the Option, the special provisions for such country shall apply to the Optionee, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Schedule B constitutes part of this Agreement.

Section 8.14 - Imposition of Other Requirements

The Company reserves the right to impose other requirements on the Option and the Shares acquired upon exercise of the Option, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Section 8.15 - Counterparts

This Agreement may be executed in any number of counterparts (including by facsimile), each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Optionee have each executed this Agreement.

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE A  
WILLIS GROUP HOLDINGS  
OPTION AGREEMENT- ACCEPTANCE FORM  
HILB ROGAL & HOBBS COMPANY  
2007 SHARE INCENTIVE PLAN  
(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP  
HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY  
WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY  
ON DECEMBER 31, 2009)

Name

Number of Shares Granted Under Option

Grant Date [TBD]

Option Price [TBD]

I accept the grant of the Option under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time and I agree to be bound by the terms and conditions of the Option Agreement dated [TBD] and any country-specific terms set forth in Schedule B, thereto.

Signature:

Address:

Once completed, please return one copy of this form to:

General Counsel  
Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.  
One World Financial Center  
New York, NY 10281  
U.S.A.

**This form should be returned to the above address within 45 days of receipt. Your option may be cancelled if your form is not received by that date.**

**SCHEDULE B**  
**WILLIS GROUP HOLDINGS**  
**COUNTRY-SPECIFIC APPENDIX TO OPTION AGREEMENT**  
**HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

***Terms and Conditions***

This Schedule B includes additional terms and conditions that govern the Option granted to the Optionee under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time (the "Plan") if the Optionee resides in one of the countries listed below. This Schedule B forms part of the Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement or the Plan.

***Notifications***

This Schedule B also includes information based on the securities, exchange control and other laws in effect in the Optionee's country as of July 2010. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Optionee not rely on the information noted herein as the only source of information relating to the consequences of the Optionee's participation in the Plan because the information may be out of date at the time the Optionee exercises the Option under the Plan.

In addition, the information is general in nature. The Company is not providing the Optionee with any tax advice with respect to the Option. The information is provided below may not apply to the Optionee's particular situation, and the Company is not in a position to assure the Optionee of any particular result. *Accordingly, the Optionee is strongly advised to seek appropriate professional advice as to how the tax or other laws in the Optionee's country apply to the Optionee's situation.*

If the Optionee is a citizen or resident of a country other than the one the Optionee is working in or transfers employment after the Grant Date, the information contained in this Schedule B may not be applicable to the Optionee.

**UNITED KINGDOM**

***Terms and Conditions***

**Tax Withholding Obligations.** The following provisions supplement Section 4.3(d) of the Agreement:

The Optionee agrees that if he or she does not pay or the Employer or the Company does not withhold from the Optionee the full amount of Tax-Related Items that the Optionee owes at

exercise of the Option, or the release or assignment of the Option for consideration, or the receipt of any other benefit in connection with the Option (the "Taxable Event"), within 90 days after the Taxable Event or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Optionee to the Employer, effective 90 days after the Taxable Event. The Optionee agrees that the loan will bear interest at the official rate of HM Revenue & Customs ("HMRC") and will be immediately due and repayable by the Optionee, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to the Optionee by the Employer, by withholding in Shares issued upon exercise of the Option or from the cash proceeds from the sale of Shares or by demanding cash or a check from the Optionee. The Optionee also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

The Optionee acknowledges that the Company or the Employer may recover any such additional income tax and NICs at any time thereafter by any of the means referred to in the Section 4.3(d) of the Agreement, although the Optionee acknowledges that the Optionee ultimately will be responsible for reporting any income tax or National Insurance Contributions ("NICs") due on this additional benefit directly to HMRC under the self-assessment regime.

#### **Joint Election**

If the Optionee is a U.K. tax resident, the grant of this Option is conditional upon the Optionee hereby agreeing to accept any liability for any employer National Insurance contributions ("Employer NICs") which may be payable by the Employer in connection with the exercise, assignment, release or cancellation of any Option. The Employer NICs may be collected by the Company or the Employer using any of the methods described in Section 4 of the Agreement. Without prejudice to the foregoing, the Optionee agrees to execute a joint election with the Company and/or the Employer ("Election"), the form of such Election being formally approved by HMRC, and any other consent or elections required to accomplish the transfer of the Employer NICs to the Optionee. The Optionee further agrees to execute such other joint elections as may be required between the Optionee and any successor to the Company and/or the Employer. If the Optionee does not make an Election prior to the vesting of the Option or if approval to the Election is withdrawn by HMRC and a new Election is not entered into, without any liability to the Company, the Employer or any Subsidiary of the Company, the Option shall become null and void without any liability to the Company and/or the Employer and may not be exercised by the Optionee.

#### **UNITED STATES OF AMERICA**

##### *Notifications*

##### **Tax Information**

The Option is not an incentive stock option within the meaning of Section 422 of the Code.

**Exchange Control Information.** If the Optionee holds assets (*i.e.*, Options, Shares) or other financial assets in an account outside of the United States and the aggregate amount of said assets is US\$10,000 or more, the Optionee is required to submit a report of Foreign Bank and Financial Account ("FBAR") with the United States Internal Revenue Service by June 30 of the year following the year in which the assets in his or her account meet the US\$10,000 threshold.

**WILLIS GROUP HOLDINGS**  
**OPTION AGREEMENT**  
**(Performance-Based Share Options)**  
**GRANTED UNDER THE HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

**THIS OPTION AGREEMENT** (this "Agreement"), effective as of [INSERT DATE] is made by and between Willis Group Holdings Public Limited Company and any successor thereto (hereinafter referred to as the "Company") and the individual (the "Optionee") who has duly completed, executed and delivered the Award Acceptance Form, a copy of which attached hereto as Schedule A and which is deemed to be part hereof (the "Acceptance Form") and, if applicable, the Agreement of Restrictive Covenants and Other Obligations, a copy of which is set out in Schedule C attached hereto and deemed to be a part hereof.

**WHEREAS**, the Company wishes to carry out the Plan (as hereinafter defined), the terms of which are hereby incorporated by reference and made a part of this Agreement; and

**WHEREAS**, the Committee (as hereinafter defined) has determined that it would be to the advantage and best interest of the Company and its shareholders to grant the Option (as hereinafter defined) provided for herein to the Optionee as an incentive for increased efforts on the part of the Optionee during the Optionee's employment with the Company or its Subsidiaries (as hereinafter defined), and has advised the Company thereof and instructed the undersigned officer to prepare said Option.

**NOW, THEREFORE**, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Defined terms in this Agreement shall have the meaning specified in the Plan or below unless the context clearly indicates to the contrary.

Section 1.1 - Act

"Act" shall mean the Companies Act 1963 of Ireland.

Section 1.2 - - Adjusted Earnings Per Share

"Adjusted Earnings Per Share" shall mean the adjusted earnings per share as stated by the Company in its annual financial results as issued by the Company with respect to the Performance Period.

Section 1.3 - Adjusted Operating Margin

“Adjusted Operating Margin” shall mean the adjusted operating margin as stated by the Company in its annual financial results as issued by the Company with respect to the Performance Period.

Section 1.4 - Board

“Board” shall mean the board of directors of the Company.

Section 1.5 - Cause

“Cause” shall mean (i) the Optionee’s continued and/or chronic failure to adequately and/or competently perform his material duties with respect to the Company or its Subsidiaries after having been provided reasonable notice of such failure and a period of at least ten days after the Optionee’s receipt of such notice to cure and/or correct such performance failure, (ii) willful misconduct by the Optionee in connection with the Optionee’s employment which is injurious to the Company or its Subsidiaries (willful misconduct shall be understood to include, but not be limited to, any breach of the duty of loyalty owed by the Optionee to the Company or its Subsidiaries), (iii) conviction of any criminal act (other than minor road traffic violations not involving imprisonment), (iv) any breach of the Optionee’s restrictive covenants and other obligations as provided in Schedule C to this Agreement (if applicable), in the Optionee’s employment agreement (if any), or any other non-compete agreement and/or confidentiality agreement entered into between the Optionee and the Company or any of its Subsidiaries (other than an insubstantial, inadvertent and non-recurring breach), or (v) any material violation of any written Company policy after reasonable notice and an opportunity to cure such violation within ten (10) days after the Optionee’s receipt of such notice.



Section 1.6 - Change of Control

“Change of Control” shall mean (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the U.S. Securities and Exchange Commission thereunder as in effect on the date hereof) of the Ordinary Shares representing more than 50% of the aggregate voting power represented by the issued and outstanding Ordinary Shares; or (b) occupation of a majority of the seats (other than vacant seats) on the Board by persons who were neither (i) nominated by the Board nor (ii) appointed by directors so nominated. For the avoidance of doubt, a transaction shall not constitute a Change of Control (i) if effected for the purpose of changing the place of incorporation or form of organization of the ultimate parent entity of the Willis Group (including where the Company is succeeded by an issuer incorporated under the laws of another state, country or foreign government for such purpose and whether or not the Company remains in existence following such transaction) and (ii) where all or substantially all of the person(s) who are the beneficial owners of the outstanding voting securities of the Company immediately prior to such transaction will beneficially own, directly or indirectly, all or substantially all of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors of the ultimate parent entity resulting from such transaction in substantially the same proportions as their ownership, immediately prior to such transaction, of such outstanding securities of the Company.

Section 1.7 - Committee

“Committee” shall mean the Compensation Committee of the Board or any successor thereto.

Section 1.8 - Earned Date

“Earned Date” shall mean the date that the annual financial results of the Company are issued by the Company.

Section 1.9 - Earned Performance Shares

“Earned Performance Shares” shall mean Shares subject to the Option in respect of which the applicable Performance Objectives, as set out in Section 3.1, have been achieved and shall become vested and exercisable as set out in Section 3.2.

Section 1.10 - Grant Date

“Grant Date” shall mean [INSERT DATE].

Section 1.11 - Option

“Option” shall mean the option to purchase Ordinary Shares of the Company granted in accordance with this Agreement and the Plan.

Section 1.12 - Option Price

“Option Price” shall mean the price per Share purchased on exercise of the Option, as set forth in the Acceptance Form. The Option Price per Share shall not be less than 100% of the Fair Market Value of one Share on the Grant Date.

Section 1.13 - Performance Period

“Performance Period” shall mean [INSERT PERFORMANCE PERIOD].

Section 1.14 - Performance Objectives

“Performance Objectives” shall mean the performance objectives based on an Adjusted Earnings Per Share or Adjusted Operating Margin that are set forth in Section 3.1(a).

Section 1.15 - Permanent Disability

The Optionee shall be deemed to have a “Permanent Disability” if the Optionee meets the requirements of the definition of such term, or of an equivalent term, as defined in the Company’s or Subsidiary’s long-term disability plan applicable to the Optionee or, if no such plan is applicable, in the event the Optionee is unable by reason of physical or mental illness or other similar disability, to perform the material duties and responsibilities of his job for a period of 180 consecutive business days out of 270 business days.

Section 1.16 - Person

“Person” shall have the meaning ascribed to such term used in Sections 13(d) and 14(d) of the Exchange Act.

Section 1.17 - Plan

“Plan” shall mean the Hilb Rogal & Hobbs Company 2007 Share Incentive Plan, as amended from time to time.

Section 1.18 - Pronouns

The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 1.19 - Shares or Ordinary Shares

“Shares” or “Ordinary Shares” means ordinary shares of the Company, which may be authorised but unissued.

Section 1.20 - Subsidiary

“Subsidiary” shall mean a body corporate which is a subsidiary of the Company within the meaning of Section 155 of the Act. For purposes of granting share options or any other “stock rights,” within the meaning of Section 409A of the Code, an entity shall not be considered a Subsidiary if granting any such share right would result in the share right becoming subject to Section 409A of the Code. For purposes of granting U.S. incentive stock options, an entity shall not be considered a Subsidiary if it does not also meet the requirements of Section 424(f) of the Code.

Section 1.21 - Willis Group

“Willis Group” shall mean the Company and its Subsidiaries collectively.

ARTICLE II  
GRANT OF OPTIONS

Section 2.1 - Grant of Options

Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, including any country-specific provisions set forth in Schedule B to this Agreement, the Company hereby grants to the Optionee an Option to purchase all or part of the aggregate number of Shares, as stated in the Acceptance Form. In circumstances where Optionee is required to enter into the Agreement of Restrictive Covenants and Other Obligations set forth in Schedule C, the Optionee agrees that the grant of an Option pursuant to this Agreement is sufficient consideration for the Optionee entering into such agreement.

Section 2.2 - Option Price

Subject to Section 2.4, the Option Price of each Share subject to the Option shall be as stated in the Acceptance Form.

Section 2.3 - Employment Rights

Subject to the terms of the Agreement of Restrictive Covenants and Other Obligations where applicable, the rights and obligations of the Optionee under the terms of his office or employment with the Company or any Subsidiary shall not be affected by his participation in this Plan or any right which he may have to participate in it. The Option and the Optionee’s participation in the Plan will not be interpreted to form an employment agreement with the Company or any Subsidiary. The Optionee hereby waives any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to earn, vest in or exercise any Option as a result of such termination. If, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

Section 2.4 - Adjustments Upon a Change in Ordinary Shares

In accordance with and subject to Article X of the Plan, in the event that the Shares subject to any Option are, from time to time, changed into or exchanged for a different number or kind of Shares or other securities, by reason of a (i) share dividend, share split-up, subdivision or consolidation of shares or other similar changes in capitalization; (ii) spin-off, spin-out, split-up, split-off, or other such distribution of assets to shareholders; or (iii) direct or indirect assumptions and/or conversions of outstanding Options due to an acquisition of the Company, then the terms of the Option shall be adjusted as the Committee shall determine to be equitably required, provided the number of Shares subject to the Option shall always be a whole number. Any such adjustment or determination made by the Committee shall be final and binding upon the Associate, the Company and all other interested persons.

ARTICLE III  
PERIOD OF EXERCISABILITY

Section 3.1 - Commencement of Earning

(a) Subject to Sections 3.1(b) and 3.1(d), the Shares subject to Option shall become Earned Performance Shares as of the Earned Date and shall become eligible to vest and become exercisable in accordance with the provisions of Section 3.2 if the following Performance Objectives are attained and subject to the Optionee being in the employment of the Company or any Subsidiary at each respective vesting date.

(i) A number of Shares equal to [INSERT VALUE] of the Shares subject to the Option shall become Earned Performance Shares if in respect to the Performance Period the Company achieves an Adjusted Earnings Per Share of not less than [INSERT VALUE].

(ii) A number of Shares equal to 50% of the Shares subject to the Option shall become Earned Performance Shares if in respect of the Performance Period the Company achieves an Adjusted Operating Margin of not less than [INSERT PERCENTAGE].

(b) The Optionee understands and agrees that the terms under which the Option shall become Earned Performance Shares as described in Section 3.1(b) above is confidential and the Optionee agrees not to disclose, reproduce or distribute such confidential information concerning the Company, except as required in the course of the Optionee's employment with the Company or one of its Subsidiaries, without the prior written consent of the Company. The Optionee's failure to abide by this condition may result in the immediate cancellation of the Option.

(c) As promptly as practicable following the Performance Period, the Committee shall determine whether the applicable Performance Objectives were attained, and based on such determination, shall declare the number of Shares subject to the Option that shall become Earned Performance Shares. Anything to the contrary in this Section 3.1 notwithstanding, the Committee retains sole discretion to determine the number of Shares subject to the Option that will become Earned Performance Shares

(d) All Shares subject to the Option that are not declared by the Committee on the Earned Date to be Earned Performance Shares shall be forfeited immediately.

Section 3.2 - Vesting/Exercisability

(a) Subject to the Optionee's continued employment with the Willis Group through the applicable vesting date (set forth in the left column), the Earned Performance Shares shall vest and become exercisable in accordance with Section 3.2 below:

<u>Date Earned Performance Shares Become Vested</u>	<u>Percentage of Earned Performance Shares that Become Vested</u>
Second anniversary of Grant Date [INSERT DATE]	[INSERT]%
Third anniversary of Grant Date [INSERT DATE]	[INSERT]%
Fourth anniversary of Grant Date [INSERT DATE]	[INSERT]%
Fifth anniversary of Grant Date [INSERT DATE]	[INSERT]%

(b) In the event of a termination of the Optionee's employment as a result of death or Permanent Disability, then (i) the Earned Performance Shares and the Option in respect thereof shall become immediately vested and exercisable with respect to all of the Shares underlying such Option through the time period set forth in Section 3.3 (b) below, and (ii) as of the date of termination of employment, any portion of the Option which then has not become an Earned Performance Share shall immediately terminate and will at no time be exercisable.

(c) Notwithstanding anything herewith to the contrary, at the discretion of the Committee, the Option over Earned Performance Shares that have not yet vested shall immediately terminate and will at no time become exercisable, except that the Committee may, for termination of employment for reasons other than death, Permanent Disability or Cause, determine in its discretion that the Option over the Earned Performance Shares that have not yet vested and become exercisable, shall become vested and exercisable.

(d) In the event of a termination of the Optionee's employment for any reason other than death or Permanent Disability, then the Earned Performance Shares that have vested and become exercisable and the Option in respect thereof shall remain exercisable through the time period set forth in Section 3.3 (b) below.

(e) In the event of a Change of Control (as defined in the Agreement), the Option shall not automatically vest and become exercisable and the Committee shall have the sole discretion to accelerate the vesting of unvested Earned Performance Shares without regard to whether the Earned Performance Shares are assumed or substituted by a successor company.

Section 3.3 - Expiration of Options

(a) The Option shall immediately lapse upon the termination of the Optionee's employment, subject to, and except as otherwise specified within, the terms and conditions of Section 3.2 above.

(b) The Option over Earned Performance Shares that has become vested and exercisable in accordance with Section 3.2 will cease to be exercisable by the Optionee upon the first to occur of the following events:

(i) The eighth anniversary of the Grant Date; or

(ii) The first anniversary of the date of the Optionee's termination of employment by reason of death or Permanent Disability; or

(iii) Ninety days after the date of any termination of the Optionee's employment by the Company or its Subsidiary for any reason other than (A) death or Permanent

Disability or (B) where the Committee has exercised its discretion in accordance with Section 3.2(c) above; or

(iv) Six calendar months after the date of termination provided the Committee has exercised its discretion pursuant to Section 3.2(c) above and termination is other than for Cause; or

(v) If the Committee so determines pursuant to Section 3.2(e) of this Agreement, the effective date of a Change of Control, so long as the Optionee has a reasonable opportunity to exercise his Options prior to such effective date.

(c) The Optionee agrees to execute and deliver the following agreements or other documents in connection with the grant of the Option within the period set forth below:

(i) the Optionee must execute the Agreement of Restrictive Covenants and Other Obligations pursuant to Article VII below, if applicable, and deliver it to the Company within 45 days of the receipt of this Agreement;

(ii) the Optionee must execute the Option Acceptance Form and deliver it to the Company within 45 days of the receipt of this Agreement; and

(iii) the Optionees who are resident in the United Kingdom must execute the form of joint election as described in terms set forth in Schedule B for the United Kingdom and deliver it to their employing company within 45 days of the receipt of this Agreement.

(d) The Committee may, in its sole discretion, cancel the Option, if the Optionee fails to execute and deliver the agreements and documents within the period set forth in Section 3.3(c) or fails to meet the requirements set forth in Section 3.1(a).

#### ARTICLE IV

##### EXERCISE OF OPTION

###### Section 4.1 - Person Eligible to Exercise

During the lifetime of the Optionee, only he may exercise an Option or any portion thereof. After the death of the Optionee, any exercisable portion of an Option may, prior to the time when an Option becomes unexercisable under Section 3.3, be exercised by any person empowered to do so under the Optionee's will or under then applicable laws of inheritance.

###### Section 4.2 - Partial Exercise

Any exercisable portion of an Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3; provided, however, that any partial exercise shall be for whole Shares only.

Section 4.3 - Manner of Exercise

An Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary or his office or the Company's agent if so directed all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.3:

- (a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Committee and made available to the Optionee (or such other person then entitled to exercise the Option);
- (b) Full payment (in cash, by cheque, electronic transfer, by way of a cashless exercise as approved by the Company, by way of surrender of Shares to the Company or by a combination thereof) of the Option Price for the Shares with respect to which such Option or portion thereof is exercised;
- (c) Full payment to the Company or any Subsidiary by which the Optionee is employed (the "Employer"), of all income tax, payroll tax, payment on account, and social insurance contributions amounts ("Tax") which, under federal, state, local or foreign law, it is required to withhold upon exercise of the Option; and
- (d) In a case where any Employer is obliged to (or would suffer a disadvantage if it were not to) account for any Tax (in any jurisdiction) for which the Optionee is liable by virtue of the Optionee's participation in the Plan and/or any social security contributions recoverable from and legally applicable to the Optionee (the "Tax-Related Items"), the Optionee has either:
  - (i) made full payment to the Employer of an amount equal to the Tax-Related Items, or
  - (ii) entered into arrangements acceptable to the Employer or another Subsidiary to secure that such a payment is made (whether by withholding from the Optionee's wages or other cash compensation paid to the Optionee or from the proceeds of the sale of Shares acquired at exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization)).
- (e) In the event the Option or any portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

Without limiting the generality of the foregoing, the Committee may prior to exercise, require an opinion of counsel reasonably acceptable to it to the effect that any subsequent transfer of Shares acquired on exercise of an Option does not violate the Exchange Act and may issue stop-transfer orders in the U.S. covering such Shares.

Section 4.4 - Conditions to Issuance of Shares

The Earned Performance Shares to be delivered upon the exercise of an Option, or any portion thereof, in accordance with Section 3.2 of this Agreement may be either previously authorized but unissued Shares or issued Shares held by any other person. Such Shares shall be fully paid. The Company shall not be required to issue or deliver any certificates representing

such Shares or their electronic equivalent granted upon the exercise of an Option or portion thereof prior to fulfillment of all of the following conditions:

- (a) The obtaining of approval or other clearance from any state, federal, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and
- (b) The lapse of such reasonable period of time following the exercise of the Option as the Committee may from time to time establish for reasons of administrative convenience.

Section 4.5 - Rights as Shareholder

The Optionee shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares that may be received upon the exercise of the Option or any portion thereof unless and until certificates representing such Shares or their electronic equivalent shall have been issued by the Company to the Optionee.

ARTICLE V

ADDITIONAL TERMS AND CONDITIONS OF OPTION

Section 5.1 - Nature of Grant

In accepting the Option, the Optionee acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time;
- (b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future options, or benefits in lieu of options, even if options have been granted repeatedly in the past;
- (c) all decisions with respect to future Option grants, if any, will be at the sole discretion of the Company;
- (d) the Optionee's participation in the Plan is voluntary;
- (e) the Option and any Shares acquired under the Plan are not intended to replace any pension rights or compensation under any pension arrangement;
- (f) the Option and any Shares acquired under the Plan are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, dismissal, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to past services for, the Employer, the Company or a Subsidiary;
- (g) the future value of the Shares underlying the Option is unknown and cannot be predicted with certainty; and



(h) if the Optionee exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Option Price.

Section 5.2 -No Advice Regarding Grant

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the issuance of Shares upon exercise of the Option or sale of the Shares. The Optionee is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

ARTICLE VI

DATA PRIVACY NOTICE AND CONSENT

Section 6 - Data Privacy

*(a) The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.*

*(b) The Optionee understands that the Company and the Employer may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").*

*(c) The Optionee understands that Data will be transferred to Morgan Stanley SmithBarney or to any other third party assisting in the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the Optionee's country or elsewhere, and that the recipients' country (e.g., Ireland) may have different data privacy laws and protections from the Optionee's country. The Optionee understands that he may request a list with the names and addresses of any potential recipients of the Data by contacting his local human resources representative. The Optionee authorizes the Company, Morgan Stanley SmithBarney and any other recipients of Data which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that he may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. The Optionee understands, however, that refusing or withdrawing his consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he may contact his local human resources representative.*

ARTICLE VII

AGREEMENT OF RESTRICTIVE COVENANTS AND OTHER OBLIGATIONS

Section 7 - Restrictive Covenants and Other Obligations

In consideration of the grant of an Option, the Optionee shall enter into the Agreement of Restrictive Covenants and Other Obligations, a copy of which is attached hereto as Schedule C. In the event the Optionee does not sign and return the Agreement of Restrictive Covenants and Other Obligations within 45 days of the receipt of this Agreement, the Committee may, in its sole discretion, cancel the Option. If no such agreement is required, Schedule C shall state none or not applicable.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 - Administration

The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options. In its absolute discretion, the Committee may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

Section 8.2 - Options Not Transferable

Neither the Options nor any interest or right therein or part thereof shall be subject to the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 8.2 shall not prevent transfers made solely for estate planning purposes or under a will or by the applicable laws of inheritance.

Section 8.3 - Binding Effect

The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

Section 8.4 - Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company at the following address:

Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.

One World Financial Center  
New York, NY 10281  
Attention: General Counsel

and any notice to be given to the Optionee shall be at the address set forth in the Option Acceptance Form.

By a notice given pursuant to this Section 8.4, either party may hereafter designate a different address for notices to be given to him. Any notice that is required to be given to the Optionee shall, if the Optionee is then deceased, be given to the Optionee's personal representatives if such representatives have previously informed the Company of their status and address by written notice under this Section 8.4. Any notice shall have been deemed duly given when sent by facsimile or enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or the United Kingdom's Post Office or in the case of a notice given by an Optionee resident outside the United States of America or the United Kingdom, sent by facsimile or by a recognized international courier service.

Section 8.5- Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 8.6- Applicability of Plan

The Options and the Earned Performance Shares underlying the Options shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the Options. With the exception of the definition of Change of Control, in the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 8.7- Amendment

The Committee shall have authority to make such amendments to this Agreement as are consistent with the Plan.

Section 8.8 - Governing Law

This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Virginia; without regards to its conflicts of law provisions, provided, however, that the Agreement of Restrictive Covenants and Other Obligations, if applicable, shall be governed by and construed in accordance with the laws specified in that agreement.

Section 8.9 - Jurisdiction

The courts of the state of New York shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with this Agreement and, for such purposes, the parties hereto irrevocably submit to the jurisdiction of such courts; provided, however, where applicable, that with respect to the Agreement of Restrictive Covenants and Other Obligations the courts specified in such agreement shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with that agreement.

Section 8.10 - Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Section 8.11 - Language

If the Optionee has received this Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

Section 8.12 - Severability

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Section 8.13 - Schedule B

The Option shall be subject to any special provisions set forth in Schedule B for the Optionee's country of residence, if any. If the Optionee relocates to one of the countries included in Schedule B during the life of the Option, the special provisions for such country shall apply to the Optionee, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Schedule B constitutes part of this Agreement.

Section 8.14 - Imposition of Other Requirements

The Company reserves the right to impose other requirements on the Option and the Shares acquired upon exercise of the Option, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Section 8.15 - Counterparts

This Agreement may be executed in any number of counterparts (including by facsimile), each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Company and the Optionee have each executed this Agreement.

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY

By: \_\_\_\_\_

Name:

Title:

SCHEDULE A  
WILLIS GROUP HOLDINGS  
OPTION AGREEMENT- ACCEPTANCE FORM  
HILB ROGAL & HOBBS COMPANY  
2007 SHARE INCENTIVE PLAN  
(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP  
HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY  
WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY  
ON DECEMBER 31, 2009)

Name

Number of Shares Granted Under Option

Grant Date [TBD]

Option Price [TBD]

I accept the grant of the Option under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time and I agree to be bound by the terms and conditions of the Option Agreement dated [TBD] and any country-specific terms set forth in Schedule B, thereto.

Signature:

Address:

Once completed, please return one copy of this form to:

General Counsel  
Willis Group Holdings Public Limited Company  
c/o Willis North America, Inc.  
One World Financial Center  
New York, NY 10281  
U.S.A.

**This form should be returned to the above address within 45 days of receipt. Your option may be cancelled if your form is not received by that date.**

**SCHEDULE B**  
**WILLIS GROUP HOLDINGS**  
**COUNTRY-SPECIFIC APPENDIX TO OPTION AGREEMENT**  
**HILB ROGAL & HOBBS COMPANY**  
**2007 SHARE INCENTIVE PLAN**  
**(AS AMENDED AND RESTATED ON DECEMBER 30, 2009 BY WILLIS GROUP**  
**HOLDINGS LIMITED AND AS AMENDED AND RESTATED AND ASSUMED BY**  
**WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY**  
**ON DECEMBER 31, 2009)**

***Terms and Conditions***

This Schedule B includes additional terms and conditions that govern the Option granted to the Optionee under the Hilb Rogal & Hobbs 2007 Share Incentive Plan, as amended from time to time (the "Plan") if the Optionee resides in one of the countries listed below. This Schedule B forms part of the Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement or the Plan.

***Notifications***

This Schedule B also includes information based on the securities, exchange control and other laws in effect in the Optionee's country as of July 2010. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Optionee not rely on the information noted herein as the only source of information relating to the consequences of the Optionee's participation in the Plan because the information may be out of date at the time the Optionee exercises the Option under the Plan.

In addition, the information is general in nature. The Company is not providing the Optionee with any tax advice with respect to the Option. The information is provided below may not apply to the Optionee's particular situation, and the Company is not in a position to assure the Optionee of any particular result. *Accordingly, the Optionee is strongly advised to seek appropriate professional advice as to how the tax or other laws in the Optionee's country apply to the Optionee's situation.*

If the Optionee is a citizen or resident of a country other than the one the Optionee is working in or transfers employment after the Grant Date, the information contained in this Schedule B may not be applicable to the Optionee.

**UNITED KINGDOM**

***Terms and Conditions***

**Tax Withholding Obligations.** The following provisions supplement Section 4.3(d) of the Agreement:

The Optionee agrees that if he or she does not pay or the Employer or the Company does not withhold from the Optionee the full amount of Tax-Related Items that the Optionee owes at

exercise of the Option, or the release or assignment of the Option for consideration, or the receipt of any other benefit in connection with the Option (the "Taxable Event"), within 90 days after the Taxable Event or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Optionee to the Employer, effective 90 days after the Taxable Event. The Optionee agrees that the loan will bear interest at the official rate of HM Revenue & Customs ("HMRC") and will be immediately due and repayable by the Optionee, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to the Optionee by the Employer, by withholding in Shares issued upon exercise of the Option or from the cash proceeds from the sale of Shares or by demanding cash or a check from the Optionee. The Optionee also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

The Optionee acknowledges that the Company or the Employer may recover any such additional income tax and NICs at any time thereafter by any of the means referred to in the Section 4.3(d) of the Agreement, although the Optionee acknowledges that the Optionee ultimately will be responsible for reporting any income tax or National Insurance Contributions ("NICs") due on this additional benefit directly to HMRC under the self-assessment regime.

#### **Joint Election**

If the Optionee is a U.K. tax resident, the grant of this Option is conditional upon the Optionee hereby agreeing to accept any liability for any employer National Insurance contributions ("Employer NICs") which may be payable by the Employer in connection with the exercise, assignment, release or cancellation of any Option. The Employer NICs may be collected by the Company or the Employer using any of the methods described in Section 4 of the Agreement. Without prejudice to the foregoing, the Optionee agrees to execute a joint election with the Company and/or the Employer ("Election"), the form of such Election being formally approved by HMRC, and any other consent or elections required to accomplish the transfer of the Employer NICs to the Optionee. The Optionee further agrees to execute such other joint elections as may be required between the Optionee and any successor to the Company and/or the Employer. If the Optionee does not make an Election prior to the vesting of the Option or if approval to the Election is withdrawn by HMRC and a new Election is not entered into, without any liability to the Company, the Employer or any Subsidiary of the Company, the Option shall become null and void without any liability to the Company and/or the Employer and may not be exercised by the Optionee.

#### **UNITED STATES OF AMERICA**

##### *Notifications*

##### **Tax Information**

The Option is not an incentive stock option within the meaning of Section 422 of the Code.

**Exchange Control Information.** If the Optionee holds assets (*i.e.*, Options, Shares) or other financial assets in an account outside of the United States and the aggregate amount of said assets is US\$10,000 or more, the Optionee is required to submit a report of Foreign Bank and Financial Account ("FBAR") with the United States Internal Revenue Service by June 30 of the year following the year in which the assets in his or her account meet the US\$10,000 threshold.



## 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: August 6, 2010

By: \_\_\_\_\_  
/s/ Joseph J. Plumeri  
Joseph J. Plumeri  
*Chairman and Chief Executive Officer*

## 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: August 6, 2010

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

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, 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: August 6, 2010

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.

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, 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: August 6, 2010

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.