

# **WILLIS GROUP HOLDINGS LIMITED**

## **Audit Committee Charter**

### **Purpose of the Audit Committee**

The purpose of the Audit Committee is to assist the Board's oversight of: (i) the integrity of the Company's financial statements; (ii) the selection and oversight of the independent auditors; (iii) the Company's compliance with legal and regulatory requirements; (iv) the independent auditor's qualifications and independence; (v) the performance of the independent auditors and the Company's internal audit function; and (vi) the establishment and maintenance of proper internal accounting controls and procedures; and to prepare an Audit Committee Report as required by the Securities and Exchange Commission for inclusion in the Company's annual proxy statement and as required by the New York Stock Exchange ("NYSE").

### **Composition of the Audit Committee**

The Audit Committee of Willis Group Holdings Limited (the "Company") shall be comprised of at least three directors who shall be independent under the rules of NYSE and the Securities and Exchange Commission ("SEC"). No director may serve as a member of the Audit Committee if such director serves on the audit committees of more than two other public companies unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee, and disclose this determination in the Company's annual proxy statement. They shall serve at the pleasure of the Board and for such term or terms as the Board may determine. The Board shall designate one member of the Audit Committee as its chairperson.

The Board of Directors shall determine that each member of the Committee is "financially literate" and that one member has "accounting or related financial management expertise", as such qualifications are interpreted by the Board of Directors in its business judgment. The Board of Directors shall also determine whether any member of the Audit Committee is an "audit committee financial expert," as defined by the rules of the SEC. If the Board has determined that a member of the Audit Committee is an audit committee financial expert, it may presume that such member has accounting or related financial management expertise.

### **Delegation to Subcommittee**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.

### **Compensation of the Audit Committee**

No member of the Audit Committee may receive any compensation from the Company other than (i) director's fees; and (ii) a pension or other deferred compensation for prior service that is not contingent on future service; and (iii) any other regular benefits that other directors receive.

### **Meetings of the Audit Committee**

The Audit Committee shall meet at least four times per year, or more frequently if circumstances dictate. In addition, the Audit Committee will meet at least four times per year with each of senior management, the Company's internal auditors and the independent auditors in separate executive sessions.

## **Duties and Powers of the Audit Committee**

To achieve its purpose, the Audit Committee shall have the following duties and powers:

1. With respect to the independent auditors:
  - (i) to appoint, retain and terminate the independent auditors (subject, if applicable, to shareholder ratification which will be pre-approved);
  - (ii) to appoint, retain and terminate any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services for the Company or its consolidated subsidiaries;
  - (iii) to approve all fees and engagement terms relating to audit-related and non-audit related engagements;
  - (iv) to take account of the opinions of management and the Company's internal auditors in assessing the independent auditors' qualifications, performance and independence;
  - (v) to ensure that the independent auditors prepare and deliver annually an Auditor's Statement (describing the independent auditors' internal quality control procedures, the results of any relevant reviews, inquiries or investigations and all relationships between the independent auditors and the Company), and to discuss with the independent auditors any matters disclosed in this Statement that may impact the quality of their audit services or their objectivity and independence, including resolving any disagreements between management and the independent auditors regarding financial reporting;
  - (vi) to discuss with the independent auditors the rotation of the lead (or co-ordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
  - (vii) to maintain a hiring policy for employees of the independent auditor who participated in any capacity in the audit of the Company; and
  - (viii) to obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences.
2. With respect to financial reporting principles and policies and internal audit procedures:
  - (i) to consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Audit Committee by the independent auditors required by or referred to in SAS 61 (as codified by AU Section 380) as it may be modified or supplemented;

(ii) to meet with senior management, the independent auditors and the director of the internal audit department:

- to discuss the scope of the annual audit and to review with the independent auditors any audit problems or difficulties and management's response;
- to review the audited annual financial statements and unaudited quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and to recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K;
- to review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q regarding any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's system of internal controls;
- to discuss any significant changes to the Company's audit and accounting principles, policies, controls, procedures and practices proposed or contemplated by management, the internal audit department and the independent auditors;
- to discuss, as appropriate, (a) any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, major issues as to the adequacy of the Company's internal controls, and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management, the internal audit department or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (c) material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences; and (d) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- to review management's implementation of recommendations of internal audit and the independent auditors;
- to review annual internal audit plans for the Company including the adequacy of resources to accomplish said plans; and
- to review internal audit findings and recommendations, reports to management in connection therewith and the timelines and thoroughness of management's responses thereto including related implementation and corrective action.

These meetings may be held either in person, or by means of such telephone, electronic or other communication facilities as allows all persons participating in the meeting to communicate with each other simultaneously and instantaneously;

- (iii) to discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
  - (iv) to discuss with the Company's General Counsel any significant legal, compliance or regulatory matters that may have a material effect on the Company's business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies;
  - (v) to discuss earnings press releases (paying particular attention to any use of non-GAAP information), and financial information and earnings guidance provided to analysts and rating agencies; and
  - (vi) to obtain reports from management of any significant related party transactions and to review and approve such transactions.
3. With respect to reporting and recommendations:
- (i) to prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
  - (ii) to review this Charter at least annually and recommend any changes to the full Board of Directors;
  - (iii) to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate; and
  - (iv) to prepare and review with the Board an annual performance evaluation of the Audit Committee, comparing the performance of the Audit Committee with the requirements of the Charter, and setting forth the goals and objectives of the Audit Committee for the upcoming year. The performance evaluation by the Audit Committee shall be conducted in such a manner as the Audit Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Audit Committee or any other member of the Audit Committee designated by the Audit Committee to make this report.
4. With respect to Compliance, to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

#### **Resources and Authority of the Audit Committee**

The Audit Committee shall have the resources and authority appropriate to discharge its duties and responsibilities. In particular, it will be authorized to engage independent auditors for special audits, reviews and other procedures and to retain special or independent counsel and other experts or consultants, as it deems appropriate, without seeking approval of the Board or management.

### **Limitation of the Audit Committee's Role**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

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