

News Release

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Willis Declines Proposed Supplemental Compensation Plans

New York, NY, April 30, 2007 – After completing its review of the supplemental compensation plans recently proposed in the marketplace by certain carriers, Willis Group Holdings announced today that it will not be accepting these incentive arrangements.

In Willis' opinion, the supplemental compensation plans, as currently proposed, do not avoid the conflicts that were associated with contingent commissions. They have performance-driven elements that make lump-sum payments contingent on factors such as retention, growth and profitability – features that rendered contingent commission plans incompatible with conflict-free transparency and our clients' best interests. Such supplemental compensation plans are best housed in an agency relationship.

Compensation plans for brokers need to meet the criteria of complete transparency and equity on each policy placed. They must be accurate, effective and consistent. The client has to be sure – beyond any doubt whatsoever, that their broker is acting objectively to get the best deal done for the client – that the system is fail-safe with respect to the client's best interests.

“As currently designed, the proposals do not afford a conflict-free environment for the client and we are not going to take them,” said Joe Plumeri, Chairman and CEO of Willis. “It's not about being allowed to take them because a government authority or industry regulator says we can take them. For Willis, it's about making a principles-based decision because it's the right thing to do and is consistent with our Client Advocacy model. The proposals we have considered are based on 'if-then' equations and it does not matter whether the math is done on a prospective or retrospective basis; either way, we view these as contingents.”

In his address to the UK's Financial Services Authority at the Annual Insurance Sector Conference on March 21, 2007, Joe Plumeri spoke about the importance of embracing a principles-based approach to regulation and to running the entire insurance industry: “The outcome of a principles-based approach, practiced globally and with regulatory flexibility, will be that clients have confidence and faith in the industry – and that is a must for everyone involved.”

The decision not to accept currently proposed supplemental compensation is consistent with such a principles-based approach and is in keeping with the Willis Quality Index[®] – always making sure that client programs are placed with carriers based on product quality and performance.

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