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Corfe Investments (UK) Limited

Report and Financial Statements

For the period 27 September 2005 to 30 November 2005

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COMPANIES HOUSE

Corfe Investments (UK) Limited

Registered No 04534208

Directors

P R Burke
R S Brown
A J Rush

Secretary

M E Smith
E S Upton

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

25 Bank Street
London E14 5LE

Directors' report

The directors present their report and financial statements for the period 27 September to 30 November 2005. The company changed its accounting date to 30 November on 28 June 2007, hence this set of financial statements has been prepared for a short period.

Results and dividends

The profit for the year after taxation of £647 (year ended 26 September 2005 – £3,860) has been transferred to reserves. The directors did not recommend the payment of a dividend for the period.

Principal activities and review of the business

The principal activity of the company is to invest in assets with a view to medium and long term capital appreciation.

Events since the balance sheet date

Events since the balance sheet date are set out in Note 9.

Directors and their interests

The directors of the company during the period 27 September to 30 November 2005 and at the date of this report, unless otherwise indicated, were

P Sugarman (resigned 28 June 2007)
K Nicholson (resigned 26 January 2006)
A J Rush (appointed 26 January 2006)
R S Brown (appointed 26 January 2006)
P R Burke (appointed 28 June 2007)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. All steps which ought to have been taken as directors, have been completed in order to be aware of the relevant audit information and to establish that the company's auditors are aware of that information.

Ernst & Young LLP will be re-appointed as the company's auditors in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

On behalf of the board



Director

24 JULY 2007

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements of the company in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. Under that law, the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Corfe Investments (UK) Limited

We have audited the company's financial statements for the period ended 30 November 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

25 July 2007

Profit and loss account

for the period 27 September 2005 to 30 November 2005

		27 September 2005 to 30 November 2005	27 September 2004 to 26 September 2005
	Notes	£	£
Interest receivable and similar income	3	1,027	5,769
Administrative Expenses		(102)	(254)
Profit on ordinary activities before taxation		<u>925</u>	<u>5,515</u>
Tax on profit on ordinary activities for the year	4	(278)	(1,655)
Profit for the year		<u>647</u>	<u>3,860</u>
Retained profit for the year		<u>647</u>	<u>3,860</u>

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £647 for the period 27 September to 30 November 2005 and £3,860 for the year ended 26 September 2005

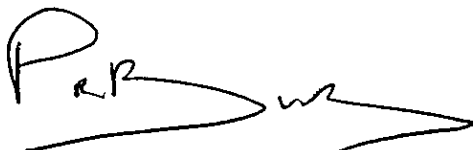
Balance sheet

As at 30 November 2005

	Notes	30 November 2005 £	26 September 2005 £
Current assets			
Debtors	5	168,368	167,341
Creditors amounts falling due within one year	6	(2,307)	(1,927)
Net current assets		166,061	165,414
Total assets less current liabilities		166,061	165,414
Capital and reserves			
Called up share capital	7	150,000	150,000
Profit and loss account		16,061	15,414
		166,061	165,414

Director

Date


24 JULY 2007

Notes to the accounts

As at 30 November 2005

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The directors have taken advantage of the exemption afforded in paragraph 5(a) of Financial Reporting Standard 1 (revised) from producing a cash flow statement

Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell the same and securities sold under agreements to repurchase the same are treated as collateralised financing transactions and are stated at the amounts at which the securities will be subsequently resold or repurchased

2. Profit and loss account

All of the company's operating income has arisen from continuing activities in group financing within the UK

The audit fee is borne by a fellow subsidiary

The directors did not receive any emoluments for services to the company during the period. Furthermore, the company had no employees during the period

3. Interest receivable and similar income

	<i>27 September 2005 to 30 November 2005 £</i>	<i>27 September 2005 to 26 September 2005 £</i>
Group undertakings	1,027	5,769

4. Tax on profit on ordinary activities

	<i>27 September 2005 to 30 November 2005 £</i>	<i>27 September 2005 to 26 September 2005 £</i>
Based on the profit for the year		
UK Corporation Tax	278	1,655
Factors affecting the tax charge		
Profit on ordinary activities before tax	925	5,515
UK Corporation tax at standard rate 30%	278	1,655
Current tax charge for the year	278	1,655

Notes to the accounts

As at 30 November 2005

5. Debtors

	30 November 2005	26 September 2005
	£	£
Amounts owed from group undertakings	168,368	167,341

6. Creditors: amounts falling due within one year

	30 November 2005	26 September 2005
	£	£
Amounts due to group undertakings	374	272
Corporation Tax	1,933	1,655
	2,307	1,927

7. Share capital

	30 November 2005	26 September 2005
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
150,000 Ordinary shares of £1 each	150,000	150,000

8. Shareholders funds

	30 November 2005	26 September 2005
	£	£
Opening shareholders' funds	165,414	161,554
Profit for the period	647	3,860
Closing shareholders' funds	166,061	165,414

9. Post balance sheet events

On 10 February 2006, the company purchased a note from an associated company for €270 million and entered into an interest rate swap. €250m of the purchase was financed through a repurchase agreement with an associated company. The remaining €20million was financed via funding from an associated company.

On 15 December 2006, the company approved a dividend payment of €40,000 to Lehman Brothers Investments (UK) Limited, its direct parent company. This was paid on 19 December 2006.

On 21 December 2006, the parent company, Lehman Brothers Investments (UK) Limited transferred its full investment of 150,000 ordinary shares of £1 each in Corfe Investments (UK) Limited to an associated company, 314 Commonwealth Ave Inc.

Notes to the accounts

As at 30 November 2005

10. Ultimate parent company

The ultimate parent company of Corfe Investments (UK) Limited is Lehman Brothers Holdings Inc which is incorporated in the State of Delaware in the United States of America

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with related parties that are part of Lehman Brothers Holdings Inc

The largest group in which the results of the company are consolidated is that headed by Lehman Brothers Holdings Inc. The smallest group in which they are consolidated is that headed by Lehman Brothers Spain Holdings Limited registered in England and Wales. The consolidated financial statements of these groups are available to the public from 745 Seventh Avenue, New York, USA and from 25 Bank Street, London, E14 5LE respectively