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CORFE INVESMENTS (UK) LIMITED

Report and Financial Statements

For the year ended 26 September 2004

 ERNST & YOUNG



Corfe Investments (UK) Limited

Registered No. 04534208

DIRECTORS

P Sugarman
K Nicholson
R P Northam

SECRETARY

M E Smith

AUDITORS

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

REGISTERED OFFICE

25 Bank Street
London E14 5LE

Corfe Investments (UK) Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 26 September 2004.

RESULTS AND DIVIDENDS

The profit for the year after taxation of £5,779 has been transferred to reserves. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

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

FUTURE DEVELOPMENTS

The directors expect no significant change in the business in future.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 26 September 2004 and at the date of this report, unless otherwise indicated, were:

P Sugarman
K Nicholson
R P Northam

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

AUDITORS

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

25 JUL 2005

STATEMENT OF DIRECTORS' REPSONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year 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. 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; 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 year ended 26 September 2004 which comprise the Profit and Loss Account and Balance Sheet, and the related notes 1 to 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 misstatements within it.

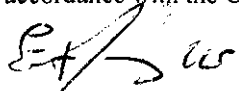
Basis of audit opinion

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 26 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

25 July 2005

Corfe Investments (UK) Limited

PROFIT AND LOSS ACCOUNT

For the year ended 26 September 2004

		2004	Period from 13 Sep 2002 to 26 Sep 2003
		£	£
Interest receivable and similar charges	Notes 3	5,779	5,775
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,779	5,775
Tax on profit on ordinary activities for the year	4	—	—
PROFIT FOR THE YEAR		5,779	5,775
RETAINED PROFIT FOR THE YEAR		5,779	5,775

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 £5,779 for the year ended 26 September 2004.

Corfe Investments (UK) Limited

BALANCE SHEET at 26 September 2004

	Notes	2004 £	2003 £
CURRENT ASSETS			
Debtors	5	161,554	155,775
CREDITORS: amounts falling due within one year		—	—
NET CURRENT ASSETS		161,554	155,775
TOTAL ASSETS LESS CURRENT LIABILITIES		161,554	155,775
CAPITAL AND RESERVES			
Called up share capital	6	150,000	150,000
Profit and loss account		11,554	5,775
		161,554	155,775

R. N. [Signature]

Director

25 JUL 2005

Corfe Investments (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 26 September 2004

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 in paragraph 5(a) of Financial Reporting Standard 1 (revised) from producing a cash flow statement.

The accounts have been prepared on a going concern basis as the directors are satisfied that the return on the investments of the company will allow it to meet its liabilities as they fall due.

Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell and securities sold under agreements to repurchase 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

The disclosure of income by different geographical regions has been omitted as the directors consider that it would be seriously prejudicial to disclose this information. All the company's operating income arises from continuing activities in group financing.

The audit fee is borne by a fellow subsidiary.

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

3. INTEREST RECEIVABLE AND SIMILAR CHARGES

	2004 £	13 Sep 2002 to 26 Sept 2003 £
Group undertakings	5,779	5,775

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
Based on the profit for the year:		
UK Corporation Tax	-	-

Corfe Investments (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS at 26 September 2004

4. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2004 £	2003 £
Factors affecting the tax charge:		
<i>Profit on ordinary activities before tax</i>	5,779	5,775
UK Corporation tax at standard rate 30%	1,734	1,733
Effects of:		
Group relief surrendered for nil consideration	(1,734)	(1,733)
Current tax charge for the year	-	-

5. DEBTORS

	2004 £	2003 £
Amounts owed from group undertakings	161,554	155,775
	161,554	155,775

6. SHARE CAPITAL

	2004 £	2003 £
Authorised:		
<i>Ordinary Share Capital (equity)</i>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid:		
<i>Ordinary Share Capital (equity)</i>		
150,000 Ordinary shares of £1 each	150,000	150,000

7. SHAREHOLDERS FUNDS

	2004 £	2003 £
Opening shareholders' funds	155,775	-
Share capital issued during the period	-	150,000
Profit for the period	5,779	5,775
Closing shareholders' funds	161,554	155,775

Corfe Investments (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 26 September 2004

8. 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.