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Company Registration No: FC0025301

GREYLOCK INVESTMENTS LLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Period from 30 October 2007 to 31 December 2007

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GREYLOCK INVESTMENTS LLC

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GREYLOCK INVESTMENTS LLC

OFFICERS AND PROFESSIONAL ADVISERS

Directors

A J Hicks
C B Higgins
S T Pattinson
V A Pereira

Registered office

Greylock Investments LLC
The Corporation Trust company
1209 Orange Street
Wilmington
New Castle County
Delaware 19801
U S A

Auditors

Deloitte & Touche LLP
London

GREYLOCK INVESTMENTS LLC

DIRECTORS' REPORT

The directors present their report and the audited non-statutory financial statements for the period from 30 October 2007 to 31 December 2007. Whilst there is no legal requirement to prepare audited financial statements, audited financial statements have been prepared in order to enable the members of Greylock Investments LLC to assess the stewardship of the Company for the period from 30 October 2007 to 31 December 2007.

PRINCIPAL ACTIVITY

The Company's principal activity is investment business.

REVIEW OF THE BUSINESS

The directors were satisfied with the results of the Company for the period and do not foresee any significant changes in the nature of the activities of the Company.

RESULTS AND DIVIDENDS

The profit after tax for the period from 30 October 2007 to 31 December 2007 was \$1,432,472 (period from 1 January 2007 to 29 October 2007: \$5,941,005). The directors do not recommend the payment of an ordinary dividend for the period (period from 1 January 2007 to 29 October 2007: US\$5,364,987).

Under International Financial Reporting Standards ("IFRS"), the B and C Shares in issue are accounted for as financial liabilities and the finance costs of these instruments accounted for as an expense in the income statement and thus taken into account in arriving at profit before taxation. The financing costs of the B and C Shares for the period from 30 October 2007 to 31 December 2007 were \$73,340 and \$8,199,512 respectively (period from 1 January 2007 to 29 October 2007: \$376,021 and \$38,553,939 respectively).

DIRECTORS

The present directors, who have served throughout the period, are listed on page 1.

DIRECTORS' RESPONSIBILITIES

In preparing the financial statements, the directors have accepted responsibility to

- prepare the financial statements that present fairly the financial position, financial performance and cash flows of the Company in accordance with IFRS as adopted for use by the European Union,
- 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, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

GREYLOCK INVESTMENTS LLC

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES (Continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors have accepted responsibility for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read "V A Pereira".

V A Pereira, Director

28 May, 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREYLOCK INVESTMENTS LLC

We have audited the non-statutory financial statements of Greylock Investments LLC for the period from 30 October 2007 to 31 December 2007, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related Notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with our letter of engagement dated 26 February 2008, and solely to enable the members to assess the stewardship of the Company. 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 directors' report, the Company's directors have accepted responsibility for the preparation of the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union. 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 or if we have not received all the information and explanations we require for our audit.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 circumstances of the Company, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GREYLOCK INVESTMENTS LLC (Continued)**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its profit for the period from 30 October 2007 to 31 December 2007

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants
London, United Kingdom
30 May, 2008

GREYLOCK INVESTMENTS LLC

INCOME STATEMENT

FOR THE PERIOD FROM 30 OCTOBER 2007 TO 31 DECEMBER 2007

	Notes	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Revenue	3	12,732,977	62,876,098
Other operating income	3	1,149,962	1,587,568
Finance costs		(8,272,852)	(38,929,960)
Administrative expenses		(29,942)	(344,118)
Profit before taxation		5,580,145	25,189,588
Tax expense	4	(4,147,673)	(19,248,583)
Profit for the period		1,432,472	5,941,005

The results above arose wholly from continuing operations

The notes on pages 10 to 20 form an integral part of the financial statements

GREYLOCK INVESTMENTS LLC

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	As at 31/12/07 US\$	As at 29/10/07 US\$
Non-current assets			
Loans to group undertakings	14	1,379,604,330	467,623,037
Derivative financial instruments	11	132,243,529	78,671,271
Current assets			
Loans to group undertakings	14	-	900,121,766
Investments	6	46,338,161	49,762,947
Cash and cash equivalents	7	4,485,963	2,999,913
Total assets		1,562,671,983	1,499,178,934
Current liabilities			
Derivative financial instruments	11	(100,814)	(404,145)
Other payables		(30,245)	(64,686)
Corporation tax		(2,040,058)	(224,919)
Non-current liabilities			
Loan capital	8, 9	(1,008,272,852)	(1,000,139,361)
Deferred tax	5	(37,361,661)	(23,593,150)
Total liabilities		(1,047,805,630)	(1,024,426,261)
Net assets		514,866,353	474,752,673
Equity			
Share capital	8	417,552,175	417,552,175
Share premium	9	-	-
Hedge reserve		93,731,891	55,050,683
Retained earnings		3,582,287	2,149,815
Total equity		514,866,353	474,752,673

The notes on pages 10 to 20 form an integral part of the financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 28 May 2008

Signed on its behalf by



V A Pereira, Director

GREYLOCK INVESTMENTS LLC

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 30 OCTOBER 2007 TO 31 DECEMBER 2007

	Share capital US\$	Hedge reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2007	417,552,175	49,720,880	1,573,797	468,846,852
Gain on cash flow hedge	-	7,614,004	-	7,614,004
Deferred tax	-	(2,284,201)	-	(2,284,201)
Net gain recognised directly in equity	-	5,329,803	-	5,329,803
Profit for the period	-	-	5,941,005	5,941,005
Ordinary Share dividends	-	-	(5,364,987)	(5,364,987)
Total recognised income and expenses	-	5,329,803	576,018	5,905,821
Balance at 30 October 2007	417,552,175	55,050,683	2,149,815	474,752,673
Gain on cash flow hedge	-	52,449,719	-	52,449,719
Deferred tax	-	(13,768,511)	-	(13,768,511)
Net gain recognised directly in equity	-	38,681,208	-	38,681,208
Profit for the period	-	-	1,432,472	1,432,472
Total recognised income and expenses	-	38,681,208	1,432,472	40,113,680
Balance at 31 December 2007	417,552,175	93,731,891	3,582,287	514,866,353

GREYLOCK INVESTMENTS LLC

CASH FLOW STATEMENT

FOR THE PERIOD FROM 30 OCTOBER 2007 TO 31 DECEMBER 2007

	Notes	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Net cash flow from operating activities	10	1,486,050	8,220,088
Financing activities			
Redemption of B and C Shares		-	1,089,083,131
Issue of B and C Shares		-	(1,089,083,131)
Ordinary dividends paid		-	(5,364,987)
Net cash flow from financing activities		-	(5,364,987)
Net cash flow for the period		1,486,050	2,855,101
Cash and cash equivalents at beginning of period		2,999,913	144,812
Cash and cash equivalents at end of period	7	4,485,963	2,999,913

The notes on pages 10 to 20 form an integral part of the financial statements

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 OCTOBER 2007 TO 31 DECEMBER 2007

1. Accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities. There is no material difference between the fair value and the carrying value of assets and liabilities accounted for at amortised cost, with the exception of those disclosed in Notes 8 and 14

At the date of approval of these financial statements, although the following Standards and Interpretations were in issue, they were not effective and the Company has not chosen to adopt them early

IFRS 8	Operating Segments
IAS 23 (Revised)	Borrowing costs
IFRIC 11	IFRS2 - Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS19 – The Limit on a Defined Benefit Asset, Minimum
Funding	Requirements and their Interaction

The directors anticipate that the adoption of these Standards and Interpretations in future periods should not have a material impact on the financial statements of the Company when the relevant standards come into effect from the period commencing on 1 January 2009

b) Financial assets

Loans and receivables

Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method

Investments

Investments, which comprise marketable securities, are accounted for at fair value in the balance sheet with movements in fair value recognised in the income statement

c) Financial liabilities and finance costs

Loan capital

Under IAS 32, the B and C Shares are classified as financial liabilities (see narrative in Note 8) and included as 'Loan capital' in the balance sheet. These liabilities are accounted for at amortised cost using the effective interest rate method

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Accounting policies (Continued)

d) **Derivative financial instruments**

The Company uses derivative financial instruments to manage interest rate risk. Generally, such contracts are initially recognised and subsequently measured at fair value, with movements in their value recognised in the income statement.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of cash flows are recognised directly in equity and any ineffective portion recognised immediately in the income statement.

e) **Cash and cash equivalents**

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash is recognised when received and cash equivalents are recognised when the investments are made.

f) **Taxation**

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes, except in relation to overseas earnings where remittance is controlled by the RBS Group, and in relation to goodwill.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

g) **Foreign currency translation**

The functional currency of the Company is US dollars. All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the balance sheet date. Transactions in currencies other than US dollars are recorded at the rates ruling at the dates of the transactions and all other translation differences are taken through the income statement.

2. **Directors and employees**

None of the directors received any emoluments from the Company for their services to the Company in the period from 30 October 2007 to 31 December 2007 or the prior period from 1 January 2007 to 29 October 2007.

None of the directors had any interest in any contract of significance in relation to the business of the Company in the period from 30 October 2007 to 31 December 2007 or the prior period from 1 January 2007 to 29 October 2007.

The Company did not have any employees in the period from 30 October 2007 to 31 December 2007 or the prior period from 1 January 2007 to 29 October 2007.

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Revenue	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Interest income	12,294,854	60,746,689
Income from investments in debt securities and hedges	438,123	2,129,409
	<u>12,732,977</u>	<u>62,876,098</u>
Other operating income		
Interest rate swaps	1,122,540	1,587,568
Exchange differences	27,422	-
	<u>1,149,962</u>	<u>1,587,568</u>
	<u>13,882,939</u>	<u>64,463,666</u>

4. Taxation	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Tax expense		
UK Corporation tax	<u>4,147,673</u>	<u>19,248,583</u>

The tax expense for the period can be reconciled to the profit in the income statement as follows

	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Profit before taxation	<u>5,580,145</u>	<u>25,189,588</u>
Tax charge at 30% thereon	1,674,044	7,556,876
Non-deductible expenses		
- Financing cost of B and C Shares	2,481,856	11,678,988
- Exchange differences	(8,227)	12,719
Corporation tax charge	<u><u>4,147,673</u></u>	<u><u>19,248,583</u></u>

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Taxation (Continued)

The Company is resident in the United Kingdom for tax purposes. The Company's corporation tax charge/credit is determined in sterling using an average exchange rate for the period and the standard corporation tax rate in the United Kingdom of 30%. The tax charge in the income statement is derived by taking this sterling amount and recording it in US dollars using the average exchange rate for the period. The difference between this dollar amount and the actual US dollar amount paid on settlement of the liability is recorded as an exchange gain/loss in arriving at profit before tax. This difference is not chargeable/deductible for tax purposes.

Differences between the exchange rate used for tax computation purposes (i.e. the average rate for the period) and the exchange rates prevailing at tax instalment payment dates during the period and non-deductible financing costs of the B and C Shares cause the Company's effective rate of tax (74%) to vary from the standard rate of corporation tax in the UK (30%).

5. Deferred tax

Deferred tax on Derivatives	US\$
Balance at 1 January 2007	21,308,949
Charge to Equity (Hedge reserve)	2,284,201
Balance at 30 October 2007	23,593,150
Charge to Equity (Hedge reserve)	13,768,511
Balance at 31 December 2007	37,361,661

Deferred tax is provided at the rate of 28.5%, being the effective UK tax rate for 2008 on a time apportioned basis.

6. Investments

	As at 31/12/07 US\$	As at 29/10/07 US\$
Current asset investments		
Debt securities	46,338,161	49,762,947

7. Cash and cash equivalents

	As at 31/12/07 US\$	As at 29/10/07 US\$
Short-term loans to group undertakings	4,482,315	2,996,265
Cash at bank	3,648	3,648
	4,485,963	2,999,913

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share capital	Number of shares	As at 31/12/07 US\$	As at 29/10/07 US\$
Authorised			
B Shares of \$0 001 each	1,000,000	1,000	1,000
C Shares of \$0 001 each	990,000	990	990
		1,990	1,990

The Company may, under certain circumstances issue further Ordinary Shares of \$1 each subject to approval by the Board

	Number of shares	As at 31/12/07 US\$	As at 29/10/07 US\$
Allotted, called up and fully paid			
Ordinary Shares of \$1 each	417,552,175	417,552,175	417,552,175
B Shares of \$0 001 each	10,000	10	10
C Shares of \$0 001 each	990,000	990	990
		417,553,175	417,553,175
Shares classified as non-current liabilities			
B Shares of \$0 001 each		(10)	(10)
C Shares of \$0 001 each		(990)	(990)
Share capital classified as equity		417,552,175	417,552,175

B and C Shares

The B and C Shares ('B Shares' and 'C Shares') initially provided for a floating cumulative dividend linked to the interbank US dollar interest rate. Whilst the B Shares continue to carry similar dividends, on 27 July 2004 the dividend rate on the C Shares changed to an 'inverse floating' dividend based on twice the then applicable 30 year US dollar swap rate, less the 3 month US dollar LIBOR rate. Simultaneously, the redemption price of the C Shares was changed to include a 'Breakage' component based on breakage that would have arisen on a notional interest rate swap of twice the subscription amount of the C Shares.

The B and C Shares are redeemable at any time at the option of the Company on the giving of notice to the holders of the B and C Shares. The B and C shareholders have a right to require redemption of the B and C Shares in certain limited circumstances. The holder of the C Shares is entitled at any time to convert the C Shares into fully paid B Shares, if the holder of the C Shares is also the holder of the B Shares on the conversion date. In the event of a liquidation, dissolution, or winding up of the Company, the holders of the B and C Shares shall rank *pari-passu inter-se* and are entitled to be paid out of the assets of the Company available for distribution before any payment is made to the Ordinary shareholders.

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Share capital (Continued)

The redemption amount for the C Shares should approximate to the initial subscription amount plus a 'breakage' amount (being the breakage on a notional interest rate swap with a principal of twice the initial subscription amount) If the C Shares had been redeemed on the balance sheet date, the redemption amount would have been approximately \$1.14bn

The redemption price of the B Shares as at the balance sheet date should approximate to the original subscription amount of \$10m

The B and C Shares carry 10% of the votes, except following the occurrence of certain specified events when they may acquire 66²/₃% of the votes The holder of the C Shares has the right to appoint one director for the Company In accordance with IFRS, due to their terms, the B and C Shares have been classified as liabilities

9. Share premium account

The share premium arose on the issue of shares as follows

	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
B Shares of \$0.001 each at beginning of period	9,999,990	9,999,990
C Shares of \$0.001 each at beginning of period	1,079,082,140	989,999,010
	1,089,082,130	999,999,000
Redemption of shares		
B Shares of \$0.001 each on 29 October 2007	-	(9,999,990)
C Shares of \$0.001 each on 29 October 2007	-	(989,999,010)
Issue of shares		
B Shares of \$0.001 each on 29 October 2007	-	9,999,990
C Shares of \$0.001 each on 29 October 2007	-	1,079,082,140
	1,089,082,130	1,089,082,130
Share premium classified as non-current liabilities		
B Shares of \$0.001 each at end of period	(9,999,990)	(9,999,990)
C Shares of \$0.001 each at end of period	(1,079,082,140)	(1,079,082,140)
Share premium classified as equity	-	-

International Accounting Standard No 32 (IAS32) requires, due to their terms, the B and C Shares to be shown as debt The par value and share premium in respect of the B and C Shares is therefore shown in the balance sheet under 'Loan capital'

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Reconciliation of profit to operating cash flows	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Profit before taxation	5,580,145	25,189,588
(Increase)/decrease in operating assets (adjusted for movement in fair value of derivative recognised directly in equity)	(9,557,280)	12,330,401
Increase/(decrease) in operating liabilities	7,795,719	(8,328,184)
Tax paid	(2,305,112)	(21,014,114)
Exchange (gain)/loss	(27,422)	42,397
Net cash flow from operating activities	1,486,050	8,220,088

11. Derivative financial instruments

The Company is party to an interest rate swap transaction to hedge its exposure to variability in cashflows arising from obligations in respect of its C Share liability and floating rate loans to various group companies. The contract has a notional principal of \$1.98bn and entitles the Company to receive fixed cashflows (based on a rate of 5.5095%) in exchange for the payment of variable cashflows based on 3 month US dollar LIBOR. The swap matures in July 2034 and its fair value at the balance sheet date amounted to \$132.2m (2006 \$78.7m).

The Company is also party to interest rate swap transactions to hedge the movements in fair values of its investments in debt securities. The average aggregate nominal value of these contracts during the period was \$48.7m (period from 1 January 2007 to 29 October 2007 \$49.2). Under the contracts, the Company paid fixed cashflows (at an average fixed rate of 3.69% (period from 1 January 2007 to 29 October 2007 3.68%)) in exchange for the receipt of variable cashflows based on 3 month US dollar LIBOR. The contracts had an average residual maturity of 1 year as at the balance sheet date.

12. Parent Companies

The Company's immediate parent company is NatWest (Devonshire) Investments Limited.

The Company's ultimate holding company, ultimate controlling party, and the parent of the largest group into which the company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The smallest subgroup into which the Company is consolidated has as its parent company National Westminster Bank Plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Capital and financial risk management

Capital management risk

The Company's objectives when managing capital are

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Company monitors its capital structure and sets the amount of capital after considering the cost of capital, the risks associated with the capital and with regard to the capital management objectives of The Royal Bank of Scotland Group ("RBSG"). In undertaking the management of capital, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce any debt.

The adjusted net equity managed at 31 December 2007 and at 29 October 2007 was as follows

	As at 31/12/07 US\$	As at 29/10/07 US\$
Total assets	1,562,671,983	1,499,178,934
Less		
Total liabilities	(1,047,805,630)	(1,024,426,261)
Fair value adjustments from which distributions are not permitted	(93,731,891)	(55,050,683)
Adjusted net equity	<u>421,134,462</u>	<u>419,701,990</u>

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are capital management risk, market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk of loss as a result of adverse changes in interest rates together with related parameters such as market volatilities.

The Company is exposed to market risk as a result of the assets and liabilities contained within the Company's balance sheet. There has been no change to the nature of the Company's exposure to market risks or the manner in which it manages and measures the risk.

The main component of market risk that the Company faces is interest rate risk. The Company manages interest rate risk by monitoring consistency in the interest rate profile of its assets and liabilities.

13. Capital and financial risk management (Continued)

Market risk – sensitivity analysis

The sensitivity analysis below has been determined based on the Company's assets and liabilities present in the balance sheet as at the balance sheet date and by reference to a movement in market interest rates reasonably possible in the Company's next financial reporting period

If interest rates for the current period had been 50 basis points lower and this movement applied to the assets and liabilities as at the balance sheet date, the pre-tax profit for the period from 30 October 2007 to 31 December 2007 would have been \$138,115 higher (period from 1 January 2007 to 29 October 2007 \$653,573 higher) This would have mainly resulted from lower financing costs in respect of its issued Preference Shares offset in part by lower interest income on variable rate assets

The converse would be equally true if interest rates had been 50 basis points higher

Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of debtors to meet their obligations

The Company's exposure to credit risk is not considered to be significant as the credit exposures are with related parties (note 14) or institutions with high credit ratings assigned by international credit-rating agencies

At 31 December 2007 there were no outstanding or impaired loans due to the Company

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due

Liquidity risk is mitigated by the routine monitoring of key management information and the use of interest rate swaps (note 11)

The table below details cashflows based on the contractual maturity of the Company's material financial liabilities as at the balance sheet date The table has been drawn up based on the undiscounted net cash outflows

As at 31 December 2007

	Less than 1 month and on demand \$000s	1-3 months \$000s	3 months to 1 year \$000s	1-5 years \$000s	5+ years \$000s
B Shares	105	106	213	1,701	19,245
C Shares	11,931	12,322	24,530	196,583	2,058,921
Total	12,036	12,428	26,783	198,284	2,117,494

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Financial risk management (Continued)

Liquidity risk (continued)

As at 29 October 2007

	Less than 1 month and on demand \$000s	1-3 months \$000s	3 months to 1 year \$000s	1-5 years \$000s	5+ years \$000s
B Shares	-	105	319	1,701	19,245
C Shares	-	11,931	36,852	196,583	2,058,921
Total	-	12,036	37,171	198,284	2,078,166

14. Related party transactions

During the period, the Company was party to various transactions with certain companies within the RBS Group, namely National Westminster Bank Plc and The Royal Bank of Scotland plc. These transactions were entered into on an arm's length basis. The income statement impact for the period and outstanding balances arising from these transactions as at 31 December 2007 are set out below.

<u>National Westminster Bank Plc</u>	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Income statement impact		
- Interest income	12,140,416	38,792,987
- Interest rate swaps	998,987	1,453,213
	<u>13,139,403</u>	<u>40,246,200</u>
	As at 31/12/07 US\$	As at 29/10/07 US\$
Amounts owed to the Company		
- Secured loan	-	450,060,883
- Unsecured loans	1,380,465,398	420,492,328
- Derivative contracts	132,142,715	78,267,126
	<u>1,512,608,113</u>	<u>948,820,337</u>

The unsecured amounts owed to the Company consisted of a \$950m 3 month USD LIBOR loan with a maturity date of July 2034, and a fixed rate loan of \$418m, with a rate of 5.5095% and a maturity date of July 2034. The fair value of this loan was \$449m as at the balance sheet date.

GREYLOCK INVESTMENTS LLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Related party transactions (Continued)

<u>The Royal Bank of Scotland plc</u>	Period from 30/10/07 to 31/12/07 US\$	Period from 01/01/07 to 29/10/07 US\$
Income statement impact		
- Interest income	154,438	21,953,673
	As at 31/12/07 US\$	As at 29/10/07 US\$
Amounts owed to the Company		
- Secured loan	-	450,060,883
- Unsecured loans	3,623,072	50,126,974
	3,623,072	500,187,857

The unsecured amounts owed to the Company consisted of a \$3.6m USD LIBOR loan with a residual maturity of less than one month