

The managing directors' of  
Lehman Brothers Treasury Co. B.V.  
Atrium Building, 7th floor  
Strawinskylaan 3105  
1077 ZX AMSTERDAM

Amsterdam, 30 May 2008

08-321 HM/tk

Dear Sirs,

We hereby send you our auditor's report issued on the annual accounts for the year ended 30 November 2007 of Lehman Brothers Treasury Co. B.V. We have authenticated this auditor's report with the words 'signed by' followed by the name of the external auditor responsible for the engagement, to prevent misuse of the signature by third parties.

We have also enclosed an original signed auditor's report for your files. This auditor's report must therefore not be published.

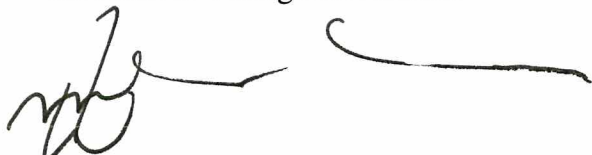
We kindly request you to keep the authorisation letter signed by us and the signed auditor's report with your annual accounts for your files.

We hereby authorise you to include an enclosed, not original signed, auditor's report in the Other information section forming part of the report. This report includes the annual accounts for the year ended 30 November 2007 prepared and adopted by you. We have enclosed a copy of the annual accounts, initialled by us for identification purposes.

Authorisation to publish the auditor's report is granted under the conditions set out in the enclosed document 'Publication of Auditor's Report'.

Our authorisation only applies to this manner of publication.

Yours sincerely,  
for Ernst & Young Accountants

  
J.W. Moison

Initials for identification purposes



Annexes: Financial statements initialled for identification purposes

Signed auditor's report to be included with the authorisation letter

Not original signed auditor's reports to be included with the documents for publication

Information sheet

**Lehman Brothers  
Treasury Co. B.V.**

Amsterdam

Report and Accounts

30 November 2007

For identification purposes only

 **ERNST & YOUNG**  
ACCOUNTANTS

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## MANAGING DIRECTORS' REPORT

MANAGING DIRECTORS' REPORT

The managing directors have pleasure in presenting their report to the shareholder, together with the accounts for the year ended 30 November 2007.

PRINCIPAL ACTIVITIES

The company, a wholly-owned subsidiary of Lehman Brothers UK Holdings (Delaware) Inc, raises funds on the international capital markets to support the working capital needs of various, principally European, group companies.

RISK MANAGEMENT POLICY

The company is not exposed to any material risk as these are fully hedged by offsetting derivatives instruments with group companies. The derivative element of any structured notes is consistently valued with the related hedging instrument.

RESULTS FOR THE YEAR

The profit for the year attributable to the shareholder amounts to USD 27,116,000 (2006: USD 15,687,000) as shown on the profit and loss account on page 4. The Managing Directors recommend a transfer to reserves of USD 27,116,000 (2006: USD 15,687,000).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The economic prospects for the entity are positive. The markets are giving support to the entity by subscribing to new issuances. The company has continued to issue debt as part of its European Medium Term Note programme. During the year the maximum issuance level was increased to USD 100,000,000,000.

The company continued its Equity Linked Investment Programme in Asia, issued in 2006, with a subscription limit of USD 2,000,000,000 and a certificates programme in the Swiss Stock Exchange.

The company has continued to issue debt in the German Domestic Market. During the year the maximum issuance level was increased to USD 4,000,000,000.

Net Financial income and expense is a key indicator of the company's performance. During the financial year, Lehman Brothers Treasury Co. B.V recorded 45% increase in its net financial income and expense.

The company will continue with its activities as a finance company and it is expected the financial fixed assets will continue to increase in line with the level of issued debt.

Managing Directors

Leonard Fuller

Wolbert Kamphuijs

Rumoldus de Schutter

Rushton Dave

Christian Fischer

Amsterdam, 30 May 2008

## ANNUAL ACCOUNTS

Lehman Brothers Treasury Co. B.V.

BALANCE SHEET

At 30 November 2007

(After proposed appropriation of the net profit)

		2007	2006
	Notes	USD '000	USD '000
<b>ASSETS</b>			
<b>FINANCIAL FIXED ASSETS</b>			
Due from group companies - amounts due more than one year	7	23,014,032	19,080,440
<b>CURRENT ASSETS</b>			
Due from group companies - amounts due within one year	6	11,331,314	3,502,636
Cash at bank	8	24,623	91,035
Taxation receivable		147	-
Other assets		68,034	-
		<u>11,424,118</u>	<u>3,593,671</u>
<b>TOTAL ASSETS</b>		<u><u>34,438,150</u></u>	<u><u>22,674,111</u></u>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S EQUITY</b>			
Common shares - EUR 454 par value; authorised - 7,500 shares; Issued and fully paid - 4,406 shares (EUR 2,000,324)	9	2,545	2,545
Retained earnings		77,412	50,296
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<u>79,957</u>	<u>52,841</u>
<b>LONG-TERM LIABILITIES</b>			
Guaranteed notes payable - amounts due after more than one year	10	29,857,275	19,275,620
<b>CURRENT LIABILITIES</b>			
Guaranteed notes payable - amounts due within one year	10	4,271,283	3,106,544
Bank overdrafts		26,012	46,027
Payable to group company		3,962	4,566
Accrued interest payable		199,309	150,387
Taxation payable		-	2,350
Other accrued liabilities		352	35,776
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,500,918</u>	<u>3,345,650</u>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<u><u>34,438,150</u></u>	<u><u>22,674,111</u></u>

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# Lehman Brothers Treasury Co. B.V.

## PROFIT AND LOSS ACCOUNT for the year ended 30 November 2007

	Notes	2007 USD '000	2006 USD '000
Operating income	3	33,188	1,167
Operating expense	3	(32,964)	(111)
NET OPERATING INCOME AND EXPENSE		224	1,056
Interest and similar income	4	1,415,884	770,179
Interest and similar expense	5	(1,384,562)	(748,632)
NET FINANCIAL INCOME AND EXPENSE		31,322	21,547
RESULT FROM ORDINARY OPERATIONS BEFORE TAX		31,546	22,603
Tax on result from ordinary operations	12	(4,430)	(6,916)
RESULT FROM ORDINARY OPERATIONS AFTER TAX		27,116	15,687

For identification purposes only

 **ERNST & YOUNG**  
ACCOUNTANTS



Lehman Brothers Treasury Co. B.V.

STATEMENT OF SHAREHOLDERS EQUITY  
for the year ended 30 November 2007

	<i>Issued capital</i> USD '000	<i>Retained Earnings</i> USD '000	<i>Total Equity</i> USD '000
As at December 1, 2005	1,088	34,609	35,697
Increase in Share capital issued	1,457	-	1,457
Net Profit for the year		15,687	15,687
As at November 30, 2006	2,545	50,296	52,841
As at December 1, 2006	2,545	50,296	52,841
Net Profit for the year		27,116	27,116
As at November 30, 2007	2,545	77,412	79,957

For identification purposes only

 ERNST & YOUNG  
ACCOUNTANTS

# Lehman Brothers Treasury Co. B.V.

## CASH FLOW STATEMENT for the year ended 30 November 2007

	2007 USD '000	2006 USD '000
<b>Cash flow from operating activities</b>		
Net profit for the year after taxation	27,116	15,687
Adjustments to Reconcile net income to net cash used in operating activities		
(Gain) / Loss on early redemption of debt	(32,873)	1,088
Amortisation of Debt Discount	40,040	16,227
Amount due from group companies waived	32,873	-
(Increase) in amounts due from group companies	(11,795,143)	(6,395,508)
(Increase) / Decrease in Debtors	(68,181)	-
Increase / (Decrease) in Creditors	10,544	73,217
<b>Net cash flow from operating activities</b>	<b>(11,785,624)</b>	<b>(6,289,289)</b>
<b>Cash flows from financing activities</b>		
Net Increase in issued debt	11,739,227	6,322,860
Net Increase/(Decrease) in Bank overdraft	(20,015)	46,026
Net Increase in share capital	-	1,457
<b>Net cash flow from financing activities</b>	<b>11,719,212</b>	<b>6,370,343</b>
<b>Net cash flow, movement in cash</b>	<b>(66,412)</b>	<b>81,054</b>
Net Cash at beginning of year	91,035	9,981
<b>Net Cash at end of year</b>	<b>24,623</b>	<b>91,035</b>

NOTES TO THE ANNUAL ACCOUNTS  
at 30 November 2007

1. **GENERAL**

The company was incorporated in The Netherlands (with registration number 33267-322 with the Chamber of Commerce and Industry of Amsterdam) as a private limited company on 8 March 1995. The company's registered office and principal place of business is at Atrium building, 7<sup>th</sup> floor, Strawinskylaan 3105, 1077 ZX Amsterdam.

The company is wholly-owned by Lehman Brothers U.K. Holdings (Delaware) Inc. and is engaged in the borrowing and lending of funds.

The group in which the results of the company are consolidated is that headed by Lehman Brothers Holdings Inc. The consolidated accounts for this group are available to the public from 745 7<sup>th</sup> Avenue, New York, USA.

***Change in Accounting Principle (In year ending 2006)***

The company had reported its 2006 annual accounts in USD. The 2005 comparatives had also been restated in USD. In prior years the annual accounts were reported in Euros.

The company's functional currency is US dollars as the directors consider this to be most appropriate currency for the company's business. Hence there was a change in the accounting principle in year ending 2006 (as stated above).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation***

The accounts have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

***Accounting convention***

The accounts are prepared under the historical cost convention, modified by the translation of foreign currencies.

***Income recognition***

Income and expense are, based on the above fundamental basis of reporting, allocated to the reporting period to which they relate. Swap fees payable which represent a return for risk transferred to group entities which are in the nature of interest are taken to the profit and loss account over the period of the underlying note or on a systematic basis over the expected life of the transaction to which they relate.

***Currency translation***

Transactions arising in foreign currencies are translated into US Dollars at the rate of exchange ruling at the end of the month in which the transaction occurs. Assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Resulting exchange gains and losses are recognised in the profit and loss account on a net basis.

Guaranteed notes payable, which are swapped into a currency other than the original currency of denomination, are translated from the original currency at the rate ruling at the balance sheet date. The adjustments for the effects of the related swap contracts are included in amounts due from group companies and other accrued liabilities. Such swap contracts generally mature in accordance with the terms of the related borrowings.

***Financial Instruments***

All notes are shown in the accounts at contractual amounts. Cross currency swaps are shown in the accounts at contractual amounts. All other derivatives are shown at their net accrual value as at the balance sheet date.



NOTES TO THE ANNUAL ACCOUNTS  
at 30 November 2007

**Recognition and Derecognition**

Financial assets and liabilities are recognised and derecognised according to the substance of the transaction. A financial asset is derecognised when no significant benefits or risks are retained. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**General**

Unless otherwise indicated, assets and liabilities are stated at face value.

**3. OPERATING INCOME AND EXPENSE**

	2007 USD '000	2006 USD '000
Other Income	315	79
Gain from Early Retirement of Debt	32,873	1,088
Operating Income	33,188	1,167
Administrative expenses	91	111
Early Retirement of Debt	32,873	-
Operating Expense	32,964	111

Operating expense mainly includes transferring the gains made on the early redemption / buyback of liability to a group company (as a waiver) amounting to USD 32,873,000.

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2007 USD '000	2006 USD '000
Group Undertakings	1,415,884	770,179
Others	-	-
	1,415,884	770,179

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2007 USD '000	2006 USD '000
Group Undertakings	1,384,299	749,153
Others	263	(521)
	1,384,562	748,632

**6. DUE FROM GROUP COMPANIES – AMOUNTS DUE WITHIN ONE YEAR**

	2007 USD '000	2006 USD '000
Amount owed from Group Undertakings	11,274,201	3,465,248
Others	57,113	37,388
	11,331,314	3,502,636

NOTES TO THE ANNUAL ACCOUNTS  
at 30 November 2007

7. FINANCIAL FIXED ASSETS

	2007 USD '000	2006 USD '000
<b>Due from group companies – amounts due after more than one year</b>		
At 30 November 2006	19,080,440	12,872,298
Early Redemption	(3,801,753)	(1,719,040)
Additions	9,329,808	9,551,303
FX Revaluation	1,635,312	939,585
Transfers to Current Assets	(3,229,775)	(2,563,706)
At 30 November 2007	23,014,032	19,080,440

8. CASH AT BANK

Cash at bank comprises a short-term deposit.

9. SHAREHOLDER'S EQUITY

The authorised share capital comprises 7,500 common shares of EUR 454 each, of which 1,700 common shares were issued on 8 March 1995 for cash, fully paid (converted at the rate of 1.0496 to USD 1,087,900) and 2,706 common shares were issued on 22 December 2005 for cash, fully paid (converted at the rate of 1.1865 to USD 1,457,681). There were no movements in authorised share capital during the year.

NOTES TO THE ANNUAL ACCOUNTS  
at 30 November 2007

**10. GUARANTEED NOTES PAYABLE**

On 31 March 1995, the company issued an offering memorandum together with Lehman Brothers Holdings PLC and Lehman Brothers Holdings Inc. relating to a programme for the issuance of debt instruments. Since 2001 Lehman Brothers Holdings PLC is no longer part of the Euro Medium Term Note (EMTN) Programme. Lehman Brother Bankhaus AG has been participating in the programme since 2004.

The instruments may be denominated in any currency. The total amount of the EMTN Programme was not originally to exceed USD 4,000,000,000.

On 2 July 1997, the maximum issuance was increased to USD 7,000,000,000.

On 19 June 1998, the maximum issuance was increased to USD 10,000,000,000.

On 25 August 2000, the maximum issuance was increased to USD 15,000,000,000.

On 19 August 2003, the maximum issuance was increased to USD 18,000,000,000.

On 18 August 2004, the maximum issuance was increased to USD 25,000,000,000.

On 18 August 2005, the maximum issuance was increased to USD 45,000,000,000.

On 10 August 2006, the maximum issuance was increased to USD 60,000,000,000.

On 24 July 2007, the maximum issuance was increased to USD 100,000,000,000.

On 20 November 2004, the company issued an offering memorandum for the issuance of debt in the German Domestic Market. The maximum amount of the programme is not to exceed USD 3,000,000,000. On 28 August 2007, the maximum amount of the programme was increased to USD 4,000,000,000.

On 30 November 2005, the company issued an offering memorandum for the issuance of debt in the Italian Domestic market amounting to EUR 15,000,000. During the year, there were two partial terminations amounting to EUR 262,000 on 28 August 2007 and EUR 2,000,000 on 22 December 2007, bringing the notional down to EUR 12,738,000.

On 23 February 2006, the company issued an Asian Equity Linked Investment Programme. The maximum issuance is not to exceed USD 2,000,000,000.

On 29 November 2006, the company issued a Certificates Programme on the SWX Swiss Exchange, without a defined maximum limit on the issuances.



# Lehman Brothers Treasury Co. B.V.

## NOTES TO THE ANNUAL ACCOUNTS at 30 November 2007

### 10. GUARANTEED NOTES PAYABLE (continued)

	2007 USD '000	2006 USD '000
<b>Guaranteed notes due within one year denominated in:</b>		
Euros	1,395,121	1,475,145
US dollars	2,297,950	1,189,347
Japanese yen	257,180	131,026
Hong Kong dollars	88,358	24,164
Swiss francs	93,128	129,367
Sterling	36,405	27,103
Australian dollars	75,327	30,990
Czech Koruna	-	3,315
Swedish krona	7,677	91,621
Singapore Dollars	15,596	4,466
New Zealand Dollar	1,307	-
Mexican Nuevo Peso	3,234	-
	<b>4,271,283</b>	<b>3,106,544</b>
<b>Guaranteed notes due between one and five years denominated in:</b>		
Euros (balance sheet interest rates range between 0.00 % - 10.50 %)	7,789,309	5,011,771
US dollars (balance sheet interest rates range between 0.00 % - 10.90 %)	5,398,496	5,001,575
Japanese yen (balance sheet interest rates range between -0.0 % - 2.40 %)	578,999	451,315
Swedish krona (balance sheet interest rates range between 0.00 % - 4.53 %)	268,331	26,550
Hong Kong dollars (balance sheet interest rates range between 0.00 % - 8.88 %)	201,956	215,630
Swiss Francs (balance sheet interest rates range between 0.00 % - 3.08 %)	860,378	523,318
Australian dollars (balance sheet interest rates range between 0.00 % - 7.50 %)	1,156,046	631,267
Sterling (balance sheet interest rates range between 0.00 % - 6.82 %)	909,320	740,945
Canadian Dollars (balance sheet interest rates range between 0.00 % - 0.00 %)	0	6,591
Czech Koruna (balance sheet interest rates range between 0.00 % - 3.45 %)	27,913	2,736
Hungarian Forint (balance sheet interest rates range between 0.00 % - 7.57 %)	13,748	1,565
Israeli Shekel (balance sheet interest rates range between 4.28 % - 4.28 %)	2,999	2,700
New Zealand Dollars (balance sheet interest rates range between 0.00 % - 0.00 %)	54,422	6,587
Polish Zloty (balance sheet interest rates range between 5.05 % - 5.30 %)	5,341	4,538
Singapore Dollars (balance sheet interest rates range between 0.00 % - 3.86 %)	73,467	38,838
Mexican Nuevo peso (balance sheet interest rates range between 7.59 % - 7.59 %)	91,582	90,810
Norway Krone (balance sheet interest rates range between 0.00 % - 0.00 %)	47,627	0
	<b>17,479,934</b>	<b>12,756,736</b>
<b>Guaranteed notes due after more than five years denominated in:</b>		
Euros (balance sheet interest rates range between 0.00 % - 7.42 %)	9,701,014	4,739,896
US dollars (balance sheet interest rates range between 0.00 % - 11.25 %)	1,375,245	1,227,744
Japanese yen (balance sheet interest rates range between 0.00 % - 15.00 %)	334,661	284,521
Singapore dollars (balance sheet interest rates range between 4.10 % - 4.35 %)	120,765	113,276
Swedish krona (balance sheet interest rates range between 4.39 % - 4.39 %)	7,863	7,238
Swiss Francs (balance sheet interest rates range between 0.00 % - 2.95 %)	228,559	32,665
Sterling (balance sheet interest rates range between 0.00 % - 6.55 %)	97,996	58,484
Australian dollars (balance sheet interest rates range between 0.00 % - 6.90 %)	203,026	29,068
Canadian Dollars (balance sheet interest rates range between 0.00 % - 0.00 %)	-	-
Czech Koruna (balance sheet interest rates range between 3.30 % - 3.56 %)	16,313	18,575

For identification purposes only

**ERNST & YOUNG**  
ACCOUNTANTS

# Lehman Brothers Treasury Co. B.V.

## NOTES TO THE ANNUAL ACCOUNTS at 30 November 2007

### 10. GUARANTEED NOTES PAYABLE (continued)

	2007 USD '000	2006 USD '000
Slovak Koruna (balance sheet interest rates range between 4.08% - 4.08%)	8,847	7,417
Israeli Shekel (balance sheet interest rates range between 0.00% - 0.00 %)	211,268	0
Hong Kong dollars (balance sheet interest rates range between 5.10 % -5.10 %)	71,784	0
	<u>12,377,341</u>	<u>6,518,884</u>
	<u>29,857,275</u>	<u>19,275,620</u>
Total	<u>34,128,558</u>	<u>22,382,164</u>

Notes issued comprise a variety of structures ranging from plain vanilla notes to highly structured notes paying zero coupon and where the redemption amount is dependant upon external factors, such as credit default linked and equity linked. Where the redemption of the note is linked to external factors, the risk is hedged by derivative instruments, the derivative element of the notes being valued consistent with the hedging instrument. The proceeds of issuance of the Notes have been lent to group companies on terms matching the hedged notes of the company plus a basis points spread.

The notes are unconditionally and irrevocably guaranteed by Lehman Brothers Holdings Inc.

### 11. FINANCIAL INSTRUMENTS

The company's financial instruments, other than derivatives, comprise borrowings, cash and receivables from group companies. The main purpose of these financial instruments is to raise finance for the group's operations. The company also enters into derivative transactions (principally interest rate swaps, cross currency swaps, credit default swaps, equity swaps and currency swaps). The purpose of such transactions is to manage the interest rate and currency risks arising from the company's sources of finance.

The main risks arising from the company's financial instruments are interest rate risk and foreign currency risk. All such risks are managed through the use of derivatives, transacted with other group entities, to transfer the risks to these other group entities.

*The maximum Credit risk related exposure is stated as below:*

	2007 USD '000	2006 USD '000
Due from Group companies more than a year	23,014,032	19,080,440
Due from Group companies within a year	11,331,314	3,502,636
Cash at bank	24,623	91,035
Other Assets	68,034	-
	<u>34,438,003</u>	<u>22,674,111</u>



# Lehman Brothers Treasury Co. B.V.

## NOTES TO THE ANNUAL ACCOUNTS at 30 November 2007

### 12. TAXATION

	2007 USD '000	2006 USD '000
Tax at average statutory rate	6,330*	6,916
True up for prior year provisions	(1,900)	-
Tax on result from ordinary operations	4,430	6,916

The provision for taxation is based on an interest rate spread and other factors as described in rulings from the Dutch tax authorities. (\*) Based on sliding scale rates.

### 13. FAIR VALUE

The comparison in Fair Value vs. Balance Sheet Value is as below:

	Fair Value		Balance Sheet Value	
	2007 USD '000	2006 USD '000	2007 USD '000	2006 USD '000
<b>Financial assets</b>				
Financial Fixed Assets	23,014,032	19,080,440	23,014,032	19,080,440
<b>Current Assets</b>				
Due from group companies within a year	10,166,293	3,264,924	11,331,314	3,502,636
Cash at bank	24,623	91,036	24,623	91,036
Other Current Assets	68,034	-	68,034	-
	33,272,982	22,436,400	34,438,003	22,674,112
<b>Financial liabilities</b>				
Guaranteed Notes Payable more than a year	27,970,172	19,096,724	29,857,275	19,275,620
<b>Current Liabilities</b>				
Guaranteed Notes Payable within than a year	4,235,558	3,049,732	4,271,283	3,106,544
Bank Overdrafts	26,012	46,027	26,012	46,027
Payable to group companies	3,962	4,566	3,962	4,566
Accrued Interest payable	16,906	172,294	199,309	150,387
Other Accrued Liabilities	484	35,896	352	35,776
	33,253,094	22,405,239	34,358,193	2,618,920

### 14. EMPLOYEES

The company has no employees. Managing directors received no remuneration from the company in either year.

Managing Directors

Wolbert Kamphuijs

Rimoldus de Schutter

Leonard Fuller

Rushton Daye

Christian Fischer

## OTHER INFORMATION

OTHER INFORMATION

**Statutory Arrangements in Respect of Profit Distribution**

According to Article 22 of the company's Articles of Incorporation, the net results are at the disposition of the shareholder.

**Proposed Appropriation of Profit**

No dividend was proposed during the year. The net profit after taxation for the year ended 30 November 2007 was USD 27,116,000. The Managing Directors propose that this amount is taken to retained earnings.



To: the managing directors of Lehman Brothers Treasury Co. B.V.

## **AUDITOR'S REPORT**

### **Report on the annual accounts**

We have audited the annual accounts for the year ended 30 November 2007 of Lehman Brothers Treasury Co. B.V., Amsterdam, which comprise the balance sheet as at 30 November 2007, the profit and loss account, the statement of shareholder's equity and the cash flow statement for the year then ended and the notes.

#### *Managing directors' responsibility*

The managing directors are responsible for the preparation and fair presentation of the annual accounts and for the preparation of the managing director's report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the managing directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Lehman Brothers Treasury Co. B.V. as at 30 November 2007 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

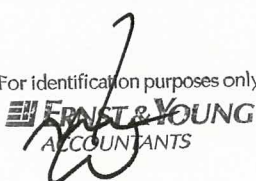
### **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the managing directors' report is consistent with the annual accounts as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 30 May 2008

for Ernst & Young Accountants

signed by J.W. Moison

For identification purposes only  
 ERNST & YOUNG  
ACCOUNTANTS

## POWER OF ATTORNEY

The undersigned, R.G.A. de Schutter, residing at Dorpsstraat 50, 4152 ER Rhenoy, the Netherlands and acting in his capacity as Managing Director of

*Lehman Brothers Treasury Co. B.V.*

a company incorporated under the laws of The Netherlands, having its registered office at Atrium, Strawinskylaan 3105, 1077 ZX Amsterdam, The Netherlands, hereinafter referred to as "the Company",

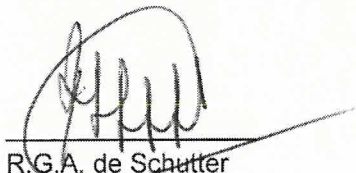
appoints as his attorney-in-fact and agent: *Wolbert Huurik Kamphuijs*

F. van der Rhee and/or J.C.W. van Burg and/or W.H. Kamphuijs and/or J.P. Everwijn, officiating in Atrium, Strawinskylaan 3105, 1077 ZX Amsterdam, The Netherlands

with the right of substitution to represent the undersigned in any and all matters relating to the day-to-day business in which the Company is or will be engaged, inclusive but not limited to the representation of the Company towards third parties.

This power of attorney has been granted as from today and will be in full force and effect up to and including 30 June 2008.

Thus signed this 31<sup>st</sup> day of December 2007, The Netherlands,



R.G.A. de Schutter  
Managing Director

For identification purposes only

 **ERNST & YOUNG**  
ACCOUNTANTS

To: the managing directors of Lehman Brothers Treasury Co. B.V.

## AUDITOR'S REPORT

### Report on the annual accounts

We have audited the annual accounts for the year ended 30 November 2007 of Lehman Brothers Treasury Co. B.V., Amsterdam, which comprise the balance sheet as at 30 November 2007, the profit and loss account, the statement of shareholder's equity and the cash flow statement for the year then ended and the notes.

#### *Managing directors' responsibility*

The managing directors are responsible for the preparation and fair presentation of the annual accounts and for the preparation of the managing director's report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the managing directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Lehman Brothers Treasury Co. B.V. as at 30 November 2007 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the managing directors' report is consistent with the annual accounts as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 30 May 2008

for Ernst & Young Accountants



J.W. Moison

To: the managing directors of Lehman Brothers Treasury Co. B.V.

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Amsterdam, 30 May 2008

for Ernst & Young Accountants

signed by J.W. Moison



## PUBLICATION OF AUDITOR'S REPORT

### 1 Conditions

Authorization to publish the auditor's report is granted subject to the following conditions.

- Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- The authorization concerns inclusion of the auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up or, in the case of large companies (i.e. two-tier companies or *structuurvennootschappen*, required by law to have a board of executive and a board of supervisory directors) as adopted.
- The authorization also concerns inclusion of the auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Netherlands Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- The auditor's report can also be included if the financial statements are published electronically, such as on the Internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- If the published financial statements are to be included in another document which is to be made public, authorization to include the auditor's report must again be granted by the auditor.

### 2 Explanations to the conditions

#### 2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Netherlands Civil Code, section 393 which stipulates inter alia: 'The auditor sets out the outcome of his examination in a report'. 'The auditor reports on his examination to the board of supervisory directors and the board of executive directors'.

#### 2.2 Annual General Meeting (AGM)

Publication of the auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term 'publication', so that inclusion of the auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

#### 2.3 Auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers.

The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

#### 2.4 Events between the date of the auditor's report and the AGM

Attention should be paid to the fact that between the date of the auditor's report and the date of the meeting at which adoption or approval, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

#### 2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of title 9 of Book 2 of the Netherlands Civil Code table the directors' report and the other information as well). The AGM considers adoption or approval of the financial statements. Only after the financial statements have been adopted or approved, as appropriate, do they become the statutory (i.e. the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. In the case of large companies it will be the financial statements adopted by the board of supervisory directors that will be approved (in the case of large companies, the AGM may only approve the financial statements without amendment). The auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the auditor's report may be attached to the financial statements adopted or approved, as appropriate, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

#### 2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

- he has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate, or
- based on legal regulations, publication of the document concerned is all that is required'.

If less than the full financial statements are published, further consultation with the auditor is essential.

If the financial statements and the auditor's report are published on the Internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the Internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

#### 2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

#### 2.8 Events after the AGM

Even if facts and circumstances have become known after the adoption or approval of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted or approved and by the auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an auditor's report. In this situation, too, further consultation with the auditor is essential.