

Final Terms dated as of 25 October 2006

LEHMAN BROTHERS SECURITIES N.V.

Warrant and Certificate Programme

**Guaranteed by
LEHMAN BROTHERS HOLDINGS INC.**

Up to 1,000 Certificates on the Strategic Commodities Fund

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the amended and restated Offering Circular dated 9 August 2006 (the "**Offering Circular**"). This document constitutes the Final Terms of the Certificates described herein and must be read in conjunction with such Offering Circular. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Offering Circular.

Save as disclosed herein, neither the Issuer nor the Guarantor is involved in any litigation or arbitration proceedings which the Issuer or the Guarantor (as the case may be) believes would have a material adverse effect on the financial position of the Issuer or the Guarantor (as the case may be) nor is the Issuer or the Guarantor aware of any such proceedings pending or threatened.

The Issuer accepts responsibility for the information contained in these Final Terms and declares that, having taken all reasonable care to ensure that such is the case the information contained in these Final Terms is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The information contained herein with regard to the underlying asset (or basket of assets), Commodity (or Basket of Commodities), Currency (or Basket of Currencies), Debt Instrument (or Basket of Debt Instruments), Depositary Receipt (or Basket of Depositary Receipts), Index (or Basket of Indices) or Share (or Basket of Shares) (as all such terms are defined in the Terms and Conditions of the Securities (as set forth in the Offering Circular, beginning at page 41 thereof) or other item(s) (the "**Underlying**") to which the Securities relate consists of extracts from or summaries of information that are publicly available. Except as mentioned herein, the Issuer accepts responsibility for accurately reproducing and/or summarising the information relating to the Underlying to which the Securities relate, which information is more particularly described in Part B hereto. The Issuer accepts no further or other responsibility in respect of such information.

THE CERTIFICATES ARE SOLD ON A PRIVATE PLACEMENT BASIS ONLY, IN ACCORDANCE WITH THE REVISED CIRCULAR OF THE SWISS FEDERAL BANKING COMMISSION DATED 1 APRIL 2006. THE UNDERLYING FUND HAS NOT BEEN LICENSED FOR PUBLIC OFFER BY THE SWISS FEDERAL BANKING COMMISSION.

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IN WITNESS WHEREOF, LEHMAN BROTHERS SECURITIES N.V. has caused these Final Terms to be executed by its duly authorised officer(s) and/or director(s).

Dated: 25 October 2006

Executed by

LEHMAN BROTHERS SECURITIES N.V.
and signed and delivered on its behalf

By: _____

Name:

Title:

Part A

Information about the Securities

Risk Factors

Prospective investors in the Securities should pay particular attention to the section entitled "Risk Factors" in the Offering Circular.

Prospective investors of Securities should carefully consider the following information in conjunction with other information contained herein and in the Offering Circular.

These Final Terms cannot disclose all of the risks and other significant aspects of the Securities and investment decisions should not be made solely on the basis of these risk factors since the information contained herein cannot serve as a substitute for independent individual advice which is tailored to the requirements, investment objectives, experience, knowledge and circumstances of a prospective investor.

Each prospective investor of Securities should consider carefully whether the Securities are suitable for it in the light of its circumstances and financial position and in view of the complexity and risks inherent in the Securities. Prospective investors of Securities should be experienced with respect to derivatives, particularly options and options transactions. Furthermore, prospective investors of Securities should understand the risks of transactions involving the Securities and should reach an investment decision only after careful consideration of the suitability of the Securities in light of their particular financial circumstances and after consultation with their own legal, tax, accountancy and other professional advisers. No person should deal in the Securities unless that person understands fully the nature of the relevant transaction.

Factors affecting the Fund and the payments under the Securities

Prospective investors of Securities should be familiar with investments in the global capital market and with derivatives and the Fund generally. The Securities can be volatile instruments. Changes in the price or market value of Shares and/or changes in the circumstances of the Fund may result in sudden and large fluctuations in the value of the Securities. The value of the Shares may vary over time and may increase or decrease by reference to a variety of factors, which may include, but are not limited to, corporate actions and macro economic factors.

No Capital protection

Holders of Securities should be aware that in certain circumstances the Cash Settlement Amount may be less than the purchase price paid for the Securities. Accordingly, a purchase of these Securities is only suitable for investors who can afford to risk loss of all or part of their original investment.

Secondary market and liquidity for the Securities

There can be no assurance as to how any Securities will trade in the secondary market, whether there will be a secondary market or, if a secondary market exists, whether such market will be sustainable or liquid or illiquid. Although an application will be made to list or trade the Securities on the Frankfurt Freiverkehr, no assurance can be given that the Securities will in fact be listed or traded or, if the Securities are so listed or traded, that such listing or trading will be maintained and whether there will be a secondary market for any Securities so listed or traded. If the Securities are not listed or traded on any stock exchange, pricing information so such Securities may be more difficult to obtain, and the liquidity and market prices of such Securities may be adversely affected.

The Securities may be redeemed prior to maturity

In addition, the Securities may also be mandatorily redeemed prior to the Redemption Date in the event of the occurrence of a Merger Event, Insolvency, a Delisting of the Fund or a Substitution Event (each as defined herein) in respect of the Fund.

The amount payable will be calculated to produce a commercially reasonable result as determined by the Calculation Agent in its sole and absolute discretion. Prospective investors of the Securities should be aware that such cancellation amount may be less than the Issue Price of the Securities or the amount that the investor has paid for the Securities or the principal amount of the Securities, and may even be nil.

In the event of early termination, a holder of Securities (for the purpose of this section entitled "Risk Factors", a "**Holder**") may not be able to reinvest the redemption proceeds in a comparable security and receive a return on investment which is as high as that of the Securities. Each of the Issuer and Guarantor is not liable for any disadvantage a holder of Securities incurs in respect of the new investment or non-investment of its capital.

Potential conflicts of interest

The Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may, from time to time, engage in purchase, sale or other transactions involving the Shares or related derivatives for their proprietary accounts and/or for accounts under their management and/or for clients. Such transactions may have a positive or negative effect on the price of the Shares and consequently on the value of the Certificates. In addition, the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may, from time to time, act in other capacities with regard to the Certificates (such as in an agency capacity and/or as the calculation agent) and may issue or participate in the issue of other competing financial instruments in respect of the Shares or similar shares in similar sectors or markets and the introduction of such competing financial instruments may affect the value of the Certificates. The Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may also (i) act as underwriter or financial adviser in connection with future offerings of shares or other securities of the Fund, any of its subsidiaries or affiliates and/or (ii) act in a commercial banking capacity for such companies in relation to any other related securities. Such activities could present certain conflicts of interest with the interest of Certificateholders and may affect the value of the Certificates. The Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries owe no duty or responsibility to any Certificateholder (or any other party) to avoid such conflicts.

In connection with the offering of the Certificates, the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may enter into one or more hedging transactions with respect to the Shares or related derivatives. In connection with such hedging or with respect to proprietary or other trading activities by the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries, the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may enter into transactions in the Shares or related derivatives which may affect the market price, liquidity or value of the Certificates and which could be deemed to be adverse to the interests of the relevant Certificateholders.

Such transactions could present certain conflicts of interest with the interest of Certificateholders and may affect the value of the Certificates. The Issuer, the Guarantor, the Dealer, the Calculation Agent

and/or their respective subsidiaries owe no duty or responsibility to any Certificateholder (or any other party) to avoid such conflicts.

Substitution of the Fund

A holder of Securities needs to be aware that, in case of a Substitution Event occurs, the Fund may be replaced with another Fund or an Index – further details are provided below.

Investing in the Securities is not the same as investing in the Shares

Prospective investors should be aware that the market value of the Securities may not have a direct relationship with the prevailing price of the Shares, in that changes in the prevailing price of the Shares will not necessarily result in a comparable change in the market value of the Securities.

Investment in the Securities does not take into account dividends payable on the Fund

Prospective investors should note that dividends payable to holders of shares and/or units in the Fund will not be paid to the Issuer or to the Holders. The return on the Securities will thus not reflect any dividends which would be paid to investors that have made a direct investment in the Fund. Consequently, the return on the Securities may be less than the return from a direct investment in the Fund.

Investment Risks pertaining to the Fund

The Fund and any Fund components in which it may invest may utilise (*inter alia*) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. The Fund, and any funds and Fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. No assurance can be given relating to the present or future performance of the Fund and any Fund component in which it may invest. The performance of the Fund and any Fund component in which it may invest is dependent on the performance of the Fund managers in selecting Fund components and company management in respect of the Fund components. No assurance can be given that these persons will succeed in meeting the investment objectives of the Fund that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which the Fund has or will invest will prove accurate.

Determinations by the Calculation Agent

The Calculation Agent has certain discretions to determine whether certain events as further set out in the Documentation. Prospective investors should be aware that any determination made by the Calculation Agent may have an adverse effect on the value of the Securities.

Creditworthiness of the Issuer and Guarantor

Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and the Guarantor and has no rights against any other person. The Securities constitute general, unsecured, unsubordinated, contractual obligations of the Issuer and of no other person. The Securities rank *pari passu* among themselves.

Adjustments

The Calculation Agent may adjust the terms of the Securities in the case of a market disruption event and/or such other similar adjustment or extraordinary event pursuant to terms as set out in the Documentation. Such adjustment may have an adverse impact on the value of the Securities. Any such discretion exercised by, or any calculation made by the Calculation Agent (in the absence of manifest error) shall be binding.

Issue Price

The Issue Price in respect of the Securities may not be an accurate reflection of the market value of such Securities as at the Issue Date. The price at which the Securities may be sold in secondary market transactions may be lower than the Issue Price. In particular, the Issue Price in respect of the Securities takes into account, among other things, the distribution fee payable to any appointed distributor of the Securities with respect to the offer and sale of the Securities.

General Market Risk

Prospective investors should be aware that the return on the Securities are linked to the value and/or performance of the Fund. Movements in the value of the shares and/or units in the Fund may adversely affect the value of the Securities. The value of the shares and/or units in the Fund may depend on a number of interrelated factors, including economic, financial and political events in one or more jurisdictions, factors affecting capital markets generally and the stock exchange(s) on which any shares and/or units of the Fund may be traded. None of the Issuer, the Guarantor, the Group or any persons connected with any of them assumes any responsibility to the holders of the Securities for the economic success or lack of success of an investment in the Securities.

Transparency Directive

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on an EEA Regulated Market and amending Directive 2001/34/EC (the "Transparency Directive") entered into force on 20 January 2005. It requires member states to take measures necessary to comply with the Transparency Directive by 20 January 2007. If, as a result of the Transparency Directive or any legislation implementing the Transparency Directive, Lehman Brothers Holdings Inc. ("LBHI") could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which it would otherwise use to prepare its published financial information, LBHI may seek an alternative admission to listing, trading and/or quotation for the Securities on a different section of the Luxembourg stock exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as it may (with the approval of Lehman Brothers International (Europe) (the "Dealer")) decide.

General

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|-----|---|---|
| 1. | Issuer: | Lehman Brothers Securities N.V. |
| 2. | Guarantor: | Lehman Brothers Holdings Inc. |
| 3. | Description of the Securities: | |
| | (a) Warrants or Certificates: | The Securities are Certificates |
| | (b) Type of Securities: | The Securities are Share Securities |
| 4. | Form of the Securities: | Bearer: Global Security |
| 5. | Description of the Underlying: | As described in Item 49 below |
| 6. | If Warrants, American Style Warrants, European Style Warrants or other: | Not Applicable |
| 7. | If Warrants, Call Warrants, Put Warrants or other: | Not Applicable |
| 8. | Number of Securities being issued: | Up to 1,000 Securities |
| 9. | (a) Series Number: | L-06/98 |
| | (b) Tranche Number: | 1 |
| 10. | Issue Date: | 25 October 2006 |
| 11. | Issue Price(s): | Swiss Francs ("CHF") 100,000 per Security |
| | | Each Dealer reserves the right, in its sole discretion, at any time and from time to time, to offer and sell the Securities at one or more prices that differ from the Issue Price. See also "Risk Factors – Issue Price" in Part A hereof. |
| 12. | Minimum initial purchase of the Securities: | 1 Security |
| 13. | Minimum transferable number (for the purposes of Condition 1(c)): | 1 Security |
| 14. | Last Trading Day (for the purposes of Conditions 1(c) and 9(c)): | Three Business Days prior to the Valuation Date |
| | Warrants - Provisions relating to exercise | |
| 15. | If American Style Warrants, the Exercise Period: | Not Applicable |
| 16. | If European Style Warrants, the Expiration | Not Applicable |

Date:

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| 17. | Exercise Notice Deposit Time(s) (for the purposes of Condition 5(a)): | Not Applicable |
| 18. | Minimum Exercise Number (for the purposes of Condition 5(b)): | Not Applicable |
| 19. | Integral multiple of Minimum Exercise Number (for the purposes of Condition 5(b)): | Not Applicable |
| 20. | If Physical Delivery Warrants, any modification of minimum Board Lot requirement in relation to exercise (for the purpose of Condition 9(h)): | Not Applicable |
| 21. | If American Style Warrants, the Maximum Exercise Number (for the purposes of Condition 5(b)): | Not Applicable |
| 22. | Automatic Exercise in respect of Cash Settled Warrants (for the purposes of Condition 4(a)): | Not Applicable |

Certificates - Provisions relating to interest

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| 23. | Interest Payment Dates: | Not Applicable |
| 24. | Notional Amount per Certificate (for the purposes of Condition 6): | Not Applicable |
| 25. | Interest Rate (for the purposes of Condition 6): | Not Applicable |
| 26. | Interest Rate Day Count Fraction (for the purposes of Condition 6): | Not Applicable |
| 27. | Other terms relating to the method of calculating interest (for the purposes of Condition 6): | Not Applicable |

Provisions relating to settlement and redemption

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| 28. | Form of Settlement (for the purposes of Condition 1(a)): | Cash Settled Securities |
| 29. | Issuer's option to vary settlement in respect of the Securities (for the purposes of Conditions 1(a) and 10(c)): | Not Applicable |

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30. Valuation Date: 11 October 2016, or if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day
31. Averaging Dates: Not Applicable
32. Consequence of Averaging Date Disruption (for the purposes of Condition 13(b)): Not Applicable
33. Valuation Time: Condition 28 applies
34. If Warrants, the Settlement Date: Not Applicable
35. If Certificates, the Certificate Settlement Notice Period: The period of three Business Days ending on and including the Valuation Date
36. If Certificates, the Redemption Date: The day which is the ten Business Days following the Valuation Date (the Redemption Date is currently expected to be 25 October 2016).
37. Business Day Centre(s): London and Zurich
38. Exchange Rate, including details of when such rate is to be ascertained: Not Applicable
39. If Cash Settled Securities, Settlement Currency for the payment of the Cash Settlement Amount and/or Alternative Cash Settlement Amount: CHF
40. If Cash Settled Securities, Cash Settlement Amount or method of calculation of the Cash Settlement Amount (for the purposes of Condition 4(b) or Condition 7, as applicable): For each Certificate held, the Cash Settlement Amount shall be determined by the Calculation Agent in accordance with the following formula:

$$\text{CHF } 100,000 \times \frac{\text{Final Fund Price}}{\text{Initial Fund Price}} \times (0.9993)^Q$$

Where:

"**Final Fund Price**" means the NAV per Share at the Valuation Date, as determined by the Calculation Agent.

"**Initial Fund Price**" means CHF 943.25.

"**Q**" means the number of quarters that have passed since the Strike Date.

“Strike Date” means 16 October 2006

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| 41. | If Physical Delivery Warrants, the Strike Price(s): | Not Applicable |
| 42. | If Physical Delivery Securities: | Not Applicable |
| 43. | If Physical Delivery Certificates, any modification of minimum Board Lot requirement in relation to settlement (for the purpose of Condition 9(h)): | Not Applicable |
| 44. | Other circumstances where Holder will receive the Alternative Settlement Amount (for the purposes of Condition 10(c)): | Not Applicable |
| 45. | Other additional conditions to settlement (for the purposes of Condition 10(a)(i), 10(a)(ii), 10(b)(i) and 10(b)(ii)): | Not Applicable |

Other specified terms and modifications to the Conditions

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| 46. | If Currency Securities, details of the Relevant Screen Page, the Base Currency and the relevant Subject Currency or Subject Currencies: | Not Applicable |
| 47. | If Commodity Securities, provisions for calculations: | Not Applicable |
| 48. | If Index Securities: | Not Applicable |
| | Index or Indices: | Replacement Index, as described in the Annex hereto |
| | Exchange: | As determined by the Calculation Agent on the relevant Substitution Date (as defined in the Annex hereto) |
| | Related Exchange: | As determined by the Calculation Agent on the relevant Substitution Date (as defined in the Annex hereto) |
| | Consequences of Index Adjustment Event (for the purposes of Condition 14(a)(ii)): | |
| | Index Modification: | Calculation Agent Adjustment |
| | Index Cancellation: | Calculation Agent Adjustment |

Index Disruption:	Calculation Agent Adjustment
49. If Share Securities:	
(a) Share(s):	The CHF- denominated ordinary shares of the Daily Share Class of the Strategic Commodities Fund (Bloomberg Code: LBSCDD7 KY)
(c) Exchange:	Not Applicable
(d) Related Exchange:	Not Applicable
(e) Method of Adjustment (for the purposes of Condition 14(b)):	Not Applicable, the provisions of paragraph 3 (<i>Potential Adjustment Events</i>) of the Annex shall apply
(f) Consequences of Merger Events (for the purposes of Condition 15(a)):	Not Applicable, the provisions of paragraph 2 (<i>Cancellation</i>) of the Annex shall apply
(g) Consequences of Tender Offers (for the purposes of Condition 15(b)):	Not Applicable
(h) Options Exchange (for the purposes of Condition 14(b)(i), Condition 15(a)(iii) or Condition 15(b)(ii), where applicable):	Not Applicable
50. Additional Disruption Events:	Not Applicable
51. Further adjustments:	Not Applicable
52. Other special conditions and any modification to the Terms and Conditions of the Securities:	Not Applicable
53. Relevant Clearing System(s) (for the purposes of the definition in Condition 28):	Euroclear Clearstream, Luxembourg The Bank of New York shall act as common depositary for Euroclear and Clearstream, Luxembourg
54. Calculation Agent if not the Issuer:	Lehman Brothers International (Europe)
55. Rule 144A eligibility:	No
56. Eligibility for private placement to other	No

“accredited investors” in the United States:

57. US Selling Restrictions and additional selling restrictions:
- (a) details of the applicable type of US Selling Restrictions including in respect of the relevant US Selling Restrictions certification required for the purposes of exercise or redemption: Type 2A
 - (b) details of any additional selling restrictions (for the purposes of Condition 9(e)): Not Applicable

Part B

Other Information

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| 1. | (a) Listing: | Application will be made for the Securities to be listed on the Frankfurt Freiverkehr. |
| | (b) Admission to Trading: | Application will be made for the Securities to be admitted to trading on the Frankfurt Freiverkehr. |
| 2. | Notification | Not Applicable |
| 3. | Interests of Natural and Legal Persons Involved in The Issue/Offer | Save as discussed in the section entitled "Offering and Sale" in the Offering Circular, so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer. |
| 4. | (a) Method of distribution of the Securities: | Non-syndicated |
| | (b) Names of the Dealer(s): | Lehman Brothers International (Europe) |
| 5. | ISIN: | ANN521338601 |
| 6. | Common Code: | 27178162 |
| 7. | CUSIP: | Not Applicable |
| 8. | Telekurs number and, where any additional or alternative Clearing System(s) has/have been specified in paragraph 39(b) above, any other relevant security code: | CH2744402 |
| 9. | WKN: | Not Applicable |
| 10. | Principal Securities Agent: | Belgian Securities Agent |
| 11. | Whether Definitive Security Certificates may be issued as well as/instead of a Global Security: | The Securities will be at all times represented by a Global Security |
| 12. | Reasons for the Offer: | Not Applicable |
| 13. | Performance of index/formula/ other variable, explanation of effect on value of investment and associated risks and other | Details on the past and the future performance of the Shares and its volatility can be obtained from the Bloomberg page indicated in Item 49 of |

information concerning the Underlying:

Part A above.

The Issuer does not intend to provide post issuance information regarding the Shares.

ANNEX – OTHER APPLICABLE TERMS

1. Other Definitions

The following terms and expressions shall have the following meanings in respect of the Certificates:

"**Calculation Agent**" means Lehman Brothers International (Europe) of 25 Bank Street, London E14 5LE, United Kingdom.

"**Disrupted Day**" means any Scheduled Trading Day:

- (i) In respect of the Fund and any Replacement Fund, on which the relevant Investment Manager or the administrator, service provider or other person that generally reports the level of the Fund on behalf of the relevant Investment Manager fails to calculate and/or announce such value; or
- (ii) in respect of a Replacement Index, any day on which any relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of the relevant Replacement Index has occurred;

"**Fund**" means the Strategic Commodities Fund, Ltd..

"**Investment Manager**" means, with respect to the Fund, Lehman Brothers Asset Management Inc., a Delaware corporation (or such other management company as the Calculation Agent may determine is for the time being manager of such Fund or Replacement Fund, as the case may be).

"**Market Disruption Event**" means in respect of a Replacement Index, either:

- (I) (A) the occurrence or existence, in respect of any component security, of:
 - (1) a Trading Disruption in respect of such component security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such component security is principally traded;
 - (2) an Exchange Disruption in respect of such component security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such component security is principally traded; or
 - (3) an Early Closure in respect of such component security; and
- (B) the aggregate of all component securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of such Index; or

- (II) the occurrence or existence, in respect of futures or options contracts relating to the Replacement Index, of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Replacement Index at any time, if an Early Closure, Exchange Disruption or Trading Disruption occurs or exists in respect of a component security at that time, then the relevant percentage contribution of that component security to the level of such Replacement Index shall be based on a comparison of (x) the portion of the level of such Replacement Index attributable to that component security and (y) the overall level of such Replacement Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data" immediately before the occurrence of such Early Closure, Exchange Disruption or Trading Disruption, as the case may be, in respect of such component security.

For these purposes, the following words and expressions shall have the following meanings:

"Early Closure" means, in respect of a Replacement Index, the closure on the Valuation Date of the Exchange in respect of any component security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day;

"Exchange Disruption" means, in respect of the Replacement Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any component security on the Exchange in respect of such component security or (ii) futures or options contracts relating to such Replacement Index on the Related Exchange;

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours; and

"Trading Disruption" means, in respect of the Replacement Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to any component security on the Exchange in respect of such component security or (b) in futures or options contracts relating to the Index on the Related Exchange.

"NAV" means, in respect of the Fund or Replacement Fund, as the case may be, and any Scheduled Trading Day, the net asset value per Share of the Fund or Replacement Fund, as calculated and published by the relevant Investment Manager or the administrator, service provider or other person that generally reports such value on behalf of the Investment Manager to its investors or a publishing service at the Valuation Time on such Scheduled Trading Day..

"Scheduled Trading Day" means (A) in respect of Fund or a Replacement Fund, as the case maybe, a day on which the relevant Investment Manager or the administrator, service provider or other person that generally reports such value on behalf of the relevant Investment Manager is scheduled to calculate and publish the net asset value for such Fund, or the Replacement Fund as the case may be; and (B) In respect of a Replacement Index, (i) in the case of the Dow Jones EuroSTOXX 50, any day on which: (a) the relevant index sponsor is scheduled to publish the level of the Dow Jones EuroSTOXX 50; and (b) the Related Exchange is scheduled to be open for trading for its regular trading session; or (ii) in the case of an Replacement Index other than the Dow Jones EuroSTOXX 50, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

"Trade Date" means 11 October 2006.

"Valuation Time" means:

- (i) in respect of the Fund or Replacement Fund, not applicable;
- (ii) In respect of any Replacement Index which is a multi-exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any component security thereof, the Scheduled Closing Time on the relevant Exchange in respect of such component security, and (b) in respect of any options contracts or future contracts on such Replacement Index, the settlement time on the relevant Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Replacement Index is calculated and published by the relevant Index Sponsor; and
- (iii) In respect of any Replacement Index which is not a multi-exchange Index, the official close of trading on the relevant Exchange.

2. Substitution or Cancellation

(1) Upon the occurrence of a Merger Event, an Insolvency, a Delisting or a Substitution Event in respect of the Fund (the "Affected Fund"), as the case may be during the term of the Certificates, the Calculation Agent may either: (i) select acting in a commercially reasonable manner, an alternative investment fund, sub-fund(s) of an umbrella investment fund or such share classes thereof, as the case may be (a "Replacement Fund"), managed by the Investment Manager, an affiliate thereof or an alternative investment manager to replace the Affected Fund deemed acceptable to the Calculation Agent to replace the Affected Fund; such replacement to take effect on the Substitution Date (as defined below), or (ii) select acting in a commercially reasonable manner, an Index or a basket of Indices, (a "Replacement Index") which should have a similar coverage as the Affected Fund that it determines to be appropriate taking into account the relevant investment objectives of the relevant Fund; such replacement to take effect

on the Substitution Date (as defined below), or (iii) procure the Issuer to cancel the Certificates by giving notice to the Certificateholders within 8 Business Days from the date of such notice.

If the Calculation Agent elects to select a Replacement Fund or Replacement Index, the relevant Replacement Fund or Replacement index, as the case may be, shall be denominated in the currency selected by the Calculation Agent, will be of a similar performance and quality (in the determination of the Calculation Agent) to the Affected Fund and will have similar investment objectives and policies to that of the Affected Fund.

If the Calculation Agent elects to procure the Issuer to cancel the Certificates, the Issuer will pay an amount to the Certificateholders in respect to each Certificate held by such Certificateholder which amount shall be the fair market value of the Certificate, taking into account the occurrence of the above mentioned events less the costs to the Issuer and / or any of its affiliates of unwinding any related hedging arrangements or transactions, all as determined by the Calculation Agent.

(2) Following selection of the relevant Replacement Fund or Replacement Index by the Calculation Agent, the Calculation Agent shall notify holders of Certificates of the same, in such manner as is reasonably practicable.

(3) Following selection of the Replacement Fund or Replacement Index by the Calculation Agent, the relevant Replacement Fund or Replacement Index, as the case may be, shall replace the relevant Affected Fund on the relevant Substitution Date and the Calculation Agent shall make any corresponding adjustment(s) that it determines, acting in a commercially reasonable manner, to be appropriate to any variable, calculation or valuation methodology or any other terms relevant to the Certificates to account for such replacement.

For the purposes hereof:

“Delisting” means, in relation to any Replacement Fund, that the relevant Exchange announces that pursuant to the rules of such Exchange, the units/shares of such Replacement Fund cease to be listed, traded or publicly quoted on the relevant Exchange for any reason (other than a Merger Event) and are not immediately re-listed, re-traded or re-quoted (i) in relation to any Replacement Fund whose relevant Exchange is located in the United States of America, on the New York Stock Exchange, the American Stock Exchange or the NASDAQ NMS, (ii) in relation to any Replacement Fund whose relevant Exchange is located in the European Union, on the London, Paris, Frankfurt, Milan, Amsterdam, Madrid, Copenhagen, Helsinki, Stockholm, Luxembourg, Vienna or Dublin Stock Exchanges and (iii) in relation to any Replacement Fund whose relevant Exchange is located elsewhere, on an exchange or quotation system located in the same country as that relevant Exchange

“Insolvency” means, in respect of the Fund or any Replacement Fund, that such Fund or relevant Replacement Fund (1) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a Merger Event); (2) makes a general

assignment or arrangement with or for the benefit of its creditors; (3)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (4) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (5) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (6) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) thru (5) above.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means any (i) reclassification or change of the Shares of the Fund that results in a transfer of or an irrevocable commitment to transfer all of the Shares of the Fund outstanding, (ii) consolidation, amalgamation or merger of the Fund with or into another entity (other than a consolidation, amalgamation or merger in which the Fund is the continuing entity and which does not result in any such reclassification or change of all of the Shares of the Fund outstanding), (iii) other takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Fund that results in a transfer of or an irrevocable commitment to transfer all of the Shares of the Fund (other than the Shares of the Fund owned or controlled by the offeror), or (iv) consolidation, amalgamation, merger or binding exchange of the Investment Manager with or into another entity in which the Investment Manager is the continuing entity and which does not result in a reclassification or change of all such Shares of the Fund outstanding but results in the outstanding units of shares (other than the Shares of the Fund owned or controlled by the offeror) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date.

"Substitution Date" means such date selected by the Calculation Agent for the replacement of the Fund or Replacement Fund, as the case may be.

"**Substitution Event**" means, in respect of the Fund or Replacement Fund, any of the following:

- (1) The main investment objective of the Fund or Replacement Fund, as the case may be, is amended in accordance with its rules so that it no longer refers solely to the benchmark as set out in the constitutive documents and/or prospectus in respect of the Fund on the Trade Date or, in the case of a Replacement Fund, on the Substitution Date;
- (2) The currency denomination of the Fund or Replacement Fund, as the case may be, is amended in accordance with its rules so that the NAV of the Fund or Replacement Fund on any Scheduled Trading Day is no longer calculated in the same currency as at the Initial Valuation Date (or Substitution Date, in the case of a Replacement Fund);
- (3) The Issuer, its affiliates or any other designated hedging entity would be required to pay a subscription fee in respect of a purchase of units/shares of the Fund or Replacement Fund or a redemption fee in respect of a sale of units/shares of the Fund or Replacement Fund in relation to their hedging activities in respect of the issue of the Certificates;
- (4) The relevant Management Company or the administrator, service provider or other person that generally calculates and/or reports the net asset value on behalf of the relevant Management Company in respect of the Fund or Replacement Fund fails for reasons other than of technical or operational nature to calculate and publish the net asset value of the Fund or Replacement Fund for eight consecutive Scheduled Trading Days, and the reason for such failure is as a consequence of any decision to liquidate or dissolve the Fund or relevant Replacement Fund;
- (5) The activities of the Fund or Replacement Fund or its Management Company is placed under review by any governmental, legal or regulatory entity for reasons of wrongdoing, breach of any rule or regulation or other similar reason;
- (6) There is any change in the regulatory or tax treatment applicable with respect to the holding, purchase and/or sale of units/shares of the Fund or Replacement Fund which could have an economic impact for the Issuer, its affiliates or any other designated hedging entity as a holder of an interest in the Fund or relevant Replacement Fund;
- (7) Any suspension of, mandatory redemption, limitation of or restriction of (including but not limited to the imposition of a minimum notice period in redeeming or subscribing in units/shares in the Fund or relevant Replacement Fund) (in the opinion of the Calculation Agent) or limitation imposed on trading of the Fund or relevant Replacement Fund (by reason of liquidity restrictions or otherwise) if, in any such case, such suspension or limitation is, in the determination of the Calculation Agent, material;
- (8) The Issuer, its affiliates or any other designated hedging entity would be obliged (whether by the relevant Management Company or otherwise) to redeem all or some of the units/shares of the Fund or relevant Replacement Fund that it is holding in relation to its hedging activities in respect of the issue of the Certificates; and

(9) The annualized Volatility of the Fund or relevant Replacement Fund exceeds the percentage prescribed by any applicable law, regulation or in the constitutive documents or prospectus of the Fund or relevant Replacement Fund for a one-month rolling window. "Volatility" for the purposes of this definition is a given time window, as of any date of determination and with respect to the Fund or relevant Replacement Fund, the annualized standard deviation of the monthly percentage changes in the net asset value of the Fund or relevant Replacement Fund as calculated and published by the relevant Management Company or the administrator, service provider or other person that generally reports such value on behalf of the relevant Management Company to its investors or a publishing service on each Scheduled Trading Day during the particular time window preceding such date of determination, expressed as a percentage, as determined by the Calculation Agent.

(10) There occurs any event or change affecting the Fund which, in the reasonable opinion of the Calculation Agent, is likely to have a negative impact on the Value of the Fund.

3. **Disrupted Days**

If the Calculation Agent determines that the scheduled Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the scheduled Valuation Date is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Valuation Date notwithstanding the fact that such day is a Disrupted Day; and the Calculation Agent shall determine its good faith estimate of the underlying on such eighth Scheduled Trading Day.

4. **Potential Adjustment Events**

- (i) The Calculation Agent may determine whether or not at any time a Potential Adjustment Event (as defined below) has occurred in respect of the Fund, and, where it determines that such an event has occurred, will (A) make the corresponding adjustment(s), if any, to any one or more of the Initial Fund Price, the Cash Settlement Amount and, in any case, any other variable relevant to the exercise, settlement, payment or other terms of the Certificates as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that Potential Adjustment Event, and (B) determine the effective date(s) of the adjustment(s).
- (ii) For the purposes hereof, "**Potential Adjustment Event**" means, in respect of the Fund, any event that may have a diluting or concentrative effect on the theoretical value of the Shares and/or any redemption and replacement of Shares in the Fund, as determined by the Calculation Agent in its sole and absolute discretion.

REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER

Lehman Brothers Securities NV

E-Commercepark
E-Zone Vredenberg
Hoek Heelsumstraat
Hugenolweg Z/N
Curacao

The Netherlands Antilles

PRINCIPAL OFFICE OF THE GUARANTOR

Lehman Brothers Holdings Inc.

745 Seventh Avenue
New York, New York 10019
USA

**BELGIAN
SECURITIES AGENT**

The Bank of New York
Avenue des Arts, 35
Kunstlaan
1040 Brussels
Belgium

**LUXEMBOURG
SECURITIES AGENT**

**The Bank of New York
(Luxembourg) S.A.**
1A, Hoehenhof
L-1736 Senningerberg
Grand Duchy of
Luxembourg

**LEGAL ADVISERS TO
THE ISSUER**

**Clifford Chance
Limited Liability
Partnership**
10 Upper Bank Street
London E14 5JJ
England

**AUDITORS TO THE
ISSUER**

Ernst & Young
Zeelandia Office Park
Kaya W.F.G. (Jombi)
Mensing 16
P.O. Box 3626, Curacao
The Netherlands Antilles