

Final Terms dated as of 27 May 2008

**LEHMAN BROTHERS SECURITIES N.V.**

**Warrant and Certificate Programme**

**Guaranteed by**

**LEHMAN BROTHERS HOLDINGS INC.**

**EUR 5,000,000 Certificates due March 2013**

**on a Basket of Shares**

The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Securities. Accordingly any person making or intending to make an offer of the Securities may only do so: (i) in circumstances in which no obligation arises for the Issuer or any manager appointed by the Issuer (a “**Manager**”) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer or (ii) in those Public Offer Jurisdictions mentioned in Paragraph 58 of Part A below, provided such person is one of the persons mentioned in Paragraph 58 of Part A below and that such offer is made during the Offer Period specified for such purpose therein. Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 8 August 2007 and the Supplements to the Offering Circular dated 15 October 2007, 4 January 2008, 12 February 2008, 7 April 2008 and 24 April 2008 (the “**Offering Circular**”). This document constitutes the Final Terms of the Securities described herein and must be read in conjunction with such Offering Circular as so supplemented. Full information on the Issuer and the offer of the Securities 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 and Guarantor accept responsibility for the information contained in this Final Terms and declare that, having taken all reasonable care to ensure that such is the case the information contained in this Final Terms is, to the best of their 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) 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 C hereto. The Issuer accepts no further or other responsibility in respect of such information.

**IN WITNESS WHEREOF, LEHMAN BROTHERS SECURITIES N.V.** has caused this Final Terms to be executed by a duly authorised officer or director.

Dated: 27 May 2008

Executed by

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

By: \_\_\_\_\_  
Authorised Signatory

## Part A

### Risk Factors

**Prospective investors of Certificates should carefully consider the following information in conjunction with other information contained in these Final Terms and the Offering Circular before purchasing the Certificates. The attention of prospective investors is drawn to the section of the Offering Circular headed “Risk Factors”.**

**These Final Terms however cannot disclose all of the risks and other significant aspects of the Certificates 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 Certificates should consider carefully whether the Certificates are suitable for it in the light of its circumstances and financial position and in view of the complexity and risks inherent in the Certificates. Prospective investors of Certificates should be experienced with respect to derivatives, particularly options and options transactions. Furthermore, prospective investors of Certificates should understand the risks of transactions involving the Certificates and should reach an investment decision only after careful consideration of the suitability of the Certificates 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 Certificates unless that person understands fully the nature of the relevant transaction. Such transaction is suitable only for, and should be made only by, an investor who has no need for liquidity and understands and can afford the financial and other risks of this transaction.**

#### *Issue Price*

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

#### *Factors affecting the Shares and the Interest Amounts and Cash Settlement Amounts under the Certificates*

Prospective investors in the Certificates should be familiar with investments in the global capital market and with derivatives and the Shares generally. The Certificates can be volatile instruments. Changes in the price or market value of Shares and/or changes in the circumstances of the Company may result in sudden and large fluctuations in the Interest Amounts and Cash Settlement Amounts and the value of the Certificates. 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*

The Certificates are not capital protected. Therefore, prospective investors should understand that under certain circumstances they may lose all or part of their original investment in the Certificates.

### *Investing in the Certificates is not the same as investing in the Shares*

Prospective investors should be aware that the market value of the Certificates 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 Certificates.

### *Determinations by the Calculation Agent*

The Calculation Agent has certain discretions to determine whether certain events as further set out in the Terms and Conditions have occurred. Prospective investors should be aware that any determination made by the Calculation Agent may have an adverse effect on the value of the Certificates. For example, the Calculation Agent may determine that a Market Disruption Event has occurred or exists at a relevant time which may affect the determination of the price of the Shares on a relevant Scheduled Trading Day and/or may delay settlement in respect of the Certificates. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding.

### *Adjustments*

The Calculation Agent may adjust the terms of the Certificates in the case of a Hedging Disruption, Potential Adjustment Event, Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting pursuant to terms as set out in the Terms and Conditions. Such adjustment may have an adverse impact on the value of the Certificates. Any such discretion exercised by, or any calculation made by the Calculation Agent (in the absence of manifest error) shall be binding.

### *Trading Volume*

As the Certificate is directly linked to the Shares, where the volatility of the Shares increases, the trading value of a Certificate is expected to increase; if the volatility decreases, the trading value of a Certificate is expected to decrease.

Additionally, as the time remaining to the expiration of the Certificate decreases, the trading value of a Certificate is expected to decrease.

Prospective investors should be aware that changes in the value of the Shares and the different economic, financial or other factors that affect the Shares and the industry in which the Company operates its business may have a direct effect on the value of the Certificates.

### *Secondary market and liquidity for the Certificates*

There can be no assurance as to how any Certificates 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.

The liquidity of the Certificates may also be affected by restrictions, if any, on offers and sales of the Certificates in some jurisdictions. In any case, due to the relative complexity and lower liquidity of the Certificates if compared to more conventional financial instruments such as shares, comparatively larger spreads between bid and ask quotes should be expected.

*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 Company, 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 Holders 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 Holder (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 Holders.

Such transactions could present certain conflicts of interest with the interest of Holders 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 Holder (or any other party) to avoid such conflicts.

*Risk-excluding or risk-limiting transactions*

Prospective investors may not rely upon being able to enter into transactions, which may exclude or limit loss exposure to the Certificates during the term of the Certificates. The possibility of entering into risk-excluding or risk-limiting transactions depends in particular on market conditions and the relevant underlying circumstances. Holders may be able to enter into such transactions only at an unfavourable market price resulting in an additional loss for such Holders.

Prospective investors intending to purchase Certificates to hedge the market risk associated with investing in the Shares should be aware of the difficulties associated therewith. For example, the value of the Certificates may not exactly correlate with the value of the Shares.

*Creditworthiness of the Issuer and Guarantor*

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

## Information about the Securities

### General

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 Securities: Global Security: Subject to the Conditions, each person who is for the time being shown in the records of the relevant clearing system as the holder of a particular amount of Securities shall be treated for all purposes by the Issuer, the Guarantor, any Securities Agent and the relevant Clearing System and all other persons dealing with such person as the holder of such amount of Securities
5. Description of the Underlying: A Basket of Shares as described in Part C (Information on the Underlying)
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. (a) Aggregate Specified Notional Amount: Euro ("EUR") 5,000,000  
(b) Specified Notional Amount per Certificate: EUR 50,000
9. (a) Series Number: L - 08/239  
(b) Tranche Number: 1
10. Issue Date: 27 May 2008
11. Issue Price(s): 1.25 per cent. of the Aggregate Specified Notional Amount

In connection with the sale of the Certificates, one or more distributors (each a "**Distributor**") may acquire the Certificates from the Dealer at a discount to the Issue Price or at the Issue Price. Alternatively, if a Distributor acquires

the Certificates at the Issue Price, the Dealer will pay a distribution fee to such Distributor. Any such amount received by a Distributor may be in addition to the brokerage cost/fee normally applied by such Distributor. Neither the Dealer nor the Issuer has any further information with respect to the contractual or financial arrangements between a Distributor's customers and such Distributor or whether and, if so on what terms such Distributor is willing to assist its customers or potential customers. Any person seeking further information with respect to such matters should refer to the relevant Distributor. Neither the Dealer nor the Issuer is responsible for (i) the contractual arrangements between a Distributor and its customer, (ii) any information so provided or (iii) for whether or not the Distributor provides such information.

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

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|-----|---|--------------------|
| 12. | Minimum initial purchase of the Securities:                       | 1 Certificate      |
| 13. | Minimum transferable number (for the purposes of Condition 1(c)): | 1 Certificate      |
| 14. | Last Trading Day (for the purposes of Conditions 1(c) and 9(c)):  | 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 Date:                                   | Not Applicable |
| 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 |

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|-----|---|----------------|
| 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**

- |     |   |                                |
|-----|---|--------------------------------|
| 23. | Interest Payment Dates:   | As set out in the Annex hereto |
| 24. | Notional Amount per Certificate (for the purposes of Condition 6):                            | EUR 50,000                     |
| 25. | Interest Rate (for the purposes of Condition 6):  | As set out in the Annex hereto |
| 26. | Interest Rate Day Count Fraction (for the purposes of Condition 6):                           | 30/360                         |
| 27. | Other terms relating to the method of calculating interest (for the purposes of Condition 6): | As set out in the Annex hereto |

**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  |
| 30. | Valuation Date:  | 08 March 2009, 08 March 2010, 08 March 2011, 08 March 2012 and 08 March 2013 (the " <b>Final Valuation Date</b> "). |
| 31. | Averaging Dates:   | Not Applicable  |
| 32. | Consequence of Averaging Date Disruption (for the purposes of Conditions 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:	Not Applicable
36.	If Certificates, the Redemption Date:	13 March 2013, subject to the Following Business Day Convention
37.	Business Day Centre(s):	London and TARGET
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:	EUR
40.	If Cash Settled Securities, Cash Settlement Amount or method of calculation of the Cash Settlement Amount (for the purposes of Condition 7 or Condition 10(a), as applicable):	As set out in the Annex hereto
41.	If Physical Delivery Warrants, the Strike Price(s):	Not Applicable
42.	If Physical Delivery Securities:	
	(a) the Relevant Asset(s) (for the purposes of the definition in Condition 28):	Not Applicable
	(a) the Physical Settlement Amount per Certificate:	Not Applicable
	(b) method of delivery of the Physical Settlement Amount (for the purposes of Condition 10(b)(i) or (ii)):	Not Applicable
	(c) method of evidencing the Physical Delivery Amount (for the purposes of Condition 10(b)(i) or (ii)):	Not Applicable
	(d) treatment of dividends payable on the Relevant Assets(s) (for the purposes of Condition 10(b)(iii)):	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
<b>Other specified terms and modifications to the Conditions</b>		
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
49.	If Share Securities:	
	(a) Share(s):	As set out in the table in Part C
	(b) Exchange:	In respect of the Shares of each Basket Company, the Exchange as set out in the table in Part C
	(c) Related Exchange:	In respect of the Shares of each Basket Company, the Related Exchange as set out in the table in Part C
	(d) Method of Adjustment (for the purposes of Condition 14(b)):	Calculation Agent Adjustment
	(e) Consequences of Merger Events (for the purposes of Condition 15(a)):	
	(i) Share-for-Share:	Modified Calculation Agent Adjustment
	(ii) Share-for-Combined:	Modified Calculation Agent Adjustment
	(iii) Share-for-Other:	Modified Calculation Agent Adjustment
	(f) Consequences of Tender Offers (for the purposes of Condition 15(b)):	
	(i) Share-for-Share:	Modified Calculation Agent Adjustment
	(ii) Share-for Combined:	Modified Calculation Agent Adjustment
	(iii) Share-for-Other:	Modified Calculation Agent Adjustment

	(g) 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:	
	(a) Applicable Additional Disruption Events:	Hedging Disruption
	(b) Consequences of Additional Disruption Event:	Condition 16 applies
51.	Further adjustments:	
	(a) whether provisions for market disruption apply other than as provided for in Condition 13:	Not Applicable
	(b) in relation to Debt Instrument Securities, provisions dealing with the situation where one or more of the relevant Debt Instruments is redeemed (or otherwise ceases to exist before expiration of the relevant Securities):	Not Applicable
	(c) any supplemental adjustment provisions:	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 and Clearstream, Luxembourg  The Bank of New York, Brussels shall act as common depositary for Euroclear and Clearstream, Luxembourg
54.	Name and address of the Calculation Agent if not the Issuer:	Lehman Brothers International (Europe) 25 Bank Street London E14 5LE
55.	Rule 144A eligibility:	No
56.	Eligibility for private placement to other “accredited investors” in the United States:	No
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 3B        |
| (b) | details of any additional selling restrictions (for the purposes of Condition 9(e)):  | Not Applicable |
| 58. | Non-exempt Offer:   | Not Applicable |

## Part B

### Other Information

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|-----|---|---|
| 1.  | (a) Listing:  | None  |
|     | (b) Admission to Trading:   | Not Applicable  |
| 2.  | Interests of Natural and Legal Persons Involved in The Issue/Offer  | Not Applicable  |
| 3.  | (a) Method of distribution of the Securities:   | Non-syndicated  |
|     | (b) Names of the Dealer(s):   | Lehman Brothers International (Europe)  |
| 4.  | ISIN:   | XS0366603339  |
| 5.  | Common Code:  | 036660333   |
| 6.  | CUSIP:  | Not Applicable  |
| 7.  | 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: | Valoren – WKN A0TV1P  |
| 8.  | Principal Securities Agent:   | Belgian Securities Agent  |
| 9.  | 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  |
| 10. | Reasons for the Offer:  | Not Applicable  |
| 11. | Estimated total expenses:   | Not Applicable  |
| 12. | Estimated net proceeds:   | Not Applicable  |
| 13. | Terms and Conditions of the Offer:  | Not Applicable  |
| 14. | Post Issuance Information   | The Issuer does not intend to provide any post issuance information, except if required by any applicable laws and regulations. |
| 15. | Information on the Underlying:  | As set out in Part C  |

## Part C

### Information on the Underlying

The Shares are not particularly described in these Final Terms. The information contained in these Final Terms relating to the Basket Companies and the Shares consists only of extracts from or summaries of information which is publicly available. Neither the Issuer nor the Guarantor has independently verified any such information, and neither accepts any responsibility for error or omission, other than accepting responsibility for accurately extracting and/or summarising such information, as stated in the fourth paragraph of the first page of these Final Terms. The Shares are publicly listed and investors may acquire such further information as they deem necessary in relation to the Shares and the Basket Companies from such publicly available information as they deem appropriate. Investors should make their own investment, hedging and trading decisions (including decisions regarding the suitability of this investment), based upon their own judgement and upon advice from such advisers as such investors deem necessary and not upon any view expressed by the Issuer or the Guarantor.

i	Shares/Basket Companies	Bloomberg Ticker	Strike Price in USD (Share <sub>i,o</sub> )	Exchange	Related Exchange
1	INTL BUSINESS MACHINES CORP	IBM UN Equity	81.57	New York Stock Exchange	The Chicago Board Options Exchange
2	MERCK & CO. INC.	MRK UN Equity	34.76	New York Stock Exchange	The Chicago Board Options Exchange
3	CONOCOPHILLIPS	COP UN Equity	59.07	New York Stock Exchange	The Chicago Board Options Exchange
4	SPRINT NEXTEL CORP	S UN Equity	23.0127	New York Stock Exchange	The Chicago Board Options Exchange
5	BIOGEN IDEC INC	BIIB UQ Equity	47.66	New York Stock Exchange	The Chicago Board Options Exchange
6	SYMANTEC CORP	SYMC UQ Equity	16.04	New York Stock Exchange	The Chicago Board Options Exchange
7	E.ON AG	EOA GY Equity	87.956	Frankfurt Stock Exchange	EUREX
8	DEUTSCHE TELEKOM AG-REG	DTE GY Equity	14.09	Frankfurt Stock	EUREX

				Exchange	
9	FRANCE TELECOM SA	FTE FP Equity	18.88	Euronext Paris S.A.	Marche des Options Negociables de Paris (MONEP)
10	ENEL SPA	ENEL IM Equity	6.966	Borsa Italiana S.p.A	Italian Derivatives Market (IDeM)
11	RWE AG	RWE GY Equity	70.51	Frankfurt Stock Exchange	EUREX
12	CREDIT AGRICOLE SA	ACA FP Equity	31.03	Euronext Paris S.A.	Marche des Options Negociables de Paris (MONEP)
13	LLOYDS TSB GROUP PLC	LLOY LN Equity	535.5	London Stock Exchange	LIFFE
14	DIAGEO PLC	DGE LN Equity	911.5	London Stock Exchange	LIFFE
15	NOKIA OYJ	NOK1V FH Equity	16.72	Helsinki Stock Exchange	EUREX
16	BHP BILLITON PLC	BLT LN Equity	937.5	London Stock Exchange	LIFFE
17	ROCHE HOLDING AG	ROG VX Equity	200.5	Swiss Stock Exchange	EUREX
18	NIPPON TELEGRAPH & TELEPHONE	9432 JT Equity	508000	Tokyo Stock Exchange	Osaka Securities Exchange
19	TOKYO ELECTRIC POWER CO INC	9501 JT Equity	3070	Tokyo Stock Exchange	Osaka Securities Exchange
20	TOYOTA MOTOR CORP	7203 JT Equity	6290	Tokyo Stock Exchange	Osaka Securities Exchange
21	AT&T INC	T UN Equity	27.23	New York Stock Exchange	The Chicago Board Options Exchange

22	BAYER AG	BAY GY	39.93081	Frankfurt Stock Exchange	EUREX
23	SCHNEIDER ELECTRIC SA	SU FP Equity	86.32	Euronext Paris S.A.	Marche des Options Negociables de Paris (MONEP)
24	GLAXOSMITHKLINE PLC	GSK LN Equity	1577	London Stock Exchange	LIFFE
25	VERIZON COMMUNICATIONS INC	VZ UN Equity	32.9449	New York Stock Exchange	The Chicago Board Options Exchange

**The Issuer does not intend to provide post issuance information regarding the Shares of any Basket Company.**

## ANNEX

### 1. **Definitions**

“**Closing Price**” means, in relation to the Shares of each Basket Company (each, a “**Share<sub>i</sub>**” and together, the “**Shares<sub>i</sub>**”), and any Scheduled Trading Day, the official closing price of such Shares on that day, calculated and published at the Valuation Time by the relevant Exchange, subject as provided in section 3 of this Annex;

“**Initial Closing Price**” means, in relation to each Share<sub>i</sub>, the official closing price of such Share on the Initial Valuation Date, as calculated and published at the Valuation Time on the Initial Valuation Date by the relevant Exchange;

“**Interest Payment Date<sub>t</sub>**” means, in respect of each Valuation Date<sub>t</sub>, each of the dates set out in the table below in the column headed “Interest Payment Date” opposite such Valuation Date<sub>t</sub>, each subject to adjustment in accordance with the Following Business Day Convention:

<b>t</b>	<b>Valuation Date<sub>t</sub></b>	<b>Interest Payment Date<sub>t</sub></b>
1	Not Applicable	Not Applicable
2	8 March 2008	Not Applicable
3	8 March 2009	13 March 2009
4	8 March 2010	13 March 2010
5	8 March 2011	13 March 2011
6	8 March 2012	13 March 2012

“**Initial Valuation Date**” means 10 March 2006.

### 2. **Interest Amount and Cash Settlement Amount**

#### (1) **Interest Amount**

In respect of each Certificate, the Interest Amount payable on each Interest Payment Date<sub>t</sub> (where t = 3 to 6) shall be an amount in the Specified Currency determined by the Calculation Agent on each Valuation Date<sub>t</sub> except for the Final Valuation Date in accordance with the following formula:

$$\text{Interest Amount}_t = NA \times C_t \times \text{Interest Rate Day Count Fraction}$$

Where C<sub>t</sub> (or the “**Interest Rate**”) shall be determined by the Calculation Agent on each Valuation Date<sub>t</sub> (where t = 2 to 6) in accordance with the following, subject to the Target Freezer and Remover Feature as described below:

- (i) Where t = 1:

$$C_1 = 8.25\%$$

(ii) Where  $t = 2$  to  $6$ :

$$C_t = \text{Max}(\text{Min } C; \text{FC} + \text{PF} \times \text{WorstShare}_{i,t})$$

Where:

“NA” means the Notional Amount per Certificate;

“PF” means 30 per cent.;

“Worst Share<sub>i,t</sub>” means Performance<sub>i,t</sub> of the Worst Share;

“Worst Share” means the Share<sub>i</sub> with the lowest Performance<sub>i,t</sub> on Valuation Date<sub>t</sub> as determined by the Calculation Agent in accordance with the following formula:

$$\text{Performance}_{i,t} = \frac{\text{Share}_{i,t}}{\text{Share}_{i,0}} - 100\%$$

“Share<sub>i,t</sub>” means the price of Share<sub>i</sub> on the relevant Exchange at the Valuation Time on Valuation Date<sub>t</sub> as determined by the Calculation Agent;

“Target Freezer” means, if on any Valuation Date, the sum of the previously paid Interest Rates equals or exceeds 11%, the Interest Rates with respect to each of the following Interest Payment Dates shall be equal to 8.25 per cent.; and

“Remover Feature” means that, if on any Valuation Date, the Closing Price of one or more Shares is at or below 50% of their Share<sub>i,0</sub>, the Share with the lowest Performance<sub>i,t</sub> on such Valuation Date shall be removed from the Basket for the purposes of calculating the Interest Amount or the Cash Settlement Amount, as the case may be, for following years. For the avoidance of doubt, only one Share can be removed per year.

(2) **Cash Settlement Amount**

Each Certificate will be redeemed by the Issuer in the Settlement Currency by payment of the Cash Settlement Amount (the “CSA”) calculated by the Calculation Agent (which shall not be less than zero) on the Final Valuation Date in accordance with the following:

$$\text{CSA} = \text{NA} \times C_{\text{final}}$$

Where  $C_{\text{final}}$  shall be determined by the Calculation Agent on the Final Valuation Date in accordance with the following:

$$C_{\text{final}} = \text{Max}(\text{Min } C; \text{FC} + \text{PF} \times \text{WorstShare}_{i,\text{final}})$$

provided that if on the Final Valuation Date, the sum of all Interest Rates from and including Valuation Date<sub>1</sub> to and including Valuation Date<sub>6</sub> equals or exceeds 11%, then:

$$C_{\text{final}} = 8.25\%$$

Where:

“**Worst Share<sub>i,final</sub>**” means Performance<sub>i,final</sub> of the Worst Share<sub>final</sub>;

“**Worst Share<sub>final</sub>**” means the Share<sub>i</sub> with the lowest Performance<sub>i,final</sub> on the Final Valuation Date as determined by the Calculation Agent in accordance with the following formula:

$$\text{Performance}_{i,final} = \frac{\text{Share}_{i,final}}{\text{Share}_{i,0}} - 100\%$$

“**Share<sub>i,final</sub>**” means the price of Share<sub>i</sub> on the relevant Exchange at the Valuation Time on the Final Valuation Date as determined by the Calculation Agent.

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