

EXECUTION COPY

**LEHMAN BROTHERS TREASURY CO. B.V.
LEHMAN BROTHERS SECURITIES N.V.
LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A.**

CERTIFICATES PROGRAMME

Unconditionally and irrevocably guaranteed by

LEHMAN BROTHERS HOLDINGS INC.

GUARANTEE AGREEMENT

in respect of

LEHMAN BROTHERS SECURITIES N.V.

November 29, 2007

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THIS GUARANTEE AGREEMENT is made as of November 29, 2007

BY

(1) **LEHMAN BROTHERS HOLDINGS INC.** (the "**Guarantor**")

IN FAVOUR OF

(2) **HOLDERS** (as defined below);

WHEREAS

- (A) **LEHMAN BROTHERS TREASURY CO. B.V.** ("**LBTCBV**"), **LEHMAN BROTHERS SECURITIES N.V.** ("**LBS**") and **LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A.** ("**LBEF**") (each an "**Issuer**" and together the "**Issuers**") have established a Programme (the "**Programme**") for the issuance of derivative instruments (the "**Certificates**"). In connection with the Programme the Issuers have entered into a principal paying agency agreement as amended and restated on November 29, 2007 (as supplemented and amended from time to time, the "**Principal Paying Agency Agreement**") with Citibank N.A., London Branch and the other parties referred to therein. Certificates will be represented by a global Certificate (the "**Global Certificate**"). A Global Certificate will be deposited with the relevant Clearing System (as defined below).
- (B) This Guarantee only extends to all obligations due and owing by LBS (the "**Guaranteed Issuer**") under or in connection with all Certificates issued by the Guaranteed Issuer under this Programme dated November 29, 2007.

NOW THIS GUARANTEE WITNESSES as follows:

1. **DEFINITIONS**

1.1 In this Guarantee the following words and expressions shall have the following meanings:

"**Clearing System**" means SIS SegalInterSettle AG ("**SIS**") and any other clearing system specified in the applicable Pricing Supplement;

"**Conditions**" means the terms and conditions of the relevant Certificates, as the same may be modified or supplemented in accordance with the terms thereof, and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof;

"**Guaranteed Certificate**" shall mean a Certificate issued by the Guaranteed Issuer;

"**Holder**" shall bear the meaning ascribed thereto in the Conditions, in respect of any Guaranteed Certificate;

"**Relevant Date**" means either (i) the date on which payment of the relevant Certificate first becomes due or (ii) if the full amount of the monies payable has not been received by the Principal Paying Agent (or any other paying agent in respect of the relevant

Certificate) on or prior to such due date, the date on which all monies then due for payment shall have been so received and notice to that effect shall have been duly given to the Holders; and

"**this Guarantee**" shall mean this Guarantee Agreement as amended or supplemented from time to time.

1.2 Headings used in this Guarantee are for each of reference only and shall not affect its construction.

1.3 Unless otherwise defined herein, terms defined in the Conditions have the same respective meanings when used in this Guarantee.

2. **GUARANTEE**

2.1 The Guarantor hereby irrevocably and unconditionally guarantees to the Holders the performance by the Guaranteed Issuer of all obligations due and owing by the Guaranteed Issuer under or in connection with all Guaranteed Certificates issued under this Programme only, including without limitation:

- (a) the due and punctual payment of each amount payable in respect of any Guaranteed Certificate as and when the same become due and payable; and
- (b) any obligation to deliver or procure the delivery of any securities pursuant to such Conditions,

so that the Guarantor shall, if the Guaranteed Issuer shall fail punctually to perform any such obligation, forthwith perform or procure the performance of all obligations due and owing by the Guaranteed Issuer under or in connection with all Guaranteed Certificates issued under this Programme upon written demand by such Holder including (without limitation) the due and punctual payment of any such amount in the manner and currency prescribed by such Guaranteed Certificate which the Guaranteed Issuer shall be liable to pay under and pursuant to such Guaranteed Certificate or the delivery of any securities pursuant to such Conditions and which the Guaranteed Issuer shall have failed to pay or deliver (as the case may be) at the time such demand is made.

2.2 This Guarantee is one of payment and not collection. The Guarantor acknowledges that its obligations hereunder are several and independent obligations of the Guaranteed Issuer and that the Guarantor shall be liable as sole principal debtor, with the consequence that such liability will not be discharged, impaired or otherwise affected by anything which would not so discharge, impair or otherwise affect its liability if it were a sole principal debtor, including without limitation:

- (a) any time, indulgence, waiver or consent at any time given to the Guaranteed Issuer or any other person;
- (b) any amendment to the Conditions in respect of the Guaranteed Certificates or to any security or other guarantee or indemnity;
- (c) the making or absence of any demand on the Guaranteed Issuer or any other person;

- (d) the enforcement or absence of enforcement of any Guaranteed Certificates or of any security or other guarantee or indemnity;
- (e) the release of any such security, guarantee or indemnity;
- (f) the dissolution, amalgamation, reconstruction or reorganisation of the Guaranteed Issuer or any other person;
- (g) the winding up of the Guaranteed Issuer or the bringing of any analogous proceeding in any jurisdiction or any change in its status, function, control or ownership; and
- (h) the illegality, invalidity, irregularity or unenforceability of, or any defect in, any provision of any Guaranteed Certificate or any of the Guaranteed Issuer's obligations in respect thereof.

2.3 As a separate and alternative stipulation, the Guarantor irrevocably agrees that any sum expressed to be payable by the Guaranteed Issuer under any Guaranteed Certificate which is for any reason (including, without limitation, by reason of any provision of any Guaranteed Certificate being or becoming void, unenforceable or otherwise invalid under any applicable law) (whether or not now known or becoming known to the Guaranteed Issuer, the Guarantor, the Holder(s) or any other person) not recoverable from it on the basis of a guarantee, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Holder(s) on written demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent cause of action and will apply irrespective of any indulgence granted by the Holder(s) or any other person.

3. STATUS

The claims of the Holders against the Guarantor in respect of Guaranteed Certificates will constitute direct, unconditional and unsecured obligations of the Guarantor and rank *pari passu* in right of payment among the Guarantee, prior to the equity securities of the Guarantor and equally with all other unsecured and unsubordinated debt obligations of the Guarantor (subject, in the event of insolvency, to laws affecting creditors' rights generally).

4. CONTINUING GUARANTEE

This Guarantee is a continuing guarantee and shall extend to the ultimate balance of all the obligations of the Guaranteed Issuer under any Guaranteed Certificate notwithstanding any settlement of account or other matter or thing whatsoever. It shall remain in full force and effect until all such obligations have been irrevocably paid and satisfied in full. Furthermore, such obligations are additional to, and not in substitution for, any security or other guarantee or indemnity at any time existing in favour of any person.

5. REINSTATEMENT

If any payment received by a Holder shall, on the subsequent bankruptcy, insolvency, corporate reorganisation or other similar event of the Guaranteed Issuer, be avoided or

set aside under any laws relating to such events, such payment shall not be considered as discharging or diminishing the liability of the Guarantor and this Guarantee shall continue to apply as if such payment had at all times remained owing by the Guaranteed Issuer, provided that the obligations of the Guaranteed Issuer and/or the Guarantor under this Clause 5 shall, as regards each payment made to the Holder which is avoided or set aside, be contingent upon such payment being reimbursed to the Guaranteed Issuer or other persons entitled through such Guaranteed Issuer.

6. **IMMEDIATE RECOURSE**

The Guarantor waives any right it may have of first requiring a Holder to proceed against or enforce any other rights or security against the Guaranteed Issuer or any other person before claiming from the Guarantor hereunder.

7. **COVENANTS**

The Guarantor covenants in favour of the Holders that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions.

8. **DEPOSIT OF GUARANTEE**

This Guarantee shall be deposited with and held by the Principal Paying Agent until all obligations of the Guaranteed Issuer and/or in respect of the Guaranteed Certificates have been discharged in full. The Guarantor hereby acknowledges the right of every Holder to the production of this Guarantee.

9. **STAMP DUTIES**

The Guarantor shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which may be payable upon or in connection with the execution and delivery of this Guarantee, and shall indemnify each Holder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, reasonably legal fees and any applicable value added tax) which it incurs as a result of or arising out of or in relation to any failure of the Guarantor to pay or delay in paying any of the same.

10. **PARTIAL INVALIDITY**

If at any time any provisions hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

11. **NOTICES**

All notices, demands or other communications by any Holder upon the Guarantor shall be duly served upon the Guarantor if served on the Guarantor by letter at 745 Seventh Avenue, New York, New York 10019.

12. **GOVERNING LAW**

This Guarantee shall be governed by, and construed in accordance with, the law of the State of New York.

13. **PLACE OF JURISDICTION**

This Guarantee may be enforced against the Guarantor by the Holders (i) at the Federal or State courts in the city of New York, United States of America, (ii) at the courts in Zurich 1, Switzerland, or (iii) any other court with jurisdiction.

IN WITNESS whereof the Guarantor has executed this Guarantee the day and year first above written.

EXECUTED)
by **LEHMAN BROTHERS HOLDINGS INC.**)
acting by)