

# LEHMAN BROTHERS

OLIVER BUDDE  
VICE PRESIDENT  
ASSOCIATE GENERAL COUNSEL

November 25, 2003

Lehman Brothers Finance S.A.  
Genferstrasse 24  
8027 Zurich  
Switzerland

Lehman Brothers Securities N.V.  
De Ruyterkade 62  
Willemstad  
Curaçao  
The Netherlands Antilles

Re: Lehman Brothers Finance S.A. and  
Lehman Brothers Securities N.V. Warrant Program  
Unconditionally Guaranteed by Lehman Brothers Holdings Inc.

Ladies and Gentlemen:

I am a Vice President and Associate General Counsel of Lehman Brothers Inc., and I have acted as counsel to Lehman Brothers Holdings Inc., a Delaware corporation (the "Guarantor"). I am familiar with (i) the Amended and Restated Master Warrant Agreement, dated as of November 25, 2003 (the "Master Warrant Agreement"), between Lehman Brothers Finance S.A., a limited liability company incorporated under the laws of Switzerland ("LBF"), Lehman Brothers Securities N.V., a limited liability company incorporated under the laws of the Netherlands Antilles ("LBS" and together with LBF the "Issuers"), The Bank of New York, a corporation with trust powers organized under the laws of the State of New York, The Bank of New York, Brussels, a corporation with trust powers organized under the laws of the State of New York, The Bank of New York (Luxembourg) S.A., a bank organized under the laws of Luxembourg, Lehman Brothers Inc, a Delaware corporation ("LBI"), and the Guarantor, (ii) the Master Guarantee in respect of LBF, dated November 25, 2003 (and the Master Guarantee in respect of LBS dated November 25, 2003, together the "Guarantees"), of the Guarantor in favor of the Holders, and (iii) the Amended and Restated Master Calculation Agency Agreement, dated as of November 25, 2003 (the "Master Calculation Agency Agreement"), among the Issuers, LBI and Lehman Brothers International (Europe), an unlimited liability company incorporated under the laws of England and Wales, relating to the Issuers' Warrant Program and providing for the issuance, from time to time, of warrants by the Issuer.

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In connection with the foregoing, I have examined or have had members of my staff examine originals or copies, certified or otherwise identified to my satisfaction, of such corporate records and documents as I have deemed necessary or relevant as the basis for my opinions hereinafter expressed. In such examination, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity to authentic original documents of all documents submitted to me as certified, conformed or photostatic copies.

As to the various questions of fact material to such opinions, I have relied upon certificates or affidavits of officers of the Corporation and public officials. In rendering such opinions, I have assumed that each of the agreements referred to below has been duly and validly authorized, executed and delivered by each party thereto other than the Guarantor and LBI and constitutes a legal, valid and binding agreement enforceable against each such other party in accordance with its terms.

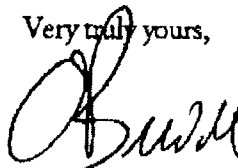
Based upon and subject to the foregoing, I am of the opinion that:

- (i) The Master Warrant Agreement and the Master Calculation Agency Agreement have been duly authorized, executed and delivered by LBI, and the Master Warrant Agreement has been duly authorized, executed and delivered by the Guarantor.
- (ii) The Guarantees have been duly authorized, executed and delivered by the Guarantor and constitute legal, valid and binding instruments enforceable against the Guarantor in accordance with their terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

I am a member of the bar of the State of New York, and I express no opinion as to the laws of any jurisdiction other than the General Corporation Law of the State of Delaware, the laws of the State of New York and the federal laws of the United States of America.

This opinion is rendered to you in connection with the closing of the transactions taking place today relating to the Master Warrant Agreement and is solely for your benefit. This opinion may not be relied upon by you for any other purpose, or be furnished to or used, circulated, quoted or relied upon by, any other person, firm or corporation without my prior written consent. This opinion speaks only as of the date hereof, and I do not under take any obligation to advise you of any changes in law or fact that occur after the date hereof.

Very truly yours,



## GUARANTEE

GUARANTEE, dated 25 November 2003 (this "Guarantee" made by Lehman Brothers Holdings Inc., a corporation duly organized under the laws of the State of Delaware (the "Guarantor"), in favor of the holders (each a "Holder") from time to time of the Warrants (as defined below).

WHEREAS, Lehman Brothers Finance S.A. (the "Issuer") has determined to participate in a programme (the "Programme") for the issuance of warrants (the "Warrants") in connection with which it has, together with Lehman Brothers Securities N.V., prepared an information memorandum dated 25 November 2003 (the "Information Memorandum", which expression shall include any amendments or supplements thereto and any updates and/or replacements thereof) and entered into a master warrant agreement dated 25 November 2003 (the "Agreement", which expression shall include any amendments, restatements or supplements thereto) with, inter alia, Bank of New York as Principal Warrant Agent and the other agents named therein;

WHEREAS, from time to time the Issuer may, in accordance with the Agreement, issue tranches of Warrants under the Programme subject to the terms and conditions described in the Information Memorandum; and

WHEREAS, the Guarantor has determined to execute this Guarantee of the Issuer's payment obligations in respect of the Warrants for the benefit of the Holders.

NOW, THEREFORE, in consideration of the premises and to inform prospective Holders and purchasers of the Warrants, the Guarantor hereby agrees as follows:

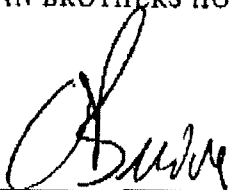
1. The Guarantor hereby unconditionally and irrevocably guarantees to each Holder of each Warrant the prompt and complete payment of all obligations from time to time payable by the Issuer in respect of the relevant Warrant as and when the same become due and payable, whether at stated maturity, acceleration or otherwise, and accordingly undertakes to pay to such Holder, in the manner prescribed by the terms and conditions for payments by the Issuer of such Warrant and of the Agreement, any and every obligation which the Issuer is at any time liable to pay in respect of such Warrant and which the Issuer has failed to pay.
2. This Guarantee is one of payment and not of collection.
3. The Guarantor hereby waives notice of acceptance of this Guarantee and notice of any obligation or liability to which it may apply, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of any such obligation or liability, suit or the taking of any other action by any Holder against, and any notice to, the Issuer, the Guarantor or any other party.
4. The obligations of the Guarantor hereunder are primary, absolute and unconditional, and will not be impaired, released or discharged or in any way affected by any circumstances or conditions whatsoever, including, without limitation: (1) any change or amendment in or waiver or termination of the terms of any obligation or liability of

the Issuer under the Agreement or the Warrants, or (2) the furnishing, acceptance or release of, or any defect in or the taking or failure to take any action of any kind in respect of, any security for any obligation or liability of the Issuer under the Agreement or the Warrants, or (3) the exercising or refraining from enforcing or exercising of any rights or remedies against the Issuer or any other party, or (4) the compromising or subordinating of any obligation or liability of the Issuer under the Agreement or the Warrants, including any security therefor.

5. Upon any assignment or delegation of the Issuer's rights and obligations under the Warrants pursuant to the terms and conditions of the Warrants to a partnership, corporation, trust or other organization in whatever form (the "Substitute Issuer") that assumes the obligations of the Issuer under the Warrants by contract, operation of law or otherwise, this Guarantee shall remain in full force and effect and thereafter be construed as if each reference herein to the Issuer were a reference to the Substitute Issuer.
6. The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantee's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law or otherwise. Upon any such delegation and assumption of obligations, the Guarantor shall be relieved of and fully discharged from all obligations hereunder.
7. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York.

LEHMAN BROTHERS HOLDINGS INC.

By: \_\_\_\_\_



Authorized Officer

## GUARANTEE

GUARANTEE, dated 25 November 2003 (this "Guarantee") made by Lehman Brothers Holdings Inc., a corporation duly organized under the laws of the State of Delaware (the "Guarantor"), in favor of the holders (each a "Holder") from time to time of the Warrants (as defined below).

WHEREAS, Lehman Brothers Securities N.V. (the "Issuer") has determined to participate in the programme (the "Programme") of Lehman Brothers Finance S.A. for the issuance of warrants (the "Warrants") in connection with which it has, together with Lehman Brothers Finance S.A., prepared an information memorandum dated 25 November 2003 (the "Information Memorandum", which expression shall include any amendments or supplements thereto and any updates and/or replacements thereof) and entered into a master warrant agreement dated 25 November 2003 (the "Agreement", which expression shall include any amendments, restatements or supplements thereto) with, inter alia, Bank of New York as Principal Warrant Agent and the other agents named therein;

WHEREAS, from time to time the Issuer may, in accordance with the Agreement, issue tranches of Warrants under the Programme subject to the terms and conditions described in the Information Memorandum; and

WHEREAS, the Guarantor has determined to execute this Guarantee of the Issuer's payment obligations in respect of the Warrants for the benefit of the Holders.

NOW, THEREFORE, in consideration of the premises and to inform prospective Holders and purchasers of the Warrants, the Guarantor hereby agrees as follows:


1. The Guarantor hereby unconditionally and irrevocably guarantees to each Holder of each Warrant the prompt and complete payment of all obligations from time to time payable by the Issuer in respect of the relevant Warrant as and when the same become due and payable, whether at stated maturity, acceleration or otherwise, and accordingly undertakes to pay to such Holder, in the manner prescribed by the terms and conditions for payments by the Issuer of such Warrant and of the Agreement, any and every obligation which the Issuer is at any time liable to pay in respect of such Warrant and which the Issuer has failed to pay.
2. This Guarantee is one of payment and not of collection.
3. The Guarantor hereby waives notice of acceptance of this Guarantee and notice of any obligation or liability to which it may apply, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of any such obligation or liability, suit or the taking of any other action by any Holder against, and any notice to, the Issuer, the Guarantor or any other party.
4. The obligations of the Guarantor hereunder are primary, absolute and unconditional, and will not be impaired, released or discharged or in any way affected by any circumstances or conditions whatsoever, including, without limitation: (1) any change or amendment in or waiver or termination of the terms of any obligation or liability of

the Issuer under the Agreement or the Warrants, or (2) the furnishing, acceptance or release of, or any defect in or the taking or failure to take any action of any kind in respect of, any security for any obligation or liability of the Issuer under the Agreement or the Warrants, or (3) the exercising or refraining from enforcing or exercising of any rights or remedies against the Issuer or any other party, or (4) the compromising or subordinating of any obligation or liability of the Issuer under the Agreement or the Warrants, including any security therefor.

5. Upon any assignment or delegation of the Issuer's rights and obligations under the Warrants pursuant to the terms and conditions of the Warrants to a partnership, corporation, trust or other organization in whatever form (the "Substitute Issuer") that assumes the obligations of the Issuer under the Warrants by contract, operation of law or otherwise, this Guarantee shall remain in full force and effect and thereafter be construed as if each reference herein to the Issuer were a reference to the Substitute Issuer.
6. The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantee's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law or otherwise. Upon any such delegation and assumption of obligations, the Guarantor shall be relieved of and fully discharged from all obligations hereunder.
7. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York.

LEHMAN BROTHERS HOLDINGS INC.

By: \_\_\_\_\_

  
Authorized Officer