

**LEHMAN BROTHERS FINANCE S.A.**

**LEHMAN BROTHERS SECURITIES N.V.**

**LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A.**

**and**

**LEHMAN BROTHERS BANKHAUS AG**

**THE BANK OF NEW YORK, NEW YORK  
as US Securities Agent**

**THE BANK OF NEW YORK, BRUSSELS  
as Belgian Securities Agent**

**THE BANK OF NEW YORK (LUXEMBOURG) S.A.  
as Luxembourg Securities Agent**

**LEHMAN BROTHERS HOLDINGS INC.  
as Guarantor**

**LEHMAN BROTHERS INC.  
as Broker-Dealer**

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**MASTER WARRANT AND CERTIFICATE AGREEMENT**

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**THIS AMENDED AND RESTATED MASTER WARRANT AND CERTIFICATE AGREEMENT**  
is dated as of 30 August 2005

**BETWEEN**

- (1) **LEHMAN BROTHERS FINANCE S.A.**, a limited liability company incorporated under the laws of Switzerland whose registered office is at Talstrasse 82, 8001 Zurich, Switzerland, **LEHMAN BROTHERS SECURITIES N.V.**, a company incorporated in the Netherlands Antilles whose registered office is E-Commercepark, E-Zone Vredenberg, Hoek Heelsumstraat, Hugenolweg Z/N, Curaçao, The Netherlands Antilles and **LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A.**, a company incorporated in the Duchy of Luxembourg whose registered office is 33 Boulevard du Prince Henri, L-1724 Luxembourg, **LEHMAN BROTHERS BANKHAUS AG**, a company incorporated in the Federal Republic of Germany whose registered office is Rathenauplatz 1, D60313 Frankfurt am Main, Germany (each an "**Issuer**" and together the "**Issuers**");
- (2) **THE BANK OF NEW YORK, NEW YORK**, a corporation with trust powers organised under the laws of the State of New York and whose principal office is at 101 Barclay Street, 8E, New York, New York, 10286 (the "**US Securities Agent**" and, where the context requires, together with the Belgian Securities Agent and the Luxembourg Securities Agent (as defined below) and any additional warrant and certificate agent that may be appointed by the Issuer, the "**Securities Agents**");
- (3) **THE BANK OF NEW YORK, BRUSSELS**, a corporation with trust powers organised under the laws of the State of New York having a place of business at Avenue des Arts, 35 Kunstlaan, 1040 Brussels, Belgium (the "**Belgian Securities Agent**" and, where the context requires, together with the US Securities Agent and the Luxembourg Securities Agent (as defined below) and any additional warrant and certificate agent that may be appointed by the Issuer, the "**Securities Agents**");
- (4) **THE BANK OF NEW YORK (LUXEMBOURG) S.A.**, a bank organised under the laws of Luxembourg and whose principal office is at 1A, Hoehenhof, L-1736 Senningerberg, Luxembourg (the "**Luxembourg Securities Agent**");
- (5) **LEHMAN BROTHERS HOLDINGS INC.**, a company incorporated, validly existing and in good standing under the laws of the State of Delaware whose principal offices are at 745 Seventh Avenue, New York, NY 10019, United States of America (the "**Guarantor**"); and
- (6) **LEHMAN BROTHERS INC.**, a company incorporated, validly existing and in good standing under the laws of the State of Delaware whose principal offices are at 745 Seventh Avenue, New York, NY 10019, United States of America as Broker-Dealer for the Definitive Securities.

**WHEREAS:**

- (A) The Issuers have decided to establish a programme (the "**Programme**") and to issue Warrants and Certificates (together, "**Securities**") under it pursuant to and in accordance with the terms of this Agreement.
- (B) The Securities issued under the Programme will be issued either (1) pursuant to the Offering Circular (as defined herein) and associated Final Terms (as defined herein) describing the final terms of the particular series of Securities or (2) pursuant to a Drawdown Prospectus (as defined herein) containing all information relevant to the particular series of Securities.

- (C) Each Issuer wishes to appoint the Securities Agents to be its agents to perform the functions set out in this Agreement in connection with issues of Warrants and Certificates under the Programme from time to time.
- (D) In order to induce the Securities Agents to enter into this Agreement and to perform the functions as set out herein, the Guarantor has agreed to be a party to the Agreement to provide the Securities Agents with the benefit of the covenant set out in Clause 5.3.

It is hereby agreed as follows:

1. **INTERPRETATION**

1.1 *"Drawdown Prospectus"* means a drawdown prospectus relating to a particular series of Securities to be issued under the Programme, which has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF") in accordance with Directive 2003/71/EC and relevant implementing measures in Luxembourg and which shall include all information included or incorporated by reference therein.

1.2 *Number and gender*

Words denoting the singular number only shall include the plural number also and vice versa and words denoting one gender only shall include the other genders.

1.3 *Taxes*

All references in this Agreement to costs, commissions, charges or expenses shall include (in relation thereto) any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

1.4 *Conditions*

The expression Conditions shall, unless the context otherwise requires, be construed as meaning the terms and conditions set out in Schedule 11 hereto, or in the case of a particular series of Securities which is the subject of a Drawdown Prospectus, to the terms and conditions set out in the applicable Drawdown Prospectus and expressions defined in the Conditions and not otherwise herein defined shall have the same meanings herein unless otherwise stated.

1.5 *Amendments*

All references in this Agreement to an agreement, instrument or other document (including, without limitation, this Agreement and the Master Guarantees), shall be construed as a reference to that agreement, instrument or document as the same may be amended, modified, varied, supplemented or novated from time to time.

1.6 *Headings*

In this Agreement, clause headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Agreement. All references in this Agreement to the provisions of any statute shall be deemed to be references to that statute as from time to time modified, extended, amended or re enacted.

1.7 *Relevant currency*

All references in this Agreement to the "relevant currency" shall be construed as references to the currency in which the relevant Securities are denominated.

1.8 *Separate series*

For the purposes of this Agreement, the Securities of each series shall form a separate series of Securities and accordingly the provisions of this Agreement and the Schedules hereto shall apply *mutatis mutandis* separately and independently to the Securities of each series and in such provisions and Schedules the expressions "**Securities**" (or, as the case may be, "**Warrants**" or "**Certificates**"), "**Holders**", "**holder of Securities**" (or, as the case may be, "**holder of Warrants**" or "**holder of Certificates**") and "**Conditions**" shall be construed accordingly.

2. **APPOINTMENT OF US SECURITIES AGENT, BELGIAN SECURITIES AGENT, LUXEMBOURG SECURITIES AGENT AND OTHER SECURITIES AGENTS**

2.1 *US Securities Agent*

The US Securities Agent is hereby appointed to act as agent of each Issuer in respect of all such issues of Securities under the terms of the Programme where so specified in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus, upon the terms and subject to the conditions set out below and the US Securities Agent accepts such appointment.

2.2 *Belgian Securities Agent*

The Belgian Securities Agent is hereby appointed to act as agent of each Issuer in respect of all such issues of Securities under the terms of the Programme where so specified in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus, upon the terms and subject to the conditions set out below and the Belgian Securities Agent accepts such appointment.

2.3 *Luxembourg Securities Agent*

In connection with any series of Securities to be listed on the Luxembourg Stock Exchange each Issuer hereby appoints the Luxembourg Securities Agent (or such other warrant and certificate agent with a specified office in Luxembourg pursuant to Clause 2.5) for so long as it remains necessary to do so to comply with the Luxembourg Stock Exchange's listing requirements and for so long as such Securities are so listed. The Luxembourg Securities Agent hereby accepts such appointment on the terms set out herein and hereby undertakes to take all necessary steps to procure and maintain the listing of each series of Warrants on the Luxembourg Stock Exchange and all other ancillary steps required in connection therewith.

2.4 *Swiss Securities Agent*

In connection with any series of Securities to be listed on the Swiss Stock Exchange each Issuer shall appoint a Swiss Securities Agent (as specified in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus relating to such series of Securities and appointed pursuant to Clause 2.5) (the "**Swiss Securities Agent**") for so long as it remains necessary to do so to comply with the Swiss Stock Exchange's listing requirements and for so long as such Securities are so listed. The Swiss Securities Agent shall accept such appointment on the terms set out herein and undertake to take all necessary steps to procure and maintain the listing of each series of Securities on the Swiss Stock Exchange and all other ancillary steps required in connection therewith.

2.5 *Additional Securities Agents*

If so specified in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus, the relevant Issuer may, in connection with any Series of Securities, appoint additional warrant and certificate agents and any additional Securities Agent appointed by the

relevant Issuer to act as such including, without limitation, any additional Securities Agent appointed in accordance with Clause 2.2, Clause 2.3 or Clause 2.4 above, shall accept such appointment and agree to act in such capacity on the terms and conditions set out in this Agreement and in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus. Any appointment shall become effective upon the execution and delivery of an appropriate number of counterparts to this Agreement each bearing the signature of an authorised representative of such additional Securities Agent together with an address for notices to such additional Securities Agent and thereupon such additional Securities Agent shall become a party hereto with like effect as if originally named as a Securities Agent hereunder with respect to that particular Series of Securities.

## 2.6 *Principal Securities Agent*

If specified in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus, the relevant Issuer may, in connection with any Series of Securities, appoint either the US Securities Agent, the Belgian Securities Agent, the Swiss Securities Agent or an alternative warrant and certificate agent as principal warrant and certificate agent and any principal warrant and certificate agent appointed by the relevant Issuer to act as such shall accept such appointment and agree to act in such capacity on the terms and conditions set out in this Agreement and in the applicable Final Terms or, as the case may be, in the applicable Drawdown Prospectus. Any appointment shall become effective upon the execution and delivery of an appropriate number of counterparts to this Agreement each bearing the signature of an authorised representative of such Principal Securities Agent together with an address for notices to such Principal Securities Agent and thereupon such alternative Principal Securities Agent shall become (if not already) a party hereto with like effect as if originally named as the Principal Securities Agent hereunder with respect to that particular Series of Securities. If the principal warrant and certificate agent for a particular Series of Securities is to be the US Securities Agent, the Belgian Securities Agent or the Swiss Securities Agent, the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus shall so specify and the US Securities Agent, the Belgian Securities Agent or the Swiss Securities Agent (as the case may be) shall be deemed to accept its appointment as Principal Securities Agent for such Series on the terms hereof *mutatis mutandis*, as appropriate.

## 2.7 *Powers and authority*

The Securities Agents and each and every other warrant and certificate agent and/or principal warrant and certificate agent appointed in connection with a particular series of Securities shall have the powers and authority granted to and conferred upon it in the Final Terms or the Drawdown Prospectus and in this Agreement and such further powers and authority, acceptable to it, to act on behalf of the relevant Issuer as the relevant Issuer may hereafter grant to or confer upon it. All of the terms and provisions with respect to such powers and authority contained in the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus are subject to and governed by the terms and provisions hereof.

## 3. **SECURITIES AGENTS**

### 3.1 *Duties of Principal Securities Agent*

The Principal Securities Agent shall:

- (a) once executed by the relevant Issuer, authenticate, issue and deliver the Global Security(ies) in respect of each issue of Securities to the common depository for the relevant Clearing System or, in the event that the Depository Trust Company ("**DTC**") is the relevant Clearing System, the Global Security(ies) in respect of each issue of Securities will be deposited with the Principal Securities Agent, as custodian for DTC;

- (b) in the case of Securities to be held through DTC or Definitive Securities, maintain a register (the "**Register**") at its office specified herein in accordance with this Agreement, which Register shall show the number of Securities represented by each Global Security, the serial numbers of the Securities and the dates of issue and all subsequent transfers, redemptions, exercises, cancellations and changes of ownership of interests therein and the names and addresses of the holder of the Securities and the holders of all interests therein, which holder of interests in any Securities shall be treated by the relevant Issuer as and deemed to be the absolute owners and holders of those Securities subject as provided in the Conditions;
- (c) in the case of Securities to be held through DTC or Definitive Securities maintain proper records of the details of all documents received in relation to, or affecting, the title to any Securities, including all forms of transfer, probate, letters of administration and powers of attorney and, where the Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A., send copies of any such documents to the Issuer in order to allow the Luxembourg Issuer to update the Luxembourg Register;
- (d) in the case of Securities to be held through DTC or Definitive Securities, prepare and deliver all such lists of holders of Securities and other information as may be required by the relevant Issuer or any person authorised by the relevant Issuer or any holders of Securities for inspection and for taking of copies thereof or extracts therefrom;
- (e) pay sums due on Securities (but only to the extent that the relevant Issuer has already provided such sums to the Principal Securities Agent);
- (f) arrange on behalf of and at the reasonable expense of the relevant Issuer for notices to be communicated to the Holders in accordance with the Conditions;
- (g) issue replacement Securities (in such capacity, the "**Replacement Agent**") in accordance with the terms of this Agreement and the Conditions;
- (h) on each Settlement Date with respect to a series of Warrants endorse or cause the depository to endorse, as the case may be, the relevant Global Security to reflect the number of Warrants which have been exercised;
- (i) on each Redemption Date with respect to a series of Certificates endorse or cause the depository to endorse, as the case may be, the relevant Global Security to reflect the number of Certificates which have been redeemed; and
- (j) once the Cash Settlement Amount has been paid or delivery of the Physical Settlement Amount has been made, as the case may be, to all the Holders in respect of which the Global Security was issued and upon delivery by the depository of such Global Security, cancel such Global Security or cause it to be cancelled as soon as practicable and shall destroy such Global Security (unless otherwise instructed by the relevant Issuer to deliver such Global Security to the relevant Issuer) and provide a certificate of destruction to the relevant Issuer.

### 3.2 *Number of Securities exercised and redeemed*

The Securities Agents shall, upon request of the relevant Issuer, within one month of the end of the calendar quarter in which exercise is made, furnish the relevant Issuer (and in the case of a Securities Agent that is not the Principal Securities Agent, to the Principal Securities Agent) with a certificate stating the aggregate number of Warrants exercised and the aggregate number of Certificates redeemed.

### 3.3 *Sales to accredited investors*

In the event Securities of any series are sold to "accredited investors" (as defined in Rule 501 under the U.S. Securities Act of 1933) in the United States, the Principal Securities Agent shall:

- (a) once a Definitive Security Certificate is executed by the relevant Issuer and upon receiving written instructions therefrom, authenticate, issue and deliver each Definitive Security Certificate to, in the case of an accredited investor holding an account with Lehman Brothers Inc., Lehman Brothers Inc. or its consignee for the benefit of the purchaser of such Security against delivery by Lehman Brothers Inc. of a receipt therefor and in the case of a Definitive Security Certificate registered in the name of the accredited investor, to such accredited investor or its consignee against delivery by the accredited investor of a receipt therefor;
- (b) maintain a register (the "**Register**") at its office specified herein in accordance with this Agreement, which Register shall show the number of Securities represented by each Definitive Security Certificate, the dates of issue and all subsequent transfers and changes of ownership therein;
- (c) accept the surrender of the Securities surrendered for transfer, exercise or redemption, and effect transfers of the Definitive Securities in accordance with this Agreement;
- (d) pay sums due on such Securities (but only to the extent that the relevant Issuer has already provided such sums to the Principal Securities Agent);
- (e) arrange on behalf of and at the reasonable expense of the relevant Issuer for notices to be communicated to the Holders in accordance with the Conditions;
- (f) issue replacement Definitive Security Certificates in accordance with the terms of this Agreement and the Conditions;
- (g) once the Cash Settlement Amount has been paid or delivery of the Physical Settlement Amount has been made, as the case may be, on a Definitive Security and upon delivery by the Holder of the Definitive Security Certificate, cancel such Definitive Security Certificate and destroy such Definitive Warrant Certificate (unless otherwise instructed by the relevant Issuer to deliver such Definitive Security Certificate to the relevant Issuer) and provide certification of destruction to the relevant Issuer; and
- (h) only transfer an amount of Securities represented by a book-entry on the records of Lehman Brothers Inc. to the Lehman Brothers Inc. account of such person pursuant to the restrictions set forth in the letter to the relevant Issuer, the Guarantor and Lehman Brothers Inc. substantially in the form of Schedule 8. Securities, if any, held by "accredited investors" as a book-entry in their account with Lehman Brothers Inc. may only be sold or transferred by the then current Holder to Lehman Brothers Inc. by notifying Lehman Brothers Inc. and accompanied by a written instrument of transfer in a form satisfactory to the relevant Issuer and (if applicable) the Principal Securities Agent, duly executed by the Holder or its duly authorised agent. If the Holder moves its account to another broker-dealer, such Holder must either sell the Securities to Lehman Brothers Inc. or maintain an account with Lehman Brothers Inc. for as long as it holds an amount of outstanding Securities.

### 3.4 *Record of exercise:*

Each Securities Agent shall keep a full and complete record of exercise of Warrants and redemption of Certificates and shall make such record available at all reasonable times to the relevant Issuers (and in the case of a Securities Agent that is not the Principal Securities Agent, to the Principal Securities Agent).

#### 4. ISSUE, EXECUTION AND DELIVERY OF SECURITIES

##### 4.1 *Application of this Agreement*

This Agreement shall apply to each Series of Securities in respect of which the relevant Issuer shall have delivered to the Principal Securities Agent a copy of the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus with respect to such Series. The Principal Securities Agent shall take such action as it is authorised to take hereunder and in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus with respect to any issue of Securities.

##### 4.2

(a) The Securities of each Series may be represented by a global security (the "**Regulation S Global Security**") substantially in the form set forth in Schedule 1 unless otherwise specified in the Final Terms or, as the case may be, the Drawdown Prospectus relating to such Securities. If the Final Terms or, as the case may be, the Drawdown Prospectus relating to any Series of Securities specifies that such Series will be Rule 144A eligible, such Securities will be represented by a Global Security in registered form substantially in the form set forth in Schedule 2 hereto (a "**Rule 144A Global Security**"). The term "**Global Security**" as used herein shall be deemed to refer to the Global Security(ies) representing a particular Series of Securities. If the Final Terms or, as the case may be, the Drawdown Prospectus relating to any Series of Securities specifies that such Series will be eligible for sale to "accredited investors" in the United States, Definitive Security Certificates will be issued to Lehman Brothers Inc., through which such accredited investors will hold their Securities and/or to such accredited investors, to represent the Securities being issued in definitive form in the form set forth in Schedule 3 hereto. The Global Security representing each Series of Securities and the Definitive Security Certificates in respect of each Series, if any, shall be dated as of the date of issue of such Securities (the "**Issue Date**") and shall be executed manually or in facsimile as a deed on behalf of the relevant Issuer by any officer or director of the relevant Issuer and may have such letters, numbers or other marks of identification or designation and such legends, summaries or endorsements printed, lithographed or engraved thereon as the relevant Issuer may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation of any relevant Exchange, or to conform to usage.

##### (b)

(i) If the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus for Securities of any Series indicates that Type 3A or Type 3B US Selling Restrictions apply, the Global Security(ies) representing such Series shall contain a legend in the following form, in the case of Warrants of any Series:

"THE SECURITIES AND THE [RELEVANT ASSETS] WHICH MAY BE DELIVERED UPON EXERCISE OF THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE SECURITIES MAY NOT BE EXERCISED BY OR ON BEHALF OF ANY U.S. PERSON OR ANY PERSON

WITHIN THE UNITED STATES), EXCEPT IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

or in the following form, in the case of Certificates of any series:

"THE SECURITIES AND THE [RELEVANT ASSETS] WHICH MAY BE DELIVERED UPON REDEMPTION OF THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). PAYMENT OR DELIVERY OF THE REDEMPTION PROCEEDS OF THE SECURITIES MAY NOT BE OBTAINED BY OR ON BEHALF OF ANY U.S. PERSON OR ANY PERSON WITHIN THE UNITED STATES, EXCEPT IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

- (ii) If the Final Terms or, as the case may be, the Drawdown Prospectus for Warrants of any series indicates that Type 4 or Type 5 US Selling Restrictions apply, the Global Security(ies) representing such series shall contain a legend in the following form, in the case of Warrants of any series:

"THE SECURITIES AND THE [RELEVANT ASSETS] WHICH MAY BE DELIVERED UPON EXERCISE OF THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE SECURITIES MAY NOT AT ANY TIME BE OFFERED, SOLD, TRADED OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, AND THE SECURITIES MAY NOT BE EXERCISED BY OR ON BEHALF OF ANY U.S. PERSON OR ANY PERSON IN THE UNITED STATES. TERMS USED IN THIS PARAGRAPH HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT".

or in the following form, in the case of Certificates of any series:

"THE SECURITIES AND THE [RELEVANT ASSETS] WHICH MAY BE DELIVERED UPON REDEMPTION OF THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE SECURITIES MAY NOT AT ANY TIME BE OFFERED, SOLD, TRADED OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, AND PAYMENT OR DELIVERY OF THE REDEMPTION PROCEEDS OF THE SECURITIES MAY NOT BE OBTAINED BY OR ON BEHALF OF ANY U.S. PERSON OR ANY PERSON IN THE UNITED STATES. TERMS USED IN THIS PARAGRAPH HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

- (c) The Principal Securities Agent shall, upon receipt of a Global Security duly executed as provided in Clause 4.2(a), authenticate such Global Security and deliver it to, and such Global Security representing such Securities shall be deposited, and until expiration or exercise in full of the Securities represented thereby, will remain deposited, with, the specified depository for the relevant Clearing System against receipt from the depository

of confirmation that such depositary is holding the Global Security(ies) in safe custody for the account of the relevant Clearing System. In addition, the Principal Securities Agent shall do all such other things as are reasonably requested by the relevant Issuer in connection with the crediting of the Securities to the account(s) of the relevant person(s) maintained with the relevant Clearing System.

- (d) If, following the issue of Securities of any Series, the relevant Issuer wishes to issue further Securities identical to the Securities of that Series, the Principal Securities Agent shall, upon the instructions of the relevant Issuer take such action as shall be necessary to exchange the Global Security then representing that Series of Securities for a new Global Security representing such Series of Securities including the further Tranche to be issued by the relevant Issuer in accordance with the foregoing provisions relating to the issue of the original Global Security. Upon receipt of the original Global Security, the Principal Securities Agent shall forthwith cancel it and shall destroy such Global Security (unless otherwise instructed by the relevant Issuer to deliver such Global Security to the relevant Issuer) and shall provide a certificate of destruction to the relevant Issuer.
- (e) Each Global Security and each Definitive Security Certificate, if any, shall be and remain subject to the provisions of this Agreement until such time as all of the Securities evidenced thereby shall have been duly exercised or shall have expired or shall have been redeemed, as the case may be.
- (f) Transactions in the Securities of any Series represented by a Global Security, in the open market or otherwise, must be cleared through the relevant Clearing System and title to such Securities will pass in accordance with the rules and procedures for the time being of the relevant Clearing System.

#### 4.3

- (a) Interests in Global Securities will be transferable in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. Members of, or participants in, DTC shall have no rights under this Agreement with respect to any Global Security held on their behalf by DTC, and DTC or its nominee may be treated by the relevant Issuer, any agent hereunder, and any agent of the relevant Issuer or any agent hereunder as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the relevant Issuer, any agent hereunder, or any agent of the relevant Issuer or any agent hereunder from giving effect to any written certification, proxy or other authorisation furnished by DTC or impair, as between DTC and its agent members, the operation of customary practices governing the exercise of the rights of a holder of any Security.
- (b) In the case of Securities to be held through DTC, transfers of a Global Security shall be limited to transfers of such Global Security in whole, but not in part, to nominees of DTC or to a successor of DTC or such successor's nominee.
- (c) Notwithstanding any provision to the contrary herein, so long as Global Securities of a Series remain outstanding and are held by or on behalf of DTC, transfers or exchanges of interests between Global Securities of a Series, in whole or in part, shall only be made in accordance with this Clause 4.3(c):
  - (i) Except in the case of Securities with respect to which Type 5 US Selling Restrictions apply (in which event no transfers are permitted between a Rule

144A Global Security and a Regulation S Global Security), if Securities of a Series are issued in the form of a Regulation S Global Security and a Rule 144A Global Security, and if a holder of a beneficial interest in the Rule 144A Global Security deposited with DTC or its depository wishes at any time to exchange its interest in such Rule 144A Global Security for an interest in the Regulation S Global Security of the same Series, or to transfer its interest in such Rule 144A Global Security to a person who wishes to take delivery thereof in the form of an interest in the Regulation S Global Security, such holder may, subject to the rules and procedures of DTC, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in the Regulation S Global Security of the same Series. Upon receipt by the Principal Securities Agent, of (1) instructions given in accordance with DTC's procedures from an agent member directing the Principal Securities Agent to credit or cause to be credited a beneficial interest in the Regulation S Global Security of the same series in an amount equal to the beneficial interest in the Rule 144A Global Security to be exchanged or transferred, (2) an order given by the holder of such beneficial interest given in accordance with DTC's procedures containing information regarding the participant account of DTC to be credited with such increase, provided that until the expiration of 40 days after the later of the commencement of the offering and the Issue Date of such Series, as set forth in the Conditions of such Series of Securities (the "**Distribution Compliance Period**") such information shall designate the Euroclear or Clearstream, Luxembourg account to be credited with such increase and the name of such account, and (3) a certificate which:

- (x) for exchanges made during the Distribution Compliance Period, is in the form of Schedule 4 hereto given by the holder of such beneficial interest stating that the exchange or transfer of such interest has been made in compliance with the transfer restrictions applicable to the Securities and pursuant to and in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or
- (y) for exchanges made after the expiration of the Distribution Compliance Period, is in the form of Schedule 5 hereto given by the holder of such beneficial interest stating that the exchange or transfer of such interest has been made in compliance with the transfer restrictions applicable to the Securities and (A) that such transfer or exchange has been made pursuant to and in accordance with Regulation S under the Securities Act or (B) that the Security being exchanged or transferred is not a restricted security as defined in Rule 144 under the Securities Act,

the Principal Securities Agent shall instruct DTC to reduce the Rule 144A Global Security by the amount of the beneficial interest in the Rule 144A Global Security to be so exchanged or transferred and the Principal Securities Agent shall instruct DTC concurrently with such reduction, to increase the principal amount of the Regulation S Global Security of the same Series by the amount of the beneficial interest in the Rule 144A Global Security to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions (who, in the case of exchanges made during the Distribution Compliance Period, shall be the agent member of Euroclear or Clearstream, Luxembourg, or both, as the case may be) a beneficial interest in the

Regulation S Global Security equal to the reduction in the amount of the Rule 144A Global Security of the same Series.

- (ii) Except in the case of Securities with respect to which Type 5 US Selling Restrictions apply (in which event no transfers are permitted between a Regulation S Global Security and a Rule 144A Global Security), if Securities of a Series are issued in the form of a Regulation S Global Security and a Rule 144A Global Security, and if a holder of a beneficial interest in the Regulation S Global Security deposited with DTC wishes at any time to exchange its interest in such Regulation S Global Security for an interest in the Rule 144A Global Security of the same Series, or to transfer its interest in such Regulation S Global Security to a person who wishes to take delivery thereof in the form of an interest in the Rule 144A Global Security of the same Series, such holder may, subject to the rules and procedures of Euroclear and Clearstream, Luxembourg and DTC, as the case may be, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in the Rule 144A Global Security of the same Series. Upon receipt by the Principal Securities Agent, of (1) instructions from Euroclear or Clearstream, Luxembourg or a participant of DTC, as the case may be, directing the Principal Securities Agent, to credit or cause to be credited a beneficial interest in the Rule 144A Global Security equal to the beneficial interest in the Regulation S Global Security of the same Series to be exchanged or transferred, such instructions to contain information regarding the agent member's account with DTC to be credited with such increase, and information regarding the agent member's account with DTC to be debited with such decrease, and (2) with respect to an exchange or transfer of an interest in the Regulation S Global Security during the Distribution Compliance Period for an interest in the Rule 144A Global Security of the same Series, a certificate in the form of Schedule 6 hereto given by the holder of such beneficial interest and stating that the person transferring such interest in the Regulation S Global Security reasonably believes that the person acquiring such interest in the Rule 144A Global Security of the same Series is a qualified purchaser (as defined in Section 2(a)(51) of the Investment Company Act 1940, as amended) and a qualified institutional buyer (as defined in Rule 144A) and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A, the Principal Securities Agent shall instruct DTC to reduce the Regulation S Global Security by the amount of the beneficial interest in the Regulation S Global Security to be exchanged or transferred, and the Principal Securities Agent shall instruct DTC, concurrently with such reduction, to increase the amount of the Rule 144A Global Security of the same Series by the aggregate principal amount of the beneficial interest in the Regulation S Global Security to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Rule 144A Global Security equal to the reduction in the amount of the Regulation S Global Security of the same series.
- (iii) Transfers and exchanges of interests in the Rule 144A Global Security and the Regulation S Global Security of the same Series will be recorded only in the book entry system of DTC and will not result in the write-up or write-down of the amount of the Regulation S Global Security or Rule 144A Global Security, as the case may be.

- (d) A person desiring to exchange his beneficial interest in the Global Security for Definitive Securities shall request the relevant Clearing System, with a copy to the Principal Securities Agent, to effect such exchange, if permitted under and as provided in the Global Security and herein (which request shall specify the amount of Securities to be exchanged (which shall, in each case, be an integral multiple of the minimum denomination in which Definitive Securities may be issued)). Upon receipt by the Principal Securities Agent of such a request, the Principal Securities Agent shall promptly notify the relevant Issuer to such effect and shall provide the relevant Issuer with copies of such request. The relevant Issuer undertakes to deliver to the Principal Securities Agent at its specified office the requisite number of duly executed Definitive Security Certificates representing such Definitive Securities not later than the date which is two Business Days preceding the 30th day following the date on which such request was made and, where the Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A., the Issuer will update the Luxembourg Register. Provided that the Principal Securities Agent receives such Definitive Security Certificates from the relevant Issuer, the Principal Securities Agent shall authenticate the same as provided herein and therein and shall cause them to be delivered to the registered owner, not later than the 30th day following the date of such demand.
- (e) Definitive Securities will not be exchangeable for interests in the Global Security, except following a transfer in which the transferor delivers a certificate to the Principal Securities Agent in the form of Schedule 7 that such transfer is made in reliance upon the exemption from the registration provisions of the Securities Act provided by Regulation S or Rule 144A thereunder.
- (f) Definitive Securities are transferable only by means of delivery of (i) a transfer form to the Principal Securities Agent, in such form as may from time to time be in use together with the relevant Definitive Security Certificate representing such Definitive Securities, (ii) either (A) certification that such sale or transfer is made in reliance upon the exemption from the registration provisions of the Securities Act provided by Regulation S of Rule 144A in the form of Schedule 7 or (B) a Non-Distribution Letter in the form of Schedule 8 and (iii) any or such other evidence (including legal opinions) as the relevant Issuer and the Principal Securities Agent may reasonably require to prove the title of the transferor or his right to transfer the Securities and his identity and, if the form of transfer is executed by some other person on his behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so. Where the Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A., the Principal Securities Agent will provide copies of such transfer forms and other documents and evidence to the Issuer which will update the Luxembourg Register in respect of the relevant transfer.
- (g) Definitive Securities are transferable by execution of the form of transfer in respect thereof under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of its officer or officers duly authorised in writing, or in such other manner as the Principal Securities Agent may require.
- (h) Where a holder of any Definitive Security Certificate has transferred part only of his holding comprised therein, there shall be delivered to him a Definitive Security Certificate in respect of the balance of such holding.
- (i) The Principal Securities Agent shall require the payment of any sum (including costs of the Principal Securities Agent) of which the relevant Issuer is entitled to require the payment pursuant to the relevant Securities and no transfer, exchange or replacement

shall be effected until the sum in question has been paid or has been secured to the satisfaction of the Principal Securities Agent and the relevant Issuer.

- (j) Additional provisions relating to the Register may be set forth in the Conditions and any applicable Final Terms or, as the case may be, applicable Drawdown Prospectus. To the extent that any such additional provisions are inconsistent with the provisions of this Agreement, the provisions set forth in the Conditions and any applicable Final Terms or, as the case may be, applicable Drawdown Prospectus shall govern.
- (k) Promptly upon request from time to time, the relevant Issuer will provide the Securities Agents with Exercise Notices and/or Certificate Settlement Notices in the forms set out in Schedule 9 or in such other form (which shall not be inconsistent with or derogate from the rights of the Holders) as shall have been agreed between the relevant Issuer and the Principal Securities Agent.
- (l) If the Final Terms or, as the case may be, the Drawdown Prospectus for Securities of any series indicates that Type 3A, Type 3B, Type 4 or Type 5 US Selling Restrictions apply:

- (i) in the case of a series of Warrants, the Exercise Notice for such series shall contain a certification in the following form:

"[Identify Warrant]

This notice certifies that neither the person exercising the Warrants referred to in this notice, nor any person on whose behalf (either directly or indirectly) the Warrants are being exercised, is a US person or a person located within the United States (as such terms are used in Regulation S under the Securities Act).

We understand that this notice is required in connection with certain securities and commodities laws and regulations in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this notice is or might be relevant, we irrevocably authorise you to produce this notice or a copy thereof to any interested party in such proceedings."

and

- (ii) in the case of a series of Certificates, the Certificate Settlement Notice for such series shall contain a certification in the following form:

"[Identify Certificates]

This notice certifies that neither the Holder of the Certificates referred to in this notice nor any person on whose behalf (either directly or indirectly) the Holder holds or is acting in connection with the Certificates, is a US person or a person located within the United States (as such terms are used in Regulation S under the Securities Act).

We understand that this notice is required in connection with certain securities and commodities laws and regulations in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this notice is or might be relevant, we irrevocably authorise you to produce this notice or a copy thereof to any interested party in such proceedings."

- (m) Upon receipt of a copy of an Exercise Notice in accordance with Condition 5 of the Conditions or a Certificate Settlement Notice in accordance with Condition 9 of the Conditions, the Luxembourg Securities Agent or the Swiss Securities Agent shall (unless the Luxembourg Securities Agent or the Swiss Securities Agent (as the case may be) is also the Principal Securities Agent) immediately notify the Principal Securities Agent by authenticated SWIFT message or telex and subsequently by registered airmail letter.

## 5. THE SECURITIES AGENTS

### 5.1 *No responsibility for Issuer*

The Securities Agents shall not be responsible for any failure of the relevant Issuer to comply with any of the covenants contained in this Agreement, in the Global Securities or the Definitive Security Certificates representing Definitive Securities, if any, to be complied with by the relevant Issuer and shall not at any time, except as provided in this Agreement, be under any duty or have any responsibility to any Holder.

### 5.2 *Consult with counsel*

Each Securities Agent may consult at any time with counsel satisfactory to it (which counsel may be counsel for the relevant Issuer) and such Securities Agent shall incur no liability or responsibility to the relevant Issuer or any Holder in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion or the advice of such counsel.

### 5.3 *Compensation*

Each Issuer agrees to pay each Securities Agent the compensation to be agreed upon with the Issuers for all services rendered by such Securities Agent. Each Issuer agrees to reimburse each Securities Agent upon demand for all reasonable expenses, taxes and governmental charges and other charges of any kind and nature incurred by such Securities Agent in connection with the performance of its duties under this Agreement, any Final Terms or any Drawdown Prospectus and to indemnify and hold harmless each Securities Agent against any and all losses, liabilities and expenses (including reasonable counsel fees) incurred by such Securities Agent in the performance of its duties under this Agreement, any Final Terms or any Drawdown Prospectus except to the extent such expenses, taxes and governmental charges or such losses, liabilities and expenses result from such Securities Agent's negligence, bad faith or breach of this Agreement. To the extent that the Issuers fail to meet any of their obligations under this Clause 5.3, the Guarantor undertakes to each Securities Agent that it will perform any such obligation promptly upon written demand being served upon it by the relevant Securities Agent. The provisions of this Clause 5.3 shall survive any termination of this Agreement.

### 5.4 *No obligation to institute proceedings*

Each Securities Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the relevant Issuer or one or more Holders shall furnish such Securities Agent with reasonable security and indemnity for any costs or expenses which may be incurred. All rights of action under this Agreement or under any Series of Securities may be enforced by each Securities Agent without the possession of the relevant Global Security or the production thereof at any trial or other proceeding relative thereto, and any such action, suit or proceeding instituted by such Securities Agent shall be brought in its name as Securities Agent, and any recovery or judgment shall be for the rateable benefit of the Holders, as their respective rights or interests may appear.

5.5 ***Freedom to deal***

To the full extent permitted under applicable law, each Securities Agent, and any stockholder, director, officer or employee thereof or of any affiliated corporation thereof, may buy, sell or deal in any of the Securities or other securities of the relevant Issuer or any of its affiliates or become pecuniary interested in any transaction in which the relevant Issuer or any of its affiliates may be interested, or contract with or lend money to the relevant Issuer or any of its affiliates or otherwise act as fully and freely as though it were not a Securities Agent under this Agreement, or a stockholder, director, officer or employee of a Securities Agent or of one of its affiliated corporations, as the case may be. Nothing herein shall preclude a Securities Agent from acting in any other capacity for each Issuer or for any other legal entity.

5.6 ***Limit of duties***

Each Securities Agent shall act hereunder solely as agent for each Issuer and its duties shall be determined solely by the provisions hereof and each Securities Agent shall not be liable for any action taken or omitted to be taken except in the case of its gross negligence, bad faith or breach of this Agreement.

5.7 ***Further acts***

Each Issuer agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Securities Agents for the carrying out or performing of the provisions of this Agreement, any Final Terms or any Drawdown Prospectus.

5.8 ***Validity of this Agreement***

Each Securities Agent shall be under no responsibility with respect to the validity of this Agreement, any Final Terms, or any Drawdown Prospectus or the execution and delivery of this Agreement (except with respect to the due execution and delivery hereof by such Securities Agent) or with respect to the validity or execution of the Global Security or any Definitive Security Certificate, if any, in respect of any Series (except with respect to the authentication thereof by the Principal Securities Agent).

5.9 ***Authority to accept instructions***

Each Securities Agent is hereby authorised and directed to accept instructions with respect to the performance of its duties hereunder from any officer, director or agent of each Issuer or other person designated in a certificate furnished by any officer, director or agent of the relevant Issuer to such Securities Agent and to apply to such officers, directors, agents or other persons for advice and instructions in connection with its duties, and shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer, director, agent or other person or in good faith reliance upon any statement signed by any such officer, director, agent or other person with respect to any fact or matter (unless other evidence in respect thereof is herein specifically prescribed) which may be deemed to be conclusively proved and established by such signed statement.

5.10 ***Agents or attorneys***

The Principal Securities Agent may execute any of the trusts or powers under this Agreement or perform any duties hereunder either directly or indirectly by or through agents or attorneys or a custodian provided that, if the Principal Securities Agent is to execute any of the trusts or powers under this Agreement or perform any duties hereunder indirectly by or through any agent,

attorney or custodian, it will give written notice, prior to doing so, to the relevant Issuer giving details of the identity of the proposed agent, attorney or custodian, as the case may be, and the trusts, powers or duties to be executed or performed by it. The Principal Securities Agent shall not be responsible for the negligence or bad faith of any such agent or custodian selected by it with due care.

#### 5.11 *Exclusion of liens*

The Principal Securities Agent shall be entitled to deal with amounts provided to it as referred to in Clause 3.1(e) or 3.3(d) in the same manner as other amounts paid to it as banker by its customers provided however that it shall not exercise any lien, right of set-off or similar claim in respect thereof.

### 6. **RESIGNATION AND APPOINTMENT OF SUCCESSOR SECURITIES AGENT**

#### 6.1 *Resignation*

A Securities Agent may at any time (subject as provided below) resign as Securities Agent by giving written notice to each Issuer of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall be at least 60 days after the date of receipt of such notice by each Issuer, unless each Issuer agrees to accept shorter notice. Upon receiving such notice of resignation, each Issuer shall (i) give not less than 30 days' prior notice thereof to the Holders, and (ii) promptly appoint a successor Securities Agent by written instrument signed on behalf of the relevant Issuer, one copy of which shall be delivered to the resigning Securities Agent, and one copy to the relevant Clearing System. Such resignation shall become effective only upon the acceptance of the appointment by the successor Securities Agent as provided in Clause 6.3 and provided further that each Issuer shall procure that there is at all times a Securities Agent having a specified office in each country where the Programme and/or Securities issued under it are listed until the Programme and/or any Securities are no longer exercisable or redeemable. Notice of the termination of the appointment of any Securities Agent hereunder shall not take effect until notice thereof shall have been given to the Holders.

#### 6.2 *Termination*

Each Issuer may, at any time and for any reason, remove a Securities Agent and appoint a successor Securities Agent by written instrument, specifying such removal and the date on which it is intended to become effective having given at least 60 days' notice, signed on behalf of each Issuer, one copy of which shall be delivered to the Securities Agent being removed, one copy to the successor Securities Agent and one copy to the relevant Clearing System provided always that no such notice relating to the termination of the appointment of the Principal Securities Agent shall take effect until a new Principal Securities Agent has been appointed. Any removal of the Securities Agent and any appointment of a successor securities agent shall become effective only upon acceptance of appointment by the successor securities agent as provided in Clause 6.3, and provided that each Issuer shall procure that there is at all times a Securities Agent having a specified office in each country where the Programme and/or Securities issued under it are listed until the Programme and/or any Securities are no longer exercisable or redeemable. No such removal shall take effect until notice thereof shall have been given to the Holders at least 30 days' prior to the removal of the Securities Agent. Upon resignation or removal, the Securities Agent shall be entitled to payment by the relevant Issuer of its fees for the services rendered hereunder up until the date on which such resignation or removal takes effect and to the payment of all reasonable out-of-pocket expenses incurred in connection with the services rendered hereunder by it up until the date on which such resignation or removal takes effect but shall not be entitled to any amount by way of compensation.

6.3 ***Successor securities agent***

Any successor securities agent appointed hereunder shall execute, acknowledge and deliver to each of its predecessor, each Issuer and any relevant Clearing System an instrument accepting such appointment hereunder, and thereupon such successor securities agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, duties and obligations of such predecessor, with like effect as if originally named as Securities Agent hereunder, and such predecessor, upon payment of its fees and disbursements then unpaid, shall thereupon become obliged to transfer, deliver and pay over, and such successor securities agent shall be entitled to receive, all moneys, securities, records concerning warrants (including Warrants exercised and Certificates redeemed) or other property on deposit with or held by such predecessor, as Securities Agent hereunder.

6.4 ***Change of specified office***

If any Securities Agent shall change its specified office, it shall give to each Issuer not less than 30 days' prior written notice to that effect giving the address of the new specified office. As soon as possible thereafter such Securities Agent shall give to the Holders, on behalf of and at the expense of the relevant Issuer, notice of such change and the address of the new specified office.

6.5 ***Merger***

Any corporation into which any Securities Agent hereunder may be merged or converted, or any corporation with which such Securities Agent may be consolidated or any corporation resulting from any merger, conversion or consolidation to which such Securities Agent shall be a party, or any corporation or bank to which the Securities Agent shall sell or otherwise transfer all or substantially all of its business, shall, to the extent permitted by applicable law, be the successor to such Securities Agent hereunder without the execution or filing of any document or any further act on the part of either of the parties hereto. Notice thereof shall as soon as practicable thereafter be given to the Holders.

6.6 ***Automatic termination***

If at any time a Securities Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or if an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed, or it admits in writing its inability to pay or meet its debts as they may mature or suspends payment thereof, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if any public officer takes charge or control of such Securities Agent or of its property or affairs for the purpose of rehabilitation, administration or liquidation, each Issuer may forthwith without notice terminate the appointment of such Securities Agent, in which event notice thereof shall be given to the Holders as soon as practicable thereafter.

6.7 ***Delivery of records***

If the appointment of any Securities Agent hereunder is terminated (whether by an Issuer or by the resignation of such Securities Agent), such Securities Agent shall on the date on which such termination takes effect deliver to the successor warrant and certificate agent all Global Securities and all Definitive Security Certificates surrendered to it but not yet destroyed and all records concerning the Securities maintained by it (except such documents and records as it is obliged by law or regulation to retain or not to release in respect of which it shall provide copies to its

successor, unless prohibited by applicable law) and shall co operate as fully as applicable law may allow with its successor and each Issuer thereafter but shall have no other duties or responsibilities under this Agreement.

## **7. MISCELLANEOUS**

### **7.1 *The Conditions***

The Conditions form a part of this Agreement as if the same were fully set forth in this Agreement, and the parties hereto shall have any and all such rights, duties and obligations as may be set forth herein.

### **7.2 *Amendments***

This Agreement may be amended by the parties hereto, without the consent of the Holders of any series, for the purposes of (i) permitting the issue by each Issuer of additional Warrants, Certificates or other securities of any kind not contemplated herein, (ii) curing any ambiguity or (iii) curing, correcting or supplementing any defective provision contained herein, or (iv) in any manner which the parties may mutually deem necessary or desirable and which shall not materially adversely affect the interests of the Holders.

### **7.3 *Notices***

Any notice by an Issuer regarding a particular series of Securities will be validly given if:

- (i) published in a daily newspaper of general circulation in Luxembourg (which is expected to be the d'Wort for Securities listed on the Luxembourg Stock Exchange); or
- (ii) sent to the relevant Clearing System or in the case of Definitive Securities sent to the Securities Agent for transmission through it to the Holders in respect of such series of Securities.

Any notice given to the Holders in accordance with this Clause 7.3 shall also be sent to the relevant Exchange and the Guarantor. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication. If any such publication is not possible, notices may be published in any other leading English language daily newspaper with circulation in Europe.

Any such notice shall be deemed to have been given on the date of publication, or, if published more than once, on the date of first publication.

The type of notice applicable to the Securities of any series shall be specified in the Final Terms or, as the case may be, the Drawdown Prospectus relating to such Securities.

### **7.4 *Notices from Holders***

If any Securities Agent shall receive any notice or demand addressed to an Issuer by a Holder pursuant to the provisions of this Agreement and/or the Global Security representing a Security, such Securities Agent shall promptly forward such notice or demand to the relevant Issuer.

### **7.5 *Communications***

Any communication required to be given hereunder shall be given to the parties hereto and to the relevant Clearing System as follows:

If to the Issuers, to:

Lehman Brothers Finance S.A.  
Talstrasse 82  
8021 Zurich  
Switzerland

Att: Transaction Management

Fax: +41 1 287 8825

Lehman Brothers Securities N.V.  
E-Commercepark  
E-Zone Vredenberg  
Hoek Heelsumstraat  
Hugenolzweg Z/N  
Curaçao  
The Netherlands Antilles

Att: Managing Director

Fax: +5999 461 8421

Lehman Brothers (Luxembourg) Equity  
Finance S.A.  
33 Boulevard du Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg

Attn: General Manager

Fax: + 352 2414 33 300

Lehman Brothers Bankhaus AG  
Rathenauplatz 1  
D60313 Frankfurt am Main  
Germany

Attn: Treasury

Fax: +49 69 15307 6201

If to the Guarantor

Lehman Brothers Holdings Inc.  
745 Seventh Avenue  
New York  
NY 10019  
United States of America

Att: Treasurer

Fax: 1-646-758-3195

with copies to:

Lehman Brothers Inc.  
745 Seventh Avenue  
New York  
NY 10019

United States of America

Att: Equity Legal

Fax: 1-646-758-4709

If to the US Securities Agent, to:

The Bank of New York  
101 Barclay Street, 8E  
New York, New York 10286

Att: Corporate Trust Department

Fax: + 1 212 852 1625

If to the Belgian Securities Agent or the Luxembourg  
Securities Agent, to:

The Bank of New York  
One Canada Square, 48th Floor  
London E14 5AL

Att: Global Trust Services

Fax: +44 20 7964 6399

If to the Swiss Securities Agent to:

To the address specified in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus (or such other address) as the relevant Swiss Securities Agent may from time to time notify each Issuer

If to the relevant Clearing System

To the address specified in the applicable Final Terms or, as the case may be, the applicable Drawdown Prospectus (or such other address) as the relevant Clearing System may from time to time notify to each Issuer and the Securities Agents,

(or such other address or for the attention of such other person, department or group as shall be specified in writing by the relevant person to the other persons listed above). Communications shall be mailed, delivered, faxed or telexed and shall be effective on receipt.

## 7.6 *Law and Jurisdiction*

(a) *Governing law*

This Agreement, the Global Securities and Definitive Security Certificates, if any, issued hereunder and all matters arising from or connected with them are governed by, and shall be construed in accordance with, English law.

(b) *English courts*

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement).

(c) *Appropriate forum*

The parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

(d) *Rights of the parties to take proceeding outside England*

Clause 7.6(b) is for the benefit of the parties hereto other than the relevant Issuer and the Guarantor. As a result, nothing in this Clause 7.6 prevents such parties from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the parties may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of process*

Each Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Lehman Brothers International (Europe) at its offices for the time being (being at the date hereof 25 Bank Street, London E14 5LE, England) or at any address of the relevant Issuer in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing in this paragraph shall affect the right of any party to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

7.7 **Counterparts**

This Agreement may be signed and delivered in more than one counterpart, all of which, taken together, shall constitute one and the same instrument. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party hereto shall constitute a valid and binding execution and delivery of this Agreement by such party.

7.8 **Documents available for inspection**

A copy of:-

- (a) the constitutional documents of each Issuer and the Guarantor;
- (b) the audited financial statements of the Guarantor for each of the years ended 30 November 2003 and 30 November 2004, together with the quarterly interim unaudited financial statements for the three months ended 28 February 2005 and for the three months ended 31 May 2005;
- (c) the audited financial statements for the years ended 30 November 2003 and 30 November 2004 of Lehman Brothers Finance S.A.;
- (d) the audited financial statements for the years ended 30 November 2003 and 30 November 2004 of Lehman Brothers Securities N.V.;
- (e) the audited financial statement for the year ended 30 November 2004 of Lehman Brothers (Luxembourg) Equity Finance S.A.;
- (f) the audited financial statements for the years ended 30 November 2003 and 30 November 2004 of Lehman Brothers Bankhaus AG;
- (g) this Agreement and the Final Terms or, as the case may be, the Drawdown Prospectus relating to the Securities of each Series;

- (h) the Offering Circular issued in connection with the Programme and other information incorporated therein by reference;
- (i) the Master Guarantees given by the Guarantor; and
- (j) any supplemental Offering Circular issued in respect of any Securities listed on any relevant Exchange and other information incorporated therein by reference,

shall be available for inspection by any Holder during usual business hours on a weekday (Saturdays, Sundays and public holidays excepted) at the specified offices of each of the Securities Agents and, with respect to any particular series of Securities, at any other offices specified in the Final Terms or, as the case may be, the Drawdown Prospectus relating to such Securities so long as the Securities remain outstanding and unexpired and throughout the term of the Programme (save that a Final Terms or, as the case may be, the Drawdown Prospectus relating to an unlisted Security will only be available to a Holder of such Security and such Holder must produce evidence satisfactory to the Securities Agent as to the identity of such Holder).

#### **7.9 *Third Parties***

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

**LEHMAN BROTHERS FINANCE S.A.** )  
as Issuer )

**LEHMAN BROTHERS SECURITIES N.V.** )  
as Issuer )

**LEHMAN BROTHERS (LUXEMBOURG)  
EQUITY FINANCE S.A.** )  
as Issuer )

**LEHMAN BROTHERS BANKHAUS AG** )  
as Issuer )

**LEHMAN BROTHERS HOLDINGS INC.** )  
as the Guarantor )

**THE BANK OF NEW YORK, NEW YORK** )  
as US Securities Agent )

**THE BANK OF NEW YORK, BRUSSELS** )  
as Belgian Securities Agent )

**THE BANK OF NEW YORK (LUXEMBOURG) S.A.** )  
as Luxembourg Securities Agent )

**LEHMAN BROTHERS INC.** )  
as LBI )

**SCHEDULE 1**  
**FORM OF REGULATION S GLOBAL SECURITY**

**[INSERT APPLICABLE TAXATION OR OTHER LEGEND IF REQUIRED]**

*[Insert name of the applicable issuer:*

LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN  
BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG]  
GLOBAL SECURITY CERTIFICATE

Representing

[Title of Warrants/Certificates]

Guaranteed by

LEHMAN BROTHERS HOLDINGS INC.

This Global Security Certificate, entered into by way of deed, represents a duly authorised series of [Name of Warrants/Certificates] (or such number thereof as, from time to time, are issued and outstanding and unexercised, the details in respect of which are set out in the First Schedule hereto) (the "**Securities**") relating to [Description of underlying asset(s)] [expiring/redeemable on] [Specify date], subject to and in accordance with the terms and conditions set forth herein and in the amended and restated Master Warrant and Certificate Agreement dated as of 30 August 2005 (the "**Securities Agency Agreement**"), between Lehman Brothers Finance S.A. [(the "**Issuer**")<sup>1</sup>], Lehman Brothers Securities N.V. [(the "**Issuer**")<sup>2</sup>], Lehman Brothers (Luxembourg) Equity Finance S.A. [(the "**Issuer**")<sup>3</sup>], Lehman Brothers Bankhaus AG, [(the "**Issuer**")<sup>4</sup>], Lehman Brothers Holdings Inc., The Bank of New York, New York (the "**US Securities Agent**"), The Bank of New York, Brussels (the "**Belgian Securities Agent**") and The Bank of New York (Luxembourg) S.A. (the "**Luxembourg Securities Agent**"). [The First and Second Schedules attached hereto form part of this Global Security Certificate and the information provided in the Second Schedule in respect of the Issuer is accurate at the date of this Global Security Certificate.]<sup>5</sup>

[References in this Global Security Certificate to the Conditions are to the terms and conditions applicable to Securities issued by the Issuer pursuant to the Securities Agency Agreement and are set out in Schedule 11 thereof and incorporate any additional provisions forming part of such Conditions and set out in the Final Terms forming the Second Schedule hereto (the "**Final Terms**"), and references to specific Conditions shall be construed accordingly. In the event of any conflict between the contents of the Final Terms and the Conditions, the contents of the Final Terms shall prevail. Expressions defined in the Securities Agency Agreement, the Conditions the Final Terms shall bear the same meanings herein.]<sup>6</sup>

[References in this Global Security Certificate to the Conditions are to the terms and conditions applicable to the Securities issued by the Issuer pursuant to the Securities Agency Agreement as set out in

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<sup>1</sup> Delete as appropriate.

<sup>2</sup> Delete as appropriate.

<sup>3</sup> Delete as appropriate.

<sup>4</sup> Delete as appropriate.

<sup>5</sup> Include if the Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A.

<sup>6</sup> Include if Securities are issued pursuant to Offering Circular.

the Securities Note forming the Second Schedule hereto (the "**Securities Note**". Expressions defined in the Securities Agency Agreement and the Securities Note shall bear the same meaning herein.)<sup>1</sup>

The securities have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws. Securities may not be offered, sold or delivered within the United States or to U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

[If this Global Security Certificate is originally issued in respect of a number of Securities less than the maximum number of [ ] Securities, then, at any time any further Securities are issued, the number of Securities represented by this Global Security Certificate shall be increased by the number of such further Securities and the Issuer shall procure that the number of Warrants represented by this Global Security Certificate (which shall be the previous number of Warrants represented by this Global Security Certificate plus the number of such further Securities) is noted in the Schedule hereto, whereupon the number of Securities represented by this Global Security Certificate shall for all purposes be as most recently so noted.]

The Issuer covenants with the holders of the Securities and each of them duly to comply with the Conditions, which form part of this Global Security Certificate and shall have the same effect as if set forth herein and the [Final Terms/Securities Note] attached hereto.

The Issuer's obligations in respect of the Securities are guaranteed by Lehman Brothers Holdings Inc. in accordance with the terms of the guarantee made by it dated 30 August 2005.

This Global Security Certificate shall not become valid or obligatory until the certificate of authentication hereon or on a facsimile hereof shall have been duly signed by a duly authorised officer of the Principal Securities Agent acting in accordance with the Securities Agency Agreement.

This Global Security Certificate shall be governed by and construed in accordance with the laws of England.

In witness whereof, [Insert name of the applicable issuer: **LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG**]<sup>2</sup> has caused this Global Security Certificate to be executed as a deed in its corporate name by a duly authorised officer or director.

Dated: [\_\_\_\_\_] [\_\_\_\_\_] [\_\_\_\_\_]

Executed as a deed by

[Insert name of the applicable issuer: **LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A. /LEHMAN BROTHERS BANKHAUS AG**]

and signed and delivered as a deed on its behalf

By:

Name:

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<sup>1</sup> Include if Securities are issued pursuant to Drawdown Prospectus.

<sup>2</sup> Delete as appropriate.

Title:

By:

Name:

Title:

**CERTIFICATE OF AUTHENTICATION**

This is the Global Security Certificate representing the [Description of Warrants/Certificates] described in the Securities Agency Agreement.

For or on behalf of

**THE BANK OF NEW YORK, BRUSSELS [or alternative Principal Securities Agent, as appropriate]**

By:

Name:

Title:

### First Schedule

The following records the number of Securities represented by this Global Security Certificate which, from time to time are issued and outstanding, and the exercise or redemption of such Securities to:

<b>Number of Securities issued and outstanding from time to time</b>	<b>Issue Date (or date on which the number of Securities represented by this Global Security Certificate is changed)</b>	<b>Exercise Date or Redemption Date in respect of any Securities</b>	<b>Number of Securities Exercised or Redeemed</b>	<b>Number of Securities outstanding following such exercise or redemption</b>	<b>Number of Securities Exchanged for Securities Represented by Another Global Security Certificate</b>	<b>Notation made by or on behalf of Principal Securities Agent</b>
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**Second Schedule**

**Form of Final Terms/Securities Note Prospectus**

*[Form of Final Terms/Securities Note Prospectus to be attached to the Global Security Certificate]*

**SCHEDULE 2**  
**FORM OF RULE 144A GLOBAL SECURITY**

**[INSERT APPLICABLE TAXATION OR OTHER LEGEND IF REQUIRED]**

*[Insert name of the applicable issuer:*  
LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN  
BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./  
LEHMAN BROTHERS BANKHAUS AG]<sup>1</sup>

GLOBAL SECURITY CERTIFICATE

Representing

[Title of Warrants/Certificates]

Guaranteed by

LEHMAN BROTHERS HOLDINGS INC.

This Global Security Certificate, entered into by way of deed, represents a duly authorised series of [Name of Warrants/Certificates] (or such number thereof as, from time to time, are issued and outstanding and unexercised, the details in respect of which are set out in the First Schedule hereto) (the "**Securities**") relating to [Description of underlying asset(s)] expiring [Specify date], subject to and in accordance with the terms and conditions set forth herein and in the amended and restated Master Warrant and Certificate Agreement dated as of 30 August 2005 (the "**Securities Agency Agreement**"), between Lehman Brothers Finance S.A. [(the "**Issuer**")<sup>2</sup>], Lehman Brothers Securities N.V. [(the "**Issuer**")<sup>3</sup>], Lehman Brothers (Luxembourg) Equity Finance S.A. [(the "**Issuer**")<sup>4</sup>]/Lehman Brothers Bankhaus AG [(the "**Issuer**")<sup>5</sup>], Lehman Brothers Holdings Inc., The Bank of New York, New York (the "US Securities Agent"), The Bank of New York, Brussels (the "Belgian Securities Agent") and The Bank of New York (Luxembourg) S.A. (the "Luxembourg Securities Agent"). [The First and Second Schedules attached hereto form part of this Global Security Certificate and the information provided in the Second Schedule in respect of the Issuer is accurate at the date of this Global Security Certificate.]<sup>6</sup>

[References in this Global Security Certificate to the "Conditions" are to the terms and conditions applicable to Securities issued by the Issuer pursuant to the Securities Agency Agreement and are set out in Schedule 11 thereof and incorporate any additional provisions forming part of such Conditions and set out in the Final Terms forming the Second Schedule hereto (the "**Final Terms**"), and references to specific Conditions shall be construed accordingly. In the event of any conflict between the contents of the Final Terms and the Conditions, the contents of the Final Terms shall prevail. Expressions defined in the Securities Agreement, the Conditions and the Final Terms shall bear the same meanings herein.]<sup>7</sup>

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<sup>1</sup> Delete as appropriate.

<sup>2</sup> Delete as appropriate.

<sup>3</sup> Delete as appropriate.

<sup>4</sup> Delete as appropriate.

<sup>5</sup> Delete as appropriate.

<sup>6</sup> Include if the Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A.

<sup>7</sup> Include if Securities are issued pursuant to Offering Circular.

[References in the Global Security Certificate to the "Conditions" are to the terms and conditions applicable to the Securities issued by the Issuer pursuant to the Securities Agency Agreement as set out in the Securities Note forming the Second Schedule hereto (the "**Securities Note**"). Expressions defined in the Securities Agency Agreement and the Drawdown Prospectus shall bear the same meanings herein.]<sup>1</sup>

THIS SECURITY (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE DEALERS THAT (A) THIS SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT 1940, AS AMENDED AND IS ALSO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THAT (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (A) ABOVE. NO REPRESENTATION CAN BE MADE AS TO AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS SECURITY.

[If this Global Security Certificate is originally issued in respect of a number of Securities less than the maximum number of [ ] Securities, then, at any time any further Securities are issued, the number of Securities represented by this Global Security Certificate shall be increased by the number of such further Securities and the Issuer shall procure that the number of Securities represented by this Global Security Certificate (which shall be the previous number of Securities represented by this Global Security Certificate plus the number of such further Securities) is noted in the Schedule hereto, whereupon the number of Securities represented by this Global Security Certificate shall for all purposes be as most recently so noted.]<sup>2</sup>

The Issuer covenants with the holders of the Securities and each of them duly to comply with the Conditions, which form part of this Global Security Certificate and shall have the same effect as if set forth herein and the [Final Terms/Securities Note] attached hereto.

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<sup>1</sup> Include if Securities are issued pursuant to Offering Circular.

<sup>2</sup> Include if the number of Warrants/Certificates to be purchased and represented by the Global Security Certificate is fewer than total Warrants/Certificates issued (or to be issued in subsequent fungible tranches).

The Issuer's obligations in respect of the Securities are guaranteed by Lehman Brothers Holdings Inc. in accordance with the terms of the guarantee made by it dated 30 August 2005.

This Global Security Certificate shall not become valid or obligatory until the certificate of authentication hereon or on a facsimile hereof shall have been duly signed by a duly authorised officer of the Principal Securities Agent acting in accordance with the Securities Agency Agreement.

This Global Security Certificate shall be governed by and construed in accordance with the laws of England.

**In witness whereof, [Insert name of the applicable issuer: LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG] has caused this Global Security Certificate to be executed as a deed in its corporate name by a duly authorised officer or director.**

Dated: [                    ]

Executed as a deed by

**[Insert name of the applicable issuer: LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./ LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG]**

and signed and delivered as a deed on its behalf

By:

Name:

Title:

By:

Name:

Title:

**CERTIFICATE OF AUTHENTICATION**

This is the Global Security Certificate representing the [Description of Warrants/Certificates] described in the Securities Agency Agreement.

For or on behalf of

**THE BANK OF NEW YORK, NEW YORK**

By:

Name:

Title:

### First Schedule

The following records the number of Securities represented by this Global Security Certificate which, from time to time are issued and outstanding, and the exercise or redemption of such Securities:

<b>Number of Securities issued and outstanding from time to time</b>	<b>Issue Date (or date on which the number of Securities represented by this Global Security Certificate is changed)</b>	<b>Exercise Date or Redemption Date in respect of any Securities</b>	<b>Number of Securities Exercised or Redeemed</b>	<b>Number of Securities outstanding following such exercise or redemption</b>	<b>Number of Securities Exchanged for Securities Represented by Another Global Security Certificate</b>	<b>Notation made by or on behalf of Principal Securities Agent</b>
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**Second Schedule**

**Form of Final Terms/Securities Note**

*[Form of Final Terms/Securities Note to be attached to the Global Security Certificate]*

**SCHEDULE 3**  
**FORM OF DEFINITIVE SECURITY CERTIFICATE**

THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES TO U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. FURTHER OFFERS OR SALES OF THESE SECURITIES ARE SUBJECT TO, CERTAIN RESTRICTIONS, AS SET FORTH IN A LETTER TO LEHMAN BROTHERS INC. AND LEHMAN BROTHERS FINANCE S.A. EXECUTED BY OR ON BEHALF OF THE HOLDER HEREOF.

*[Insert name of the applicable issuer:*

**LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG]**

**DEFINITIVE SECURITY CERTIFICATE**

**Representing**

**[Title of Warrants/Certificates]**

**Guaranteed by**

**LEHMAN BROTHERS HOLDINGS INC.**

Number of [Warrants]/[Certificates]: \_\_\_\_\_

Holder: \_\_\_\_\_

\_\_\_\_\_

This Definitive Security Certificate, entered into by way of deed, represents the above-mentioned number of [title of Warrants/Certificates] (the "Securities") in registered form and forms part of a duly authorised series of Securities issued by [insert the name of the applicable issuer: Lehman Brothers Finance S.A. [(the "**Issuer**")]<sup>1</sup>/Lehman Brothers Securities N.V. [(the "**Issuer**")]<sup>2</sup> /Lehman Brothers (Luxembourg) Equity Finance S.A. [(the "**Issuer**")]<sup>3</sup>]/Lehman Brothers Bankhaus AG [(the "**Issuer**")]<sup>4</sup>] subject to and in accordance with the terms and conditions set forth herein and in the amended and restated Master Warrant and Certificate Agreement dated as of 30 August 2005 (the "**Securities Agency Agreement**"), between [Lehman Brothers Finance S.A.,] [the Issuer,] [Lehman Brothers Securities N.V.,] [the Issuer,]<sup>5</sup> [Lehman Brothers (Luxembourg) Equity Finance S.A.,] [the Issuer]/ /Lehman Brothers Bankhaus AG [(the "**Issuer**")] Lehman Brothers Holdings Inc., The Bank of New York, New York (the "**US Securities**

<sup>1</sup> Delete as appropriate.

<sup>2</sup> Delete as appropriate.

<sup>3</sup> Delete as appropriate.

<sup>4</sup> Delete as appropriate.

<sup>5</sup> Delete as appropriate.

**Agent**"), The Bank of New York, Brussels (the "**Belgian Securities Agent**") and The Bank of New York (Luxembourg) S.A. (the "**Luxembourg Securities Agent**"). [Appendix 1 and Appendix 2 attached hereto form part of this Definitive Security Certificate and the information provided in Appendix 2 in respect of the Issuer is accurate at the date of this Definitive Security Certificate.]<sup>1</sup>

The Issuer covenants with the holders of the Securities and each of them duly to comply with the Terms and Conditions of the Securities attached as Appendix 1 hereto as supplemented and modified by the terms of the [Final Terms/Securities Note] attached as Appendix 2 hereto, which forms part of this Definitive Security Certificate and shall have the same effect as if set forth herein.

The Issuer's obligations in respect of the Securities are guaranteed by Lehman Brothers Holdings Inc. in accordance with the terms of the guarantee made by it dated 30 August 2005.

This Definitive Security Certificate is evidence of entitlement only. Title to Securities passes only on due registration in the register maintained by or on behalf of the Issuer for the Securities in accordance with the provisions set out in the Securities Agency Agreement and only the duly registered holder (as shown above) is entitled to exercise rights in respect of the Securities represented by this Definitive Security Certificate.

This Definitive Security Certificate shall not become valid or obligatory until the certificate of authentication hereon or on a facsimile hereof shall have been duly signed by a duly authorised officer of the Principal Securities Agent acting in accordance with the Securities Agency Agreement.

This Definitive Security Certificate shall be governed by and construed in accordance with the laws of England.

NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS DEFINITIVE SECURITY CERTIFICATE WILL BE REGISTERED UNLESS ACCOMPANIED BY THIS DEFINITIVE SECURITY CERTIFICATE.

IN WITNESS WHEREOF, [*Insert name of the applicable issuer: LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG*] has caused this Definitive Security Certificate to be executed as a deed in its corporate name by a duly authorised officer or director.

Dated: [\_\_\_\_ \_\_\_\_]

**EXECUTED** as a deed by

[*Insert name of the applicable issuer: LEHMAN BROTHERS FINANCE S.A./ LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./ LEHMAN BROTHERS BANKHAUS AG*] and signed and delivered as a deed on its behalf

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<sup>1</sup> Include if the Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A.

By:

Name:

Title:

By:

Name:

Title:

**CERTIFICATE OF AUTHENTICATION**

This is the Definitive Security Certificate representing the [Description of Warrants/Certificates] described in the Securities Agency Agreement.

For and on behalf of

**THE BANK OF NEW YORK, NEW YORK**

By:

Name:

Title:

**Appendix 1**

**Terms and Conditions of the Securities**

*[Terms and Conditions to be attached to Definitive Security Certificate]*

**Appendix 2**

**Form of Final Terms/Securities Note**

*[Form of Final Terms/Securities Note to be attached to the Definitive Security Certificate]*

**SCHEDULE 4**  
**FORM OF CERTIFICATE OF TRANSFER**

[FORM OF CERTIFICATE OF TRANSFER FROM RULE 144A GLOBAL SECURITY TO REGULATION S GLOBAL SECURITY DURING THE DISTRIBUTION COMPLIANCE PERIOD]

The Bank of New York  
101 Barclay Street, 8E  
New York, New York  
10286, USA

Attention: Corporate Trust Department

**Re: [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]<sup>1</sup> [Title of Warrants/Certificates] (the "Securities")**

Reference is hereby made to the Master Warrant and Certificate Agreement dated as of 30 August 2005 (the "**Securities Agency Agreement**") amended and restated between, amongst others Lehman Brothers Finance S.A., [(the "**Issuer**")<sup>2</sup>], Lehman Brothers Securities N.V. [(the "**Issuer**")<sup>3</sup>], Lehman Brothers (Luxembourg) Equity Finance S.A. [(the "**Issuer**")<sup>4</sup>], Lehman Brothers Bankhaus AG [(the "**Issuer**")<sup>5</sup>] Lehman Brothers Holdings Inc. and The Bank of New York, New York as US Securities Agent (the "**US Securities Agent**"). Capitalised terms used but not defined herein shall have the meanings given to them in the Securities Agency Agreement.

This letter relates to the [number of] Securities which are held as a beneficial interest in the Rule 144A Global Security (CUSIP No. \_\_\_\_\_) with DTC in the name of [transferor] (the Transferor). The Transferor has requested a transfer of such beneficial interest for an interest in the Regulation S Global Security (CUSIP No. \_\_\_\_\_) to be held with [Euroclear][Clearstream, Luxembourg] (Common Code \_\_\_\_\_) through DTC.

In connection with such request and in respect of such Securities, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Securities and pursuant to and in accordance with Regulation S under the United States Securities Act of 1933 (the "**Securities Act**"), and accordingly the Transferor does hereby certify that:

- (1) the offer of the Securities was not made to a person in the United States;
- (2) the transaction was executed in, or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on our behalf knows that the transaction was pre arranged with a buyer in the United States;
- (3) no directed selling efforts have been made in contravention of the requirement of Rule 903(b) or 904(b) of Regulation S, as applicable; and

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<sup>1</sup> Delete as appropriate.

<sup>2</sup> Delete as appropriate.

<sup>3</sup> Delete as appropriate.

<sup>4</sup> Delete as appropriate.

<sup>5</sup> Delete as appropriate.

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the US Securities Agent.

[Insert name of Transferor]

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

Name:

Title:

DTC Participant No.:

Dated: \_\_\_\_\_, 200\_

cc: [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]

**SCHEDULE 5**  
**FORM OF CERTIFICATE OF TRANSFER**

[FORM OF CERTIFICATE OF TRANSFER FROM RULE 144A GLOBAL SECURITY TO REGULATION S GLOBAL SECURITY AFTER THE DISTRIBUTION COMPLIANCE PERIOD]

The Bank of New York  
101 Barclay Street, 8E  
New York, New York  
10286, USA

Attention: Corporate Trust Department

**Re: [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]<sup>1</sup> [Title of Warrants/Certificates] (the "Securities")**

Reference is hereby made to the Master Warrant and Certificate Agreement dated as of 30 August 2005 (the "**Securities Agency Agreement**") between amongst others Lehman Brothers Finance S.A., [(the "**Issuer**")<sup>2</sup>], Lehman Brothers Securities N.V. [(the "**Issuer**")<sup>3</sup>], Lehman Brothers (Luxembourg) Equity Finance S.A. [(the "**Issuer**")<sup>4</sup>], Lehman Brothers Bankhaus AG [(the "**Issuer**")<sup>5</sup>] Lehman Brothers Holdings Inc. and The Bank of New York, New York, as US Securities Agent (the "**US Securities Agent**"). Capitalised terms used but not defined herein shall have the meanings given to them in the Securities Agency Agreement.

This letter relates to the [number of] Securities which are held as a beneficial interest in the Rule 144A Global Security (CUSIP No. \_\_\_\_\_) with DTC in the name of [transferor] (the "**Transferor**"). The Transferor has requested a transfer of such beneficial interest for an interest in the Regulation S Global Security (CUSIP No. \_\_\_\_\_) to be held with [Euroclear][Clearstream, Luxembourg] (Common Code \_\_\_\_\_) through DTC.

In connection with such request and in respect of such Securities, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Securities and (i) that, with respect to transfers made in reliance on Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"):

- (1) the offer of the Securities was not made to a person in the United States;
- (2) the transaction was executed in, or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on our behalf knows that the transaction was pre arranged with a buyer in the United States;
- (3) no directed selling efforts have been made in contravention of the requirement of Rule 903(b) or 904(b) of Regulation S as applicable; and

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<sup>1</sup> Delete as appropriate.

<sup>2</sup> Delete as appropriate.

<sup>3</sup> Delete as appropriate.

<sup>4</sup> Delete as appropriate.

<sup>5</sup> Delete as appropriate.

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

or (ii) that, with respect to transfers made in reliance on Rule 144 under the Securities Act, the Warrants are being transferred in a transaction permitted by Rule 144 under the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the US Securities Agent.

[Insert name of Transferor]

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

Name:

Title:

DTC Participant No.:

Dated: \_\_\_\_\_, 200\_

cc: [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]

**SCHEDULE 6**  
**FORM OF CERTIFICATE OF TRANSFER**

[FORM OF CERTIFICATE OF TRANSFER FROM REGULATION S GLOBAL SECURITY TO RULE 144A GLOBAL SECURITY DURING THE DISTRIBUTION COMPLIANCE PERIOD]

The Bank of New York  
101 Barclay Street, 8E  
New York, New York  
10286, USA

Attention: Corporate Trust Department

**Re: [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]<sup>1</sup> [Title of Warrants] (the "Securities")**

Reference is hereby made to the Master Warrant and Certificate Agreement dated as of 30 August 2005 (the "**Securities Agency Agreement**") between amongst others Lehman Brothers Finance S.A., [(the "**Issuer**")<sup>2</sup>], Lehman Brothers Securities N.V. [(the "**Issuer**")<sup>3</sup>], Lehman Brothers (Luxembourg) Equity Finance S.A. [(the "**Issuer**")<sup>4</sup>], Lehman Brothers Bankhaus AG [(the "**Issuer**")<sup>5</sup>], Lehman Brothers Holdings Inc. and The Bank of New York, New York as US Securities Agent (the "**US Securities Agent**"). Capitalised terms used but not defined herein shall have the meanings given to them in the Securities Agency Agreement.

This letter relates to the [number of] Securities which are held in the form of the Regulation S Global Security (CUSIP No. \_\_\_\_\_) with [Euroclear][Clearstream, Luxembourg](Common Code \_\_\_\_\_) through DTC in the name of [transferor] (the "**Transferor**"). The Transferor has requested a transfer of such beneficial interest for an interest in the Rule 144A Global Security (CUSIP No. \_\_\_\_\_42).

In connection with such request and in respect of such Securities, the Transferor does hereby certify that such Securities are being transferred in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**") to a transferee that the Transferor reasonably believes is purchasing the Securities for its own account or an account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act 1940, as amended, and "**qualified institutional buyer**" within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the US Securities Agent.

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<sup>1</sup> Delete as appropriate.

<sup>2</sup> Delete as appropriate.

<sup>3</sup> Delete as appropriate.

<sup>4</sup> Delete as appropriate.

<sup>5</sup> Delete as appropriate.

[Insert name of Transferor]

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

Name:

Title:

DTC Participant No.:

Dated: \_\_\_\_\_, 200\_

cc: [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers  
(Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]

**SCHEDULE 7**  
**LETTER OF DISPOSITION OF SECURITIES**

[Date]

The Bank of New York  
101 Barclay Street, 8E  
New York  
New York 10286

Ladies and Gentlemen:

**Re: Disposition of [Number of Warrants/Certificates] [Title of Warrants/Certificates] (the "Securities") of [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]<sup>1</sup> (the "Company")**

In connection with our disposition of the Securities, which we are holding in definitive form pursuant to the terms of our letter to the Company and Lehman Brothers Inc. dated \_\_\_\_\_, (the "**Letter**"), a copy of which was furnished to you, we hereby certify that we have disposed of \_\_\_\_\_ Securities in accordance with the terms of the Letter through a sale to [a non-US resident in a transaction outside the United States in compliance with Rule 904 of Regulation S/a transferee which is a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act 1940, as amended, and a "qualified institutional buyer" as defined by, and in compliance with, Rule 144A] under the Securities Act of 1933.

Very truly yours,

By .....  
Authorised Officer

cc: [Lehman Brothers Finance S.A.  
Talstrasse 82  
8021 Zurich  
Switzerland]

[Lehman Brothers Securities N.V.  
E-Commercepark  
E-Zone Vredenberg  
Hoek Heelsumstraat  
Hugenolzweg Z/N  
Curaçao  
The Netherlands Antilles]

[Lehman Brothers (Luxembourg) Equity Finance S.A.  
33 Boulevard du Prince Henri  
L-1724  
Luxembourg]

[Lehman Brothers Bankhaus AG  
Rathenauplatz 1

---

<sup>1</sup> Delete as appropriate.

D60313 Frankfurt  
Am Main  
Germany]

Lehman Brothers Inc.  
745 Seventh Avenue  
New York  
NY 10019  
United States of America

**SCHEDULE 8**  
**NON-DISTRIBUTION LETTER FOR US PURCHASERS OF SECURITIES**

[Date]

[Letterhead of US Purchaser]

Lehman Brothers Inc.  
745 Seventh Avenue  
New York  
NY 10019  
United States of America

Lehman Brothers Holdings Inc.  
745 Seventh Avenue  
New York  
NY 10019  
United States of America

[Lehman Brothers Finance S.A.  
Talstrasse 82  
8021 Zurich  
Switzerland]

[Lehman Brothers Securities N.V.  
E-Commercepark  
E-Zone Vredenberg  
Hoek Heelsumstraat  
Hugenzweg Z/N  
Curaçao  
The Netherlands Antilles]

[Lehman Brothers (Luxembourg) Equity Finance S.A.  
33 Boulevard du Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg]

[Lehman Brothers Bankhaus AG  
Rathenauplatz 1  
D60313 Frankfurt  
Am Main  
Germany]

Dear Sirs:

**Re: Purchase of [Number of Warrants/Certificates] [Title of Warrants/Certificates] (the "Securities") issued by [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG]<sup>1</sup> (the "Company")**

Under the terms of its Warrant and Certificate Program (the "**Program**"), [Lehman Brothers Finance S.A./Lehman Brothers Securities N.V./Lehman Brothers (Luxembourg) Equity Finance S.A./Lehman Brothers Bankhaus AG<sup>2</sup> (the "**Issuer**") may from time to time issue warrants and certificates of any kind including, but not limited to, warrants and certificates relating to: a specified index or a basket of indices; a specified share or basket of shares or a specified depositary receipt in respect of a specified share or a basket of depositary receipts in respect of the shares of multiple companies ("**Securities**"). Lehman Brothers Inc. shall act as Lead Manager for the Program.

In order to facilitate my purchase of Securities from time to time, I hereby make the following representations, and I understand and intend that each such representation shall be deemed to be repeated whenever I purchase Securities. Nothing contained herein obliges me to purchase any Securities nor the Issuer to issue any Securities.

I hereby confirm that:

- (i) I am a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act 1940, as amended (the "**1940 Act**");
- (ii) I am an "accredited investor" within the meaning of Rule 501(a) ("**Rule 501(a)**") under the Securities Act of 1933, as amended (the "**Securities Act**"), and I certify that I have, on the date of this representation, (1) individual net worth, or joint net worth with my spouse, in excess of \$1,000,000 or (2) individual income in excess of \$200,000 in each of the two most recent years or joint income with my spouse in excess of \$300,000 in each of those years (and I have a reasonable expectation of reaching the same income level in the current year);
- (iii) I have such knowledge, sophistication and experience in financial and business matters that I am capable of evaluating the merits and risks of purchasing the Securities and I am able and prepared to bear the financial risk of investing in and holding the Securities. I understand and agree that, in making a decision to purchase the Securities, I am relying on my own examination of the transaction (in consultation with such of my advisors as I have deemed necessary), and that neither the Issuer nor any affiliate thereof has made, and neither shall be deemed to have made, any recommendation regarding the merits of an investment in the Securities or the suitability of an investment in the Securities. I also understand that neither the Issuer nor any affiliate thereof has any obligations to supply me with any information, except such information concerning the terms of the Securities. I further understand that neither the Issuer nor any affiliate thereof has performed any independent due diligence investigation with respect to the companies underlying the Securities (as set forth in the related indicative term sheet and final terms or, as the case may be, the drawdown prospectus). Finally, I acknowledge and agree that I have not relied on research published by the Issuer or any affiliate thereof, but I have instead made my own independent review and reached my own conclusions regarding the legal, credit, tax and

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<sup>1</sup> Delete as appropriate.

<sup>2</sup> Delete as appropriate.

accounting aspects of their transaction relating to my assets, liabilities, risk management objectives and risk tolerance;

- (iv) I have received information regarding the Securities, I have read such documents, I understand the related provisions and I acknowledge that I have had access to such financial and other information, and I have been afforded the opportunity to ask such questions and representatives of the Issuer, and to receive answers thereto, as I deem necessary in connection with my decision to purchase the Securities;
- (v) (A) I am not, directly or indirectly, purchasing the Securities or any interest therein on behalf of, or as a named fiduciary of, an employee benefit plan or other retirement arrangements, including any individual retirement account or annuity, Keogh plan or collective investment fund or separate account in which such plans, accounts or arrangements are invested, that is subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**") or a "Government Plan" as defined in Section 3(32) of ERISA and which is subject to an Federal, state or other law which is, to a material extent, similar to the foregoing provisions of the ERISA or the Code (collectively, a "**Plan**"), nor (B) am I purchasing the Securities or any interest therein or with assets of a Plan;
- (vi) I am not acquiring the Securities with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities law of any State of the United States or any other applicable jurisdiction; and
- (vii) I am not, either alone or together with others, directly or indirectly controlled or controlled by the Issuer or under direct or indirect common control with the Issuer, all within the meaning of the Securities Act.

I understand that the Securities have not been and will not be registered under the Securities Act and are being offered in "transactions by an issuer not involving any public offering" within the meaning of the Securities Act. I understand and agree that the Securities may only be offered, resold, pledged or otherwise transferred (A) with the prior consent of the Issuer, in its sole discretion, which consent may be withheld for any or no reason, (B) only to an "accredited investor" (as defined by Rule 501(a)) that is also a "qualified purchaser" (as defined in Section 2(a)(51) of the 1940 Act) in a transaction exempt from the registration requirements of the Securities Act (and based upon an opinion of the counsel if the Issuer so requests) and in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction and (C) only upon the buyer's execution and delivery to the Issuer of a letter substantially in the form hereof.

I acknowledge that you and others will rely upon my representations, confirmations, acknowledgements and agreements set forth herein and as deemed repeated from time to time, and irrevocably authorize you to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or any official enquiry with respect to matters covered hereby. I agree to notify you promptly in writing in any of my representations or warranties herein ceases to be accurate and complete. In addition, I understand that I may be requested periodically to reissue a matter representation letter in connection with the Program.

Dated: \_\_\_\_\_

(Name of Purchaser of Securities)

## SCHEDULE 9

### FORMS OF EXERCISE NOTICE AND SETTLEMENT NOTICE

#### Part A

##### Form of Exercise Notice for Cash Settled Warrants

[LEHMAN BROTHERS FINANCE S.A./  
LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY  
FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG]<sup>1</sup>  
(the "**Issuer**")

Issue of [Description of Warrants] (the "**Warrants**")

Expiring [Insert Date]

Guaranteed by  
Lehman Brothers Holdings Inc.  
(the "**Guarantor**")

When completed this Exercise Notice should be sent by tested telex (to be confirmed in writing) or delivered in writing to [insert name(s) of the relevant Clearing System(s)] records or will record on its books ownership of the Warrants being exercised (or, if such Warrants are or will be recorded in Euroclear, by the Euroclear Information Distribution System (Euclid)), with a copy to the Principal Securities Agent, to arrive not later than, in the case of American Style Warrants, the Exercise Notice Deposit Time, on any Business Day (the Exercise Date) during the Exercise Period and, in the case of European Style Warrants, the Exercise Notice Deposit Time on the Expiration Date. Any capitalised term used but not defined herein shall have the meaning set forth in the Terms and Conditions of the above-captioned Warrants.

To: [Insert name(s) of relevant Clearing System(s)]

With a copy to: [Name of Principal Securities Agent]  
[Address]  
[Address]  
[Address]

Failure properly to complete this Exercise Notice (in the determination of [insert name(s) of relevant Clearing System(s)]) or to submit a substantially similar form of Exercise Notice (in the determination of [insert name(s) of relevant Clearing System(s)]) or to send a copy to the Principal Securities Agent immediately after sending the original thereof to [insert name(s) of relevant Clearing System(s)] or failure to deliver it by the Exercise Notice Deposit Time on the Expiration Date, will result in the Exercise Notice being treated as null and void.

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<sup>1</sup> Delete as appropriate.

**PLEASE USE BLOCK CAPITALS**

1. Name(s) of Holder(s)

2. Address(es) of Holder(s)

3. Exercise of Warrants

The undersigned, being the holder of the Warrants referred to below forming part of the above issue of Warrants, hereby exercises the number of Warrants to which this notice relates in accordance with the terms and conditions thereof.

4. Number of Warrants

The Number of Warrants referred to in paragraph 3 above is as follows:

Holders are advised to refer to the terms and conditions of the Warrants with respect to the minimum number of Warrants and multiples in excess thereof which may be exercised on the same day.

5. Account details

I/We\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to debit on or before the Settlement Date (A) my/our\* account with the number of Warrants hereby being exercised.

My/Our\* account with [insert name(s) of relevant Clearing System(s)] to be debited is as follows:

6. Account details for payment of Cash Settlement Amount

My/Our\* account with [insert name(s) of relevant Clearing System(s)] and, in the case of Definitive Warrants or Warrants held through DTC, appropriate wiring instructions] to be credited with the Cash Settlement Amount (or the Alternative Cash Settlement Amount) for each Warrant exercised, is as follows:

7. Expenses

I/We\* hereby undertake to pay any applicable Expenses and I/we\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to debit my/our\* account specified in paragraph 5 above with an amount or amounts in respect thereof and to pay such Expenses to the extent of such amount or amounts.

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\* Delete as appropriate.

8. US Selling Restrictions Certification

[Insert appropriate US Selling Restrictions certification required by Condition 9(e) if applicable]

9. Name of Holder\*

Signed/By:

Name:

Dated:

**Part B**  
**Form of Exercise Notice for Physical Delivery Warrants**

[LEHMAN BROTHERS FINANCE S.A./  
LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY  
FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG]<sup>1</sup>  
(the "**Issuer**")

Issue of [Description of Warrants] (the "**Warrants**")

Expiring [Insert Date]

Guaranteed by  
Lehman Brothers Holdings Inc.  
(the "**Guarantor**")

When completed this Exercise Notice should be sent by tested telex (to be confirmed in writing) or delivered in writing to [insert name(s) of relevant Clearing System(s)] records or will record on its books ownership of the Warrants being exercised (or, if such Warrants are or will be recorded in Euroclear, by the Euroclear Information Distribution System (Euclid)), with a copy to the Principal Securities Agent, to arrive not later than, in the case of American Style Warrants, the Exercise Notice Deposit Time, on any Business Day (the Exercise Date) during the Exercise Period and, in the case of European Style Warrants, the Exercise Notice Deposit Time on the Expiration Date. Any capitalised term used but not defined herein shall have the meaning set forth in the Terms and Conditions of the above-captioned Warrants.

To: [Insert name(s) of relevant Clearing System(s)]

With a copy to: [Name of Principal Securities Agent]  
[Address]  
[Address]  
[Address]

Failure properly to complete this Exercise Notice (in the determination of [insert name(s) of relevant Clearing System(s)]) or to submit a substantially similar form of Exercise Notice (in the determination of [insert name(s) of relevant Clearing System(s)]) or to send a copy to the Principal Securities Agent immediately after sending the original thereof to [insert name(s) of relevant Clearing System(s)] or failure to deliver it by the Exercise Notice Deposit Time on the Expiration Date, will result in the Exercise Notice being treated as null and void.

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<sup>1</sup> Delete as appropriate.

**PLEASE USE BLOCK CAPITALS**

1. Name(s) of Holder(s)

2. Address(es) of Holder(s)

3. Exercise of Warrants

The undersigned, being the holder of the Warrants referred to below forming part of the above issue of Warrants, hereby exercises the number of Warrants to which this notice relates in accordance with the terms and conditions thereof.

4. Number of Warrants

The Number of Warrants referred to in paragraph 3 above is as follows:

Holders are advised to refer to the terms and conditions of the Warrants with respect to the minimum number of Warrants and multiples in excess thereof which may be exercised on the same day.

5. Account details for debit of Warrants and Strike Price

I/We\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to debit on or before the Settlement Date (A) my/our\* account with the number of Warrants hereby being exercised and (B) my/our\* cash account with the aggregate Strike Price in respect of the Warrants relating to such Shares, if applicable, and the amount of any applicable taxes.

My/Our\* account with [insert name(s) of relevant Clearing System(s)] to be debited Warrants is:

My/Our\* cash account with [insert name(s) of relevant Clearing System(s)] to be debited in accordance with (B) above is:

6. Details for delivery of Physical Settlement Amount

I/We\* hereby instruct the Issuer to deliver or procure the delivery of the Physical Settlement Amount to:

(in respect of the Relevant Assets):

(in respect of evidence):

whose address is:

whose address is:

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\* Delete as appropriate.

7. Expenses

I/We\* hereby undertake to pay any applicable Expenses and I/we\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to debit my/our\* account specified in paragraph 6 above with an amount or amounts in respect thereof and to pay such Expenses to the extent of such amount or amounts.

8. US Selling Restrictions Certification

[Insert appropriate US Selling Restrictions certification required by Condition 9(e) if applicable]

9. Name of Holder

\*Signed/By:

Name:

Dated

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\* Delete as appropriate.

**Part C**  
**Form of Certificate Settlement Notice for Cash Settled Certificates**

[LEHMAN BROTHERS FINANCE S.A./  
LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY  
FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG] <sup>1</sup>  
(the "**Issuer**")

Issue of [Description of Certificates] (the "**Certificates**")

Guaranteed by  
Lehman Brothers Holdings Inc.  
(the "**Guarantor**")

When completed this Certificate Settlement Notice should be sent by tested telex (to be confirmed in writing) or delivered in writing to [insert name(s) of the relevant Clearing System(s)] records or will record on its books ownership of the Certificates being exercised (or, if such Certificates are or will be recorded in Euroclear, by the Euroclear Information Distribution System (Euclid)), with a copy to the Principal Securities Agent, to arrive during the Certificate Settlement Notice Delivery Period. Any capitalised term used but not defined herein shall have the meaning set forth in the Terms and Conditions of the above-captioned Certificates.

To: [Insert name(s) of relevant Clearing System(s)]

With a copy to: [Name of Principal Securities Agent]  
[Address]  
[Address]  
[Address]

---

<sup>1</sup> Delete as appropriate.

**PLEASE USE BLOCK CAPITALS**

1. Name(s) of Holder(s)

2. Address(es) of Holder(s)

3. Number of Certificates

The Number of Certificates to which this Certificate Settlement Notice relates is as follows:

4. Account details

I/We\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to debit on or before the Settlement Date my/our\* account with the number of Certificates to which this Certificate Settlement Notice relates.

My/Our\* account with [insert name(s) of relevant Clearing System(s)] to be debited is as follows:

5. Account details for payment of Cash Settlement Amount

My/Our\* account with [insert name(s) of relevant Clearing System(s) and, in the case of Definitive Certificates or Certificates held through DTC, appropriate wiring instructions] to be credited with the Cash Settlement Amount (or the Alternative Cash Settlement Amount) for each Certificate to which this Certificate Settlement Notice relates, is as follows:

6. Expenses etc.

I/We\* hereby undertake to pay all applicable Expenses and I/we\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to deduct the amount thereof from the Cash Settlement Amounts (or Alternative Cash Settlement Amounts) for the Certificates or, at any time after the Settlement Date, to debit my/our\* account specified in paragraph 4 above with an amount or amounts in respect thereof and to pay any such Expenses to the extent of such amount or amounts deducted and/or debited.

7. US Selling Restrictions Certification

[Insert appropriate US Selling Restrictions certification required by Condition 9(e) if applicable]

8. Name of Holder\*

Signed/By:

---

\*

Name:

Dated:

**Part D**  
**Form of Certificate Settlement Notice for Physical Delivery Certificates**

[LEHMAN BROTHERS FINANCE S.A./  
LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY  
FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG]<sup>1</sup>  
(the "**Issuer**")

Issue of [Description of Certificates] (the "**Certificates**")

Guaranteed by  
Lehman Brothers Holdings Inc.  
(the "**Guarantor**")

When completed this Certificate Settlement Notice should be sent by tested telex (to be confirmed in writing) or delivered in writing to [insert name(s) of relevant Clearing System(s)] records or will record on its books ownership of the Certificates being exercised (or, if such Certificates are or will be recorded in Euroclear, by the Euroclear Information Distribution System (Euclid)), with a copy to the Principal Securities Agent, to arrive during the Certificate Settlement Notice Delivery Period. Any capitalised term used but not defined herein shall have the meaning set forth in the Terms and Conditions of the above-captioned Certificates.

To: [Insert name(s) of relevant Clearing System(s)]

With a copy to: [Name of Principal Securities Agent]  
[Address]  
[Address]  
[Address]

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<sup>1</sup> Delete as appropriate.

**PLEASE USE BLOCK CAPITALS**

1. Name(s) of Holder(s)

2. Address(es) of Holder(s)

3. Number of Certificates

The Number of Certificates to which this Certificate Settlement Notice relates is:

4. Account details

I/We\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to debit on or before the Settlement Date my/our\* account with the number of Certificates to which this Certificate Settlement Notice relates.

My/Our\* account with [insert name(s) of relevant Clearing System(s)] to be debited Certificates is:

5. Details for delivery of Physical Settlement Amount

I/We\* hereby instruct the Issuer to deliver or procure the delivery of the Physical Settlement Amount to:

(in respect of the Relevant Assets):

(in respect of evidence):

whose address is:

whose address is:

6. Expenses

I/We\* hereby undertake to pay all applicable Expenses and I/we\* hereby irrevocably instruct [insert name(s) of relevant Clearing System(s)] to debit on or at any time after the Settlement Date my/our\* account with an amount or amounts in respect thereof and to pay such Expenses.

My/Our\* cash account with [insert name(s) of relevant Clearing System(s)] to be debited in accordance with this paragraph is:

7. US Selling Restrictions Certification

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\* Delete as appropriate.

[Insert appropriate US Selling Restrictions certification required by Condition 9(e) if applicable]

8. Name of Holder

\*Signed/By:

Name:

Dated

**SCHEDULE 10**  
**FORM OF FINAL TERMS**

*The Final Terms relating to each issue of Securities will be substantially in the form set out below and will contain (without limitation) such of the following information as is applicable in respect of such Securities:*

Final Terms dated as of [•]

[LEHMAN BROTHERS FINANCE S.A./  
LEHMAN BROTHERS SECURITIES N.V./  
LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS  
BANKHAUS AG [(acting through its London Branch)]]

**Warrant and Certificate Programme**

**Guaranteed by**  
**LEHMAN BROTHERS HOLDINGS INC.**

[Details of particular issue of Warrants or Certificates]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 30 August 2005 [and the supplemental Offering Circular dated [•]] which [together] constitute[s] a prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive 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. [The Offering Circular [and the supplemental Offering Circular] [is/are] available for viewing at [address] [and] [website] and copies may be obtained from [address].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date] [and the supplemental Offering Circular dated [•]]. This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Offering Circular dated [•] 2005 [and the Supplemental Offering Circular dated [•]], which [together] constitute[s] a prospectus for the purposes of the Prospectus Directive, save in respect of the conditions which are extracted from the Offering Circular dated [•] [and the supplemental Offering Circular dated [•]] and are attached hereto. 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 Circulars]. [The [Offering Circulars] [and the supplemental Offering Circular] [is/are] available for viewing at [address] [and] [website] and copies may be obtained from [address].

[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.

[Lehman Brothers (Luxembourg) Equity Finance S.A. has been established, for an unlimited duration, as a *société anonyme* under the laws of the Grand Duchy of Luxembourg, by notarial deed dated 8 June 2004, which was published in the "*Mémorial, Journal Officiel du Grand-Duché de Luxembourg, Recueil Spécial des Sociétés et Associations*" ("**Memorial C**") on 8 July 2004 and registered with the Register of Commerce and Companies of Luxembourg (R.C.S. Luxembourg) under number B.101.448 on 6 July 2004. Its registered office is at 1 Allee Scheffer, L-2520, Luxembourg.

On the date of this Final Terms, the Issuer's share capital is [US\$50,000 (fifty thousand US\$) represented by 500 (five hundred) registered shares with a par value of US\$100 (one hundred US\$) each, fully paid up.]<sup>1</sup> Excluding Securities issued pursuant to the Programme by the Issuer on or before the date hereof and still outstanding, the Issuer [has no outstanding debt securities at the date hereof][the aggregate principal amount of outstanding debt securities issued by the Issuer is [currency][amount]]. The Securities are guaranteed by Lehman Brothers Holdings Inc. pursuant to the Master Guarantee.]<sup>2</sup>

**IN WITNESS WHEREOF, [LEHMAN BROTHERS FINANCE S.A./LEHMAN BROTHERS SECURITIES N.V./LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS BANKHAUS AG [(acting through its London Branch)]** has caused this Final Terms to be executed by a duly authorised officer or director.

Dated: [date]

Executed by

**[LEHMAN BROTHERS FINANCE S.A./  
LEHMAN BROTHERS SECURITIES N.V./  
LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A./LEHMAN BROTHERS  
BANKHAUS AG [(acting through its London Branch)]**

and signed and delivered on its behalf

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<sup>1</sup> To be confirmed.

<sup>2</sup> Include if Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**Part A**  
**Information about the Securities**

**[Risk Factors**

*Risk factors that are material to the securities being offered and/or admitted to trading need to be disclosed in order to assess the market risk associated with these securities. This must include a risk warning to the effect that investors may lose the value of their investment or part of it, as the case may be, and/or, if the investor's liability is not limited to the value of his investment, a statement of that fact, together with a description of the circumstances in which such additional liability arises and the likely financial effect.]*

**General**

- |    |  |  |
|----|--|--|
| 1. | Issuer   | [Lehman Brothers Finance S.A. /<br>Lehman Brothers Securities N.V. /<br>Lehman Brothers (Luxembourg) Equity<br>Finance S.A. / Lehman Brothers<br>Bankhaus AG [(acting through its<br>London Branch)]]  |
| 2. | Guarantor  | Lehman Brothers Holdings Inc.  |
| 3. | Description of the Securities:   |  |
|    | (b) Warrants or Certificates:  | The Securities are<br>[Warrants/Certificates]  |
|    | (c) Type of Securities:  | The Securities are<br>[Index Securities]<br>[Share Securities]<br>[Depository Receipt Securities]<br>[Debt Instrument Securities]<br>[Currency Securities]<br>[Commodity Securities]<br>[Interest Rate Securities]<br>[Specify details if other] |
| 4. | Form of Securities:  | [Bearer: Global Security]<br>[Registered: Global Security]<br>[Registered: Definitive Security]  |
| 5. | Description of the Underlying:   | [As described in Part C (Information on<br>the Underlying)]  |
| 6. | If Warrants, American Style Warrants, European<br>Style Warrants or other: | [American Style] [European Style]<br>[Specify details if other]<br>[Not Applicable]  |
| 7. | If Warrants, Call Warrants, Put Warrants or other:                         | [Call Warrants] [Put Warrants]<br>[Specify details if other]   |

- [Not Applicable]
8. Number of Securities being issued: [Number]
9. (a) Series Number: [Number]
- (b) Tranche Number: [Number]
10. Issue Date: [Date]
11. Issue Price(s): [Currency][Amount]\* 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
- \*(Certificates issued by Lehman Brothers Bankhaus AG which are to be admitted to trading and listed on an EEA Regulated Market should either (a) have an issue price of at least EUR1,000 or (b) give the right to acquire transferable securities (other than those of Lehman Brothers Bankhaus AG) or to receive a cash amount).*
12. Minimum initial purchase of the Securities: [Minimum initial purchase]
13. Minimum transferable number (for the purposes of Condition 1(c)): [Minimum transferable number]
14. Last Trading Day (for the purposes of Conditions 1(c) and 9(c): [3 Business Days before the Actual Exercise Date (in the case of American Style Warrants) or the Expiration Date (in the case of European Style Warrants) or the commencement of the Certificate Settlement Notice Period (in the case of Certificates)]
- Warrants - Provisions relating to exercise**
15. If American Style Warrants, the Exercise Period: [From and including [date] to but excluding [date]]  
 [Not Applicable]
16. If European Style Warrants, the Expiration Date: [Date]  
 [Not Applicable]
17. Exercise Notice Deposit Time(s) (for the purposes of Condition 5(a)): [Time][am / pm / noon] [City] time  
 [Not Applicable]
18. Minimum Exercise Number (for the purposes of Condition 5(b)): [Number] Warrants  
 [Not Applicable]

- |   |   |   |
|---|---|---|
| 19.   | Integral multiple of Minimum Exercise Number (for the purposes of Condition 5(b)):  | [ <i>Number</i> ] Warrants<br>[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)): | [ <i>Specify details if applicable</i> ]<br>[Not Applicable]  |
| 21.   | If American Style Warrants, the Maximum Exercise Number (for the purposes of Condition 5(b)):   | [ <i>Number</i> ] Warrants<br>[Not Applicable]  |
| 22.   | Automatic Exercise in respect of Cash Settled Warrants (for the purposes of Condition 4(a)):  | [Applicable]<br>[Not Applicable]  |
| <b>Certificates - Provisions relating to interest</b>   |   |   |
| 23.   | Interest Payment Dates:   | [[ <i>Specify dates if applicable</i> ] and the Redemption Date]<br>[Not Applicable]  |
| 24.   | Notional Amount per Certificate (for the purposes of Condition 6):  | [ <i>Currency</i> ][ <i>Amount</i> ]<br>[Not Applicable]  |
| 25.   | Interest Rate (for the purposes of Condition 6):  | [ <i>Rate</i> ] per cent. per annum<br>[Not Applicable]   |
| 26.   | Interest Rate Day Count Fraction (for the purposes of Condition 6):   | [Actual/365 or Actual/Actual (ISDA)]<br>[Actual/365 (Fixed)]<br>[Actual/360]<br>[30/360 (Floating) or 360/360 or Bond Basis]<br>[30E/360 or Eurobond Basis]<br>[Not Applicable]   |
| 27.   | Other terms relating to the method of calculating interest (for the purposes of Condition 6):   | [ <i>Specify details if applicable</i> ]<br>[Not Applicable]  |
| <b>Provisions relating to settlement and redemption</b> |   |   |
| 28.   | Form of Settlement (for the purposes of Condition 1(a)):  | [Cash Settled Securities [subject to the Holder's option to elect physical delivery]]<br>[Physical Delivery Securities [subject to the Holder's option to elect cash settlement]]<br>[ <i>Specify detailed terms of Holder's option if applicable, or for any other form of settlement applicable</i> ] |
| 29.   | Issuer's option to vary settlement in respect of the Securities (for the purposes of Conditions 1(a) and 10(c)):                              | [ <i>Specify details if applicable</i> ]<br>[Not Applicable]  |

30. Valuation Date: [If Certificates, Date]  
[If Warrants, Condition 28 applies or Date]
31. Averaging Dates: [Dates]  
[Not Applicable]
32. Consequence of Averaging Date Disruption (for the purposes of Condition 13(b)): [Omission][Postponement][Modified Postponement]  
[Not Applicable]
33. Valuation Time: [Time][am/pm/noon] [City] time  
[Any time which shall not be later than the Exercise Notice Deposit Time, in the case of Warrants]
34. If Warrants, the Settlement Date: [Date] [A day which should not be less than 3 Business Days following the Valuation Date]  
[Not Applicable]
35. If Certificates, the Certificate Settlement Notice Period: [From and including [date] to and including [date]]  
[Not Applicable]
36. If Certificates, the Redemption Date: [Date] [A day which should not be less than 3 Business Days following the Valuation Date]  
[Not Applicable]
37. Business Day Centre(s): [City/cities]
38. Exchange Rate, including details of when such rate is to be ascertained: [Rate] as determined by [Specify] ascertained at [the Relevant Time / specify if other] on [the Expiration Date / the Valuation Date / specify if other]  
[Not Applicable]
39. If Cash Settled Securities, Settlement Currency for the payment of the Cash Settlement Amount and/or Alternative Cash Settlement Amount: [Currency]  
[Not Applicable]
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): [Specify details if applicable]  
[Not Applicable]
41. If Physical Delivery Warrants, the Strike Price(s): [Currency][Amount] per Warrant  
[Not Applicable]
42. If Physical Delivery Securities:
- (a) the Relevant Asset(s) (for the purposes of the definition in Condition 28): [Applicable] [Not Applicable]  
[Specify details if applicable]

- (b) method of delivery of the Physical Settlement Amount (for the purposes of Condition 10(b)(i) or (ii)): [Applicable] [Not Applicable]  
[Specify details if applicable]  
  
*[The Physical Delivery Amount shall be delivered through the Holder's account with the relevant Clearing System]*
- (c) method of evidencing the Physical Delivery Amount (for the purposes of Condition 10(b)(i) or (ii)): [Applicable] [Not Applicable]  
[Specify details if applicable]  
  
*[As shown in the Holder's account at the relevant Clearing System]*
- (d) treatment of dividends payable on the Relevant Assets(s) (for the purposes of Condition 10(b)(iii)): [Not Applicable][Applicable]  
[Specify details if Condition 10(b)(iii) does not apply][Condition 10(b)(iii) applies]
43. If Physical Delivery Certificates, any modification of minimum Board Lot requirement in relation to settlement (for the purpose of Condition 9(h)): [Specify details if applicable]  
[Not Applicable]
44. Other circumstances where Holder will receive the Alternative Settlement Amount (for the purposes of Condition 10(c)): [Applicable] [Not Applicable]  
[Specify details if 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)): [Applicable] [Not Applicable]  
[Specify details if applicable]
- Other specified terms and modifications to the Conditions**
46. If Currency Securities, details of the Relevant Screen Page, the Base Currency and the relevant Subject Currency or Subject Currencies: [Applicable] [Not Applicable]  
[Specify details if applicable]
47. If Commodity Securities, provisions for calculations: [Applicable] [Not Applicable]  
[Specify details if applicable]
48. If Index Securities:
- (a) Index or Indices: [As specified in Part C of this Final Terms] [Not Applicable]
- (b) Exchange: [Specify relevant exchange or quotation system in relation to each Index] [Not Applicable]
- (c) Related Exchange: [Specify relevant exchange or quotation system in relation to each Index][All Exchanges] [Not Applicable]

- (d) Consequences of Index Adjustment Event (for the purposes of Condition 14(a)(ii)):
- (i) Index Modification: [Calculation Agent Adjustment] [Cancellation and Payment] [Not Applicable]
  - (ii) Index Cancellation: [Calculation Agent Adjustment] [Cancellation and Payment] [Not Applicable]
  - (iii) Index Disruption: [Calculation Agent Adjustment] [Cancellation and Payment] [Not Applicable]
49. If Share Securities:
- (a) Share(s): [As specified in Part C of this Final Terms] [Not Applicable]
  - (b) Exchange: [*Specify relevant exchange or quotation system in relation to each Share*] [Not Applicable]
  - (c) Related Exchange: [*Specify relevant exchange or quotation system in relation to each Share*] [Not Applicable]
  - (d) Method of Adjustment (for the purposes of Condition 14(b)): [Options Exchange Adjustment] [Calculation Agent Adjustment] [Not Applicable]
  - (e) Consequences of Merger Events (for the purposes of Condition 15(a)):
    - (i) Share-for-Share: [Alternative Obligation] [Cancellation and Payment] [Options Exchange Adjustment] [Calculation Agent Adjustment] [Modified Calculation Agent Adjustment] [Component Adjustment] [Not Applicable]
    - (ii) Share-for-Combined: [Alternative Obligation] [Cancellation and Payment] [Options Exchange Adjustment] [Calculation Agent Adjustment] [Modified Calculation Agent Adjustment] [Component Adjustment] [Not Applicable]
    - (iii) Share-for-Other: [Cancellation and Payment] [Options Exchange Adjustment] [Calculation Agent Adjustment] [Modified Calculation Agent Adjustment] [Component Adjustment] [Not Applicable]

Applicable]

(f) Consequences of Tender Offers (for the purposes of Condition 15(b))

(i) Share-for-Share:

[Cancellation and Payment] [Options Exchange Adjustment] [Calculation Agent Adjustment] [Modified Calculation Agent Adjustment] [Component Adjustment] [Not Applicable]

(ii) Share-for Combined:

[Cancellation and Payment] [Options Exchange Adjustment] [Calculation Agent Adjustment] [Modified Calculation Agent Adjustment] [Component Adjustment] [Not Applicable]

(iii) Share-for-Other:

[Cancellation and Payment] [Options Exchange Adjustment] [Calculation Agent Adjustment] [Modified Calculation Agent Adjustment] [Component Adjustment] [Not Applicable]

(g) Options Exchange (for the purposes of Condition 14(b)(i), Condition 15(a)(iii) or Condition 15(b)(ii), where applicable)

[Specify relevant exchange or quotation system]

50. Additional Disruption Events:

(a) Applicable Additional Disruption Events:

[The following Additional Disruption Events apply:

[Change in Law]

[Failure to Deliver]

[Hedging Disruption]

[Increased Costs of Hedging]

[Increased Cost of Stock Borrow. For the purposes of such event, the Initial Loan Rate is [Specify details if applicable]]

[Insolvency Filing]

[Loss of Stock Borrow. For the purposes of such event, the Maximum Loan Rate is [Specify details if applicable]]

[For the purposes of [Change in Law][and][Increased Cost of Hedging] the Initial Date is [Specify details if applicable]]

		[None]
	(b) Consequences of Additional Disruption Event:	[Specify details if applicable] [Not Applicable]
51.	Further adjustments:	
	(a) whether provisions for market disruption apply other than as provided for in Condition 13:	[Applicable][Not applicable] [Specify details if 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):	[Applicable] [Not Applicable] [Specify details if applicable]
	(c) any supplemental adjustment provisions:	[Applicable] [Not Applicable] [Specify details if applicable]
52.	Other special conditions and any modification to the Terms and Conditions of the Securities:	[Applicable] [Not Applicable] [Specify details if applicable]  [For the purposes of Luxembourg law, articles 86 to 94-8 (inclusive) of the Luxembourg law concerning commercial companies dated 10 August 1915, as amended, are not applicable to the Securities. The Securities are in registered form and a register of the Securities will be kept at the registered office of the Issuer.] <sup>48</sup>
53.	Relevant Clearing System(s) (for the purposes of the definition in Condition 28):	[DTC] [Euroclear] [Clearstream, Luxembourg] [Specify details if different] [[ ] shall act as common depository for Euroclear and Clearstream, Luxembourg]
54.	Calculation Agent if not the Issuer:	[Insert details if applicable] [Not Applicable]
55.	Rule 144A eligibility:	[Yes/No]
56.	Eligibility for private placement to other "accredited investors" in the United States:	[Yes/No]

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<sup>48</sup> Include where the Issuer is Lehman Brothers (Luxembourg) Equity Finance S.A.

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 1A] [Type 1B] [Type 2A] [Type 2B] [Type 3A] [Type 3B] [Type 4] [Type 5]<br><i>[Specify one category for every issue of Securities]</i> |
| (b) | details of any additional selling restrictions (for the purposes of Condition 9(e)):  | [Applicable] [Not Applicable]<br><i>[Specify details if applicable]</i>  |

**Part B**  
**Other Information**

58. (a) Listing: [Application has been made for the Securities to be listed on the (*specify*)/None]
- (b) Admission to Trading: [Application has been made for the Securities to be admitted to trading [, under MiFID,] on the Luxembourg Stock Exchange's regulated market] [ ] with effect from [ ]/Not Applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
59. Notification  
The *Luxembourg Commission de Surveillance due Secteur Financier*, or CSSF, [has been requested to provide/has provided] [*include names of competent authorities in host Member States*] with a certificate of approval attesting that the Offering Circular has been drawn up in accordance with the Prospectus Directive.
60. [Interests of Natural and Legal Persons Involved in The Issue/Offer  
*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by inclusion of the following statement:*
- "Save as discussed in "Offering and Sale", so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer".]*
61. (a) Method of distribution of the Securities: [Syndicated][Non-syndicated]
- (b) Names of the Dealer(s): [*Specify Dealer(s)*]
62. ISIN: [ISIN]  
[Not Applicable]
63. Common Code: [*Common Code*]  
[Not Applicable]

64. CUSIP: [CUSIP]  
[Not Applicable]
65. 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: [Telekurs]  
[Security code of other Clearing System]  
[Not Applicable]
66. Principal Securities Agent: [US Securities Agent]  
[Belgian Securities Agent]  
[Luxembourg Securities Agent]  
[alternative Principal Securities Agent]  
[Specify details if applicable]
67. Whether Definitive Security Certificates may be issued as well as/instead of a Global Security: [Applicable] [Not Applicable]  
[Specify details if applicable]
- [The Securities will be at all times represented by a Global Security] [The Securities will be represented by Definitive Security Certificates]
68. Reasons for the Offer:
- (a) Reasons for the Offer *See "Use of Proceeds" wording in Offering Circular - if reason for offer different from making profit and/or hedging certain risks will need to include these reasons here.*

**Part C**  
**Information on the Underlying**

*In addition, the following will be included in an annex to the Final Terms:*

1. *For the purpose of describing the Underlying to which the Securities relate:*
  - 1.1 *The exercise price or the final reference price of the underlying.*
  - 1.2 *A statement setting out the type of the underlying and details of where information on the underlying can be obtained:*
    - *an indication where information about the past and the further performance of the underlying and its volatility can be obtained;*
    - *where the underlying is a security:*
      - *the name of the issuer of the security;*
      - *the ISIN (international security identification number) or other such security identification code;*
    - *where the underlying is an index:*
      - *the name of the index and a description of the index if it is composed by the Issuer. If the Index is not composed by the issuer, where information about the index can be obtained;*
    - *where the underlying is an interest rate:*
      - *a description of the interest rate;*
    - *others:*
      - *where the underlying does not fall within the categories specified above, equivalent information should be included;*
    - *where the underlying is a basket of underlyings:*
      - *disclosure of the relevant weightings of each underlying in the basket.*
  - 1.3 *A description of any market disruption or settlement disruption events that affect the underlying.*
  - 1.4 *Adjustment rules with relation to events concerning the underlying.*

## SCHEDULE 11

### TERMS AND CONDITIONS OF THE SECURITIES

*The following is the text of the Terms and Conditions of the Securities which will be attached to or incorporated by reference into each Global Security and/or Definitive Security Certificate, as appropriate. The Final Terms in relation to an issue of Securities supplements the following Terms and Conditions and may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions supplement, replace or modify the following Terms and Conditions for the purpose of such Securities.*

*In these Conditions, words and expressions not defined elsewhere have the meanings given to them in Condition 28.*

Unless otherwise specified in the relevant Global Security or Definitive Security Certificate and/or the applicable Final Terms (as defined below), the warrants ("**Warrants**") or certificates ("**Certificates**") of this series (such Warrants or Certificates being hereinafter referred to as the "**Securities**") are represented by one or more global warrants or certificates (the "**Global Security**") or, in the case of Securities to be issued in definitive form ("**Definitive Warrants**" or "**Definitive Certificates**", as the case may be, and Definitive Warrants and Definitive Certificates collectively, "**Definitive Securities**"), by one or more definitive security certificates (each a "**Definitive Security Certificate**") and are issued pursuant to a master warrant and certificate agreement as amended and restated on 30 August 2005 (the "**Securities Agency Agreement**") between Lehman Brothers Finance S.A., Lehman Brothers Securities N.V., Lehman Brothers (Luxembourg) Equity Finance S.A., Lehman Brothers Bankhaus AG (including when acting through its London Branch) (each an "**Issuer**"), The Bank of New York, New York as US warrant and certificate agent (the "**US Securities Agent**"), The Bank of New York, Brussels as Belgian warrant and certificate agent (the "**Belgian Securities Agent**") and The Bank of New York (Luxembourg) S.A. as Luxembourg warrant and certificate agent (the "**Luxembourg Securities Agent**" and, together with the US Securities Agent, the Belgian Securities Agent and any additional warrant and certificate agent appointed thereunder, the "**Securities Agents**", which expression shall include any additional or successor warrant and certificate agents). In the following provisions of these Conditions, each reference to the "**Issuer**" is a reference to whichever of Lehman Brothers Finance S.A., Lehman Brothers Securities N.V., Lehman Brothers (Luxembourg) Equity Finance S.A. or Lehman Brothers Bankhaus AG (including when acting through its London Branch) is identified as the Issuer in the applicable Final Terms. The Issuer shall undertake the duties of calculation agent (the "**Calculation Agent**") in respect of the Securities unless another entity is so specified as calculation agent in the applicable Final Terms pursuant to the terms of a master calculation agency agreement as amended and restated on 30 August 2005 (the "**Master Calculation Agency Agreement**"). The expression "**Calculation Agent**" shall, in relation to the relevant Securities, include such other specified calculation agent.

Other than Securities sold to "accredited investors" (as defined in Rule 501 under the Securities Act) in the United States that are not QIBs, no Definitive Securities will be issued unless specified in the applicable Final Terms. The Global Security in respect of a Series of Securities will be deposited with a common depositary for the relevant Clearing System (the "**Common Depositary**") or, in the event that such Securities are to be traded through DTC, the Global Security will be deposited with a custodian for and registered in the name of a nominee of DTC.

The Final Terms for the Securities of any Series is attached to the Global Security relating thereto or, as in the case may be, each Definitive Security Certificate relating thereto and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, supplement, replace or modify these Conditions for the purposes of such Securities. References herein to the "**applicable Final Terms**" are to the relevant Final Terms (including any additional Final Terms in the case of any further warrants or certificates, as the case may

be, issued pursuant to Condition 23 and forming a single series with the Securities) attached to the Global Security or, as the case may be, the Definitive Security Certificate relating to the Securities.

Copies of the Securities Agency Agreement (which contains the form of the Final Terms) and the master guarantee dated 30 August 2005 relating to Lehman Brothers Finance S.A., the master guarantee dated 30 August 2005 relating to Lehman Brothers Securities N.V., the master guarantee dated 30 August 2005 relating to Lehman Brothers (Luxembourg) Equity Finance S.A. and the master guarantee dated 30 August 2005 relating to Lehman Brothers Bankhaus AG (including when acting through its London Branch) provided by Lehman Brothers Holdings Inc. (the "**Guarantor**") guaranteeing the relevant Issuer's obligations under any Series of Securities (together, the "**Master Guarantees**") and the Final Terms applicable to such Securities are available for inspection at the specified office of each Securities Agent, save that if such Securities are unlisted, the applicable Final Terms will only be available for inspection by a holder of such Securities and such holder must produce evidence satisfactory to the relevant Securities Agent as to identity.

Words and expressions defined in the Securities Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

The Holders (as defined in Condition 1(b)) are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Securities Agency Agreement and the applicable Final Terms.

1. **Type, Title and Transfer**

(a) Type

The Securities are Warrants or Certificates, and are Index Securities, Share Securities, Depositary Receipt Securities, Debt Instrument Securities, Currency Securities, Commodity Securities, Interest Rate Securities or any other or further type of securities as is specified in the applicable Final Terms.

Securities may be Cash Settled Securities or Physical Delivery Securities or may be settled by such other method as specified in the applicable Final Terms. Securities may also allow Holders to elect for settlement by way of cash payment or by way of physical delivery or by such other settlement as specified in the applicable Final Terms (which may include settlement by way of either cash payment or physical delivery in respect of the same Securities as determined by the value thereof in relation to the relevant Strike Price (if applicable) or another specified amount). Those Securities where the Holder has so elected for cash payment (or where settlement is by way of either cash payment or physical delivery and it is determined by applying the mechanism set out in the applicable Final Terms that the former will apply) will be Cash Settled Securities and those Securities where the holder has elected for physical delivery (or where settlement is by way of either cash payment or physical delivery and it is determined by applying the mechanism set out in the applicable Final Terms that the latter will apply) will be Physical Delivery Securities. The rights of a Holder as described in this Condition may be subject to the Issuer's right to vary the method of settlement if so indicated in the applicable Final Terms.

The applicable Final Terms for a Series of Warrants will indicate whether the Warrants are American Style Warrants or European Style Warrants or such other type as may be specified in the applicable Final Terms, and whether the Warrants are Call Warrants or Put Warrants or such other type as may be specified in the applicable Final Terms.

References in these Conditions, unless the context otherwise requires, to Cash Settled Warrants or Cash Settled Certificates shall be deemed to include references to Physical Delivery Warrants or, as the case may be, Physical Delivery Certificates which include an option (as set out in the

applicable Final Terms) for the Issuer to elect cash settlement of such Securities and where settlement is to be by way of cash payment and references in these Conditions, unless the context otherwise requires, to Physical Delivery Warrants or, as the case may be, Physical Delivery Certificates shall be deemed to include references to Cash Settled Warrants or, as the case may be, Cash Settled Certificates which include an option (as set out in the applicable Final Terms) for the Issuer to elect physical delivery of the Relevant Assets in settlement of such Security and where settlement is to be by way of physical delivery.

(b) Title to Securities

Subject as provided in these 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 (in which regard any certificate or other document issued by the relevant Clearing System as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated for all purposes by the Issuer, the Guarantor, any Securities Agent, the relevant Clearing System and all other persons dealing with such person as the holder of such amount of Securities.

In the case of Securities represented by a Global Security held through DTC, each such Global Security will be registered in the name of Cede & Co., as nominee for DTC, and will be held by The Bank of New York, New York as custodian for DTC. Subject as provided in these Conditions, each person shown in the records of DTC shall be treated by the Issuer, the Guarantor, any Securities Agent and the relevant Clearing System and all other persons dealing with such persons as the holder of such amounts of Securities.

In the case of Definitive Securities, each Definitive Security Certificate will be registered in the name of Lehman Brothers Inc., as nominee for the "accredited investors" or, in the case of an accredited investor not maintaining an account with Lehman Brothers Inc., registered in the name of such accredited investor. Subject as provided in these Conditions, each person shown in the book-entry records of Lehman Brothers Inc. or in the register maintained by the Principal Securities Agent as the holder of a particular amount of Securities shall be treated by the Issuer, the Guarantor, any Securities Agent and all other persons dealing with such person as the holder of such amounts of Securities.

The expressions "**Holder**", "**holder of Securities**", "**holder of Warrants**", "**holder of Certificates**" and related expressions shall be construed in accordance with the foregoing provisions of this Condition 1(b).

(c) Transfers of Securities

With the exception of Definitive Securities, all transactions in (including transfers of) the Securities, in the open market or otherwise, must be effected through an account with the relevant Clearing System, subject to and in accordance with the rules and procedures for the time being of the relevant Clearing System. Title to the Securities will pass upon registration of the transfer in the books of the relevant Clearing System or by such other means acceptable to the relevant Clearing System. Securities are transferable in such minimum number of Securities (if any) as is specified in the applicable Final Terms. Transfers of Securities may not be effected after the date specified in the applicable Final Terms as the Last Trading Day (the "**Last Trading Day**").

In the event of sales in the United States to "accredited investors", an amount of Securities represented by a book-entry on the records of Lehman Brothers Inc. may only be transferred to the Lehman Brothers Inc. account of such person pursuant to the restrictions set forth in the letter to the Issuer, the Guarantor and Lehman Brothers Inc. substantially in the form of Schedule 8 to the Securities Agency Agreement. Securities, if any, held by "accredited investors" as a book-

entry in their account with Lehman Brothers Inc. may only be sold or transferred by the then current Holder to Lehman Brothers Inc. by notifying Lehman Brothers Inc. and accompanied by a written instrument of transfer in a form satisfactory to the Issuer and (if applicable) the Principal Securities Agent, duly executed by the Holder or its duly authorised agent. If the Holder moves its account to another broker-dealer, such Holder must either sell the Securities to Lehman Brothers Inc. or maintain an account with Lehman Brothers Inc. for as long as it holds an amount of outstanding Securities. For Definitive Securities registered in the name of an accredited investor, such Definitive Securities will not be transferable otherwise than to Lehman Brothers Inc. and may only be transferred to Lehman Brothers by notifying Lehman Brothers Inc. and providing a written instrument of transfer in a form satisfactory to the Issuer and (if applicable) the Principal Securities Agent, duly executed by the Holder or its duly authorised agent, together with the relevant Definitive Security Certificate(s). Further information relating to the registration and transfer of Definitive Securities is set out in the Securities Agency Agreement.

(d) **Luxembourg Register**

For Luxembourg law purposes, and in respect of any Securities issued by Lehman Brothers (Luxembourg) Equity Finance S.A., the Issuer will maintain a register of the Securities at its registered office (the "**Luxembourg Register**"). With respect to Definitive Securities issued by Lehman Brothers (Luxembourg) Equity Finance S.A., only the holders of such Securities as mentioned in the Luxembourg Register will be treated as and deemed to be the absolute owners and holders of those Securities. In the event of any inconsistency between the Luxembourg Register and any other register of the Securities, the Luxembourg Register will prevail under Luxembourg law. With respect to Global Securities issued by Lehman Brothers (Luxembourg) Equity Finance S.A., the Luxembourg Register shall indicate the Clearing System or any nominee or depository thereof as holder of the Securities. For the purposes of Luxembourg law only the person(s) inscribed in the Luxembourg Register will be considered to be the holders of such Global Securities.

2. **Status of the Securities**

The Securities constitute direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other direct, unsubordinated and unsecured obligations of the Issuer.

3. **The Master Guarantees**

The Guarantor will, in accordance with the terms of the Master Guarantees, guarantee the performance of the obligations of the relevant Issuer under the Securities in accordance with these Conditions. The obligations of the Guarantor under the Master Guarantees will constitute direct, unsubordinated, unsecured and irrevocable obligations of the Guarantor and will rank *pari passu* with all other direct, unsubordinated and unsecured obligations of the Guarantor.

4. **Warrants - Exercise Rights**

*This Condition 4 applies only to Warrants.*

(a) **American Style Warrants**

This paragraph (a) applies only to American Style Warrants.

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.

The "**Actual Exercise Date**" shall be the earlier of the Expiration Date and the Exercise Business Day during the Exercise Period on which an Exercise Notice is received by both the Clearing System and the Principal Securities Agent prior to the Exercise Notice Deposit Time. Any Exercise Notice which is not delivered to both the relevant Clearing System and the Principal Securities Agent prior to the Exercise Deposit Notice Time on any Exercise Business Day during the Exercise Period will be deemed to have been deposited on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date provided it occurs not later than the Expiration Date.

Any American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Conditions 5 and 9 at or prior to the Exercise Notice Deposit Time on the Expiration Date shall (if such American Style Warrant is a Cash Settled Warrant) be deemed by the Issuer (unless stated to the contrary in the applicable Final Terms or any certification is required pursuant to Condition 9(e)) to be exercised automatically ("**Automatic Exercise**") or, if not so deemed (as stated in the applicable Final Terms, or if such American Style Warrant is a Physical Delivery Warrant and thus not capable of being so deemed), shall become void *provided that* Automatic Exercise shall not be available where the Cash Settlement Amount in respect of such Cash Settled Warrant is negative or equal to zero.

In the case of Definitive Warrants represented by a Definitive Security Certificate, whether or not held through Lehman Brothers Inc., and save where Automatic Exercise is or is deemed to be applicable, such Definitive Warrants may only be exercised by the delivery of a duly completed Exercise Notice to Lehman Brothers Inc., with a copy to both the Issuer and the US Securities Agent, amended as appropriate and completed to the satisfaction of the Issuer and the US Securities Agent. Any Exercise Notice which is delivered to Lehman Brothers Inc., the Issuer or the US Securities Agent after the Exercise Deposit Notice Time on any Exercise Business Day during the Exercise Period will be deemed to have been deposited on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date provided it occurs not later than the Expiration Date. Any Definitive Warrants represented by a Definitive Security Certificate, whether or not held through Lehman Brothers Inc., with respect to which no Exercise Notice has been delivered in the manner set out in this Condition at or prior to the Exercise Notice Deposit Time on the Expiration Date shall (if such Warrant is a Cash Settled Warrant) be deemed by the Issuer (unless stated to the contrary in the applicable Final Terms) to be subject to Automatic Exercise or, if not so deemed (as stated in the applicable Final Terms, or if such Warrant is a Physical Delivery Warrant and thus not capable of being so deemed), shall become void *provided that* Automatic Exercise shall not be available where the Cash Settlement Amount in respect of such Cash Settled Warrant is negative or equal to zero.

(b) European Style Warrants

This paragraph (b) applies only to European Style Warrants. European Style Warrants are only exercisable on the Expiration Date.

Any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Conditions 5 and 9 at or prior to the Exercise Notice Deposit Time on the Expiration Date shall (if such European Style Warrant is a Cash Settled Warrant) be deemed by the Issuer (unless stated to the contrary in the applicable Final Terms or any certification is required pursuant to Condition 9(e)) to be subject to Automatic Exercise or, if not so deemed (as stated in the applicable Final Terms, or if such European Style Warrant is a Physical Delivery Warrant and thus not capable of being so deemed), shall become void *provided that* Automatic Exercise shall not be available where the Cash Settlement Amount in respect of such Cash Settled Warrant is negative or equal to zero.

(c) American Style and European Style Warrants

Any Cash Settled Warrant not subject to Automatic Exercise (as stated in the applicable Final Terms) and with respect to which the Exercise Notice has not been duly completed in the manner set forth in Condition 5(a) on or before the Exercise Notice Deposit Time on the Expiration Date may also be deemed by the Issuer (following the procedure described in Condition 5(a) below) in its complete discretion to be exercised automatically (if the Cash Settlement Amount is greater than zero) or, if not so deemed, shall become void.

5. **Warrants - Exercise**

*This Condition 5 applies only to Warrants.*

(a) Exercise Notice

Subject to Condition 5(a)(iii), Warrants may be exercised by the delivery of a duly completed exercise notice (an "**Exercise Notice**") substantially in the form set out in the Securities Agency Agreement or in such other form as may be approved by the Issuer (copies of which form, in either case, may be obtained from the relevant Clearing System and the Securities Agents) and containing the information set out below to both the relevant Clearing System (in accordance with its rules and procedures for the time being) and the Principal Securities Agent not later than the Exercise Notice Deposit Time on (in the case of American Style Warrants) any Exercise Business Day during the Exercise Period or on (in the case of European Style Warrants) the Expiration Date:

- (i) In the case of Cash Settled Warrants, the Exercise Notice shall (or, in the case of Automatic Exercise, may be deemed by the Issuer in its complete discretion and based on such information held by it regarding the Holder and such Holder's details, to):
  - (A) specify the name(s) of the Holder(s) exercising the Warrants;
  - (B) specify the address(es) of the Holders exercising the Warrants;
  - (C) specify the number of Warrants being exercised;
  - (D) specify the number of the Holder's account at the relevant Clearing System to be debited with the Warrants being exercised;
  - (E) irrevocably instruct the relevant Clearing System (i) to debit on or before the Settlement Date the Holder's account with the Warrants being exercised and (ii) to notify the Principal Securities Agent accordingly;
  - (F) specify the number of the Holder's account at the relevant Clearing System to be credited with the Cash Settlement Amount (if any) for each Warrant being exercised;
  - (G) include an undertaking to pay all Expenses with respect to such Warrants and an authority to the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Holder, or, at any time after the Settlement Date, to debit a specified account of the Holder at the relevant Clearing System in respect thereof and to pay such Expenses; and
  - (H) include any certification required pursuant to Condition 9(e).

- (ii) In the case of Physical Delivery Warrants, the Exercise Notice shall:
    - (A) specify the name(s) of the Holder(s) exercising the Warrants;
    - (B) specify the address(es) of the Holders exercising the Warrants;
    - (C) specify the number of Warrants being exercised;
    - (D) specify the number of the Holder's account at the relevant Clearing System to be debited with the Warrants being exercised;
    - (E) irrevocably instruct the relevant Clearing System (i) to debit on or before the Settlement Date the Holder's account with the Warrants being exercised and (ii) to notify the Principal Securities Agent accordingly;
    - (F) irrevocably instruct the relevant Clearing System (except in the event that DTC is the relevant Clearing System) to debit on or before the Settlement Date a specified account of the Holder with the relevant Clearing System with the aggregate Strike Price(s) in respect of such Warrants (together with any other amounts payable) and credit the same to the Issuer;
    - (G) include an undertaking to pay all Expenses with respect to such Warrants and an authority to the relevant Clearing System to debit on or at any time after the Settlement Date, a specified account of the Holder at the relevant Clearing System in respect thereof and to pay such Expenses;
    - (H) if applicable, specify the name and address of any person(s) into whose name evidence of the Physical Settlement Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Physical Settlement Amount are to be delivered and specify the name and the number of the Holder's account with the relevant Clearing System to be credited with any cash payable by the Issuer, in respect of any dividends relating to the Physical Settlement Amount or as a result of a Settlement Interruption or otherwise under these Conditions;
    - (I) if applicable, specify the account details of the Holder's participant with the applicable clearing system to be credited with the Physical Settlement Amount;
    - (J) (in the case of Currency Warrants and Interest Rate Warrants only), specify the number of the Holder's account at the relevant Clearing System to be credited with the amount due upon exercise of the Warrants; and
    - (K) include any certification required pursuant to Condition 9(e).
  - (iii) In the case of Definitive Warrants or if Condition 10(c) applies, the form of Exercise Notice required to be delivered in the manner set out above will be different. Copies of such Exercise Notice may be obtained from the Principal Securities Agent or the Issuer.
- (b) Minimum and Maximum Number of Warrants Exercisable
- (i) The number of American Style Warrants exercisable by any Holder (or deemed by the Issuer to be subject to Automatic Exercise as the case may be) on any Actual Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number or any integral multiple thereof each as specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

- (ii) If the Issuer determines that the number of American Style Warrants being exercised on any Actual Exercise Date by any Holder or a group of Holders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number as specified in the applicable Final Terms being referred to herein as the "**Quota**"), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date.
- (iii) The number of European Style Warrants exercisable by any Holder (or deemed by the Issuer to be subject to Automatic Exercise as the case may be) on the Expiration Date must be equal to the Minimum Exercise Number or any integral multiple thereof in each case as specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and be of no effect.

(c) Further Provisions regarding Exercise

The exercise of Warrants is further subject to the applicable provisions of Condition 9.

6. **Certificates - Interest**

*This Condition 6 applies only to Certificates.*

(a) Interest Amount

If so specified in the applicable Final Terms and subject as provided in these Conditions, each Certificate pays interest from and including the Issue Date at the Interest Rate payable in arrears on each Interest Payment Date. The amount payable in respect of each Certificate on each Interest Payment Date will be the Interest Amount for the Interest Period ending on (but excluding) such Interest Payment Date.

If an Interest Amount is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated on the basis of the number of days from and including the most recent Interest Payment Date (or, if none, the Issue Date) to but excluding the relevant payment date and the Interest Rate Day Count Fraction specified in the applicable Final Terms

(b) Accrual of Interest

Each Certificate will cease to accrue interest from and including the Redemption Date unless payment of the Cash Settlement Amount and/or delivery of any Physical Settlement Amount due on redemption is improperly withheld or refused by the Issuer in which case interest shall continue to accrue from the Redemption Date until such payment or delivery is made, as the case may be. For the avoidance of doubt, no interest on the Certificates shall accrue beyond the Redemption Date in the event that delivery of any Physical Settlement Amount is postponed due to the occurrence of a Settlement Interruption or otherwise as provided for in these Conditions or the applicable Final Terms.

(c) Definitions

"**Actual/360**" means the actual number of days in the Interest Period divided by 360.

"**Actual/365**" or "**Actual/Actual (ISDA)**" means the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365).

"**Actual/365 (Fixed)**" means the actual number of days in the Interest Period divided by 365.

"**30/360 (Floating)**" or "**360/360**" or "**Bond Basis**" means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30<sup>th</sup> or 31st, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days).

"**30E/360**" or "**Eurobond Basis**" means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months each comprising 30 days without regard to the date of the first day or last day of the Interest Period, unless in the case of an Interest Period ending on the Redemption Date, the Redemption Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days).

"**Interest Amount**" means, in respect of each Interest Period and each Certificate, an amount calculated by the Calculation Agent as follows:

Notional Amount per Certificate x Interest Rate x Interest Rate Day Count Fraction

"**Interest Payment Date**" means each date specified in the applicable Final Terms.

"**Interest Period**" means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date.

"**Interest Rate**" means the rate specified as such in the applicable Final Terms.

"**Notional Amount per Certificate**" means the amount specified as such in the applicable Final Terms.

## 7. **Certificates - Redemption**

*This Condition 7 applies only to Certificates.*

Subject as provided in these Conditions (including without limitation any applicable certification requirement under Condition 9(e)) and as specified in the applicable Final Terms, each Certificate will be redeemed by the Issuer:

- (i) in the case of a Cash Settled Certificate, by payment of the Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) as specified in the applicable Final Terms; or
- (ii) in the case of a Physical Delivery Certificate, by delivery of the Physical Settlement Amount,

such redemption to occur in either case, and subject as provided in these Conditions, on the Redemption Date.

8. **Certificates - Certificate Settlement Notice**

*This Condition 8 applies only to Certificates.*

(a) Certificate Settlement Notice

Save in relation to Cash Settled Certificates in respect of which certification of non-US beneficial ownership as contemplated in Condition 9(g) is not required, in order to obtain payment of the Cash Settlement Amount or delivery of the Physical Settlement Amount in respect of any Certificate, the Holder must deliver a duly completed settlement notice (a "**Certificate Settlement Notice**") substantially in the form set out in the Securities Agency Agreement or in such other form as may be approved by the Issuer (copies of which form, in either case, may be obtained from the relevant Clearing System and the Securities Agents) and containing the information set out below to both the relevant Clearing System (in accordance with its rules and procedures for the time being) and the Principal Securities Agent during the Certificate Settlement Notice Period:

- (i) In the case of Cash Settled Certificates, the Certificate Settlement Notice shall (or may be deemed by the Issuer in its complete discretion and based on such information held by it regarding the Holder and such Holder's details, to):
  - (A) specify the name(s) of the relevant Holder(s) of the Certificates;
  - (B) specify the address(es) of the relevant Holders of the Certificates;
  - (C) specify the number of Certificates which are the subject of such notice;
  - (D) specify the number of the Holder's account at the relevant Clearing System to be debited with such Certificates;
  - (E) irrevocably instruct the relevant Clearing System (i) to debit on or before the Redemption Date the Holder's account with the Certificates which are the subject of such notice and (ii) to notify the Principal Securities Agent accordingly;
  - (F) specify the number of the Holder's account at the relevant Clearing System to be credited with the Cash Settlement Amount (if any) for each relevant Certificate;
  - (G) include an undertaking to pay all Expenses and an authority to the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Holder, or, at any time after the Redemption Date, to debit a specified account of the Holder at the relevant Clearing System in respect thereof and to pay such Expenses; and
  - (H) include any certification required pursuant to Condition 9(e).
- (ii) In the case of Physical Delivery Certificates, the Certificate Settlement Notice shall:
  - (A) specify the name(s) of the Holder(s) of the Certificates;
  - (B) specify the address(es) of the Holder(s) of the Certificates;
  - (C) specify the number of Certificates which are the subject of such notice;

- (D) specify the number of the Holder's account at the relevant Clearing System to be debited with such Certificates;
  - (E) irrevocably instruct the relevant Clearing System (i) to debit on or before the Redemption Date the Holder's account with the Certificates which are the subject of such notice and (ii) to notify the Principal Securities Agent accordingly;
  - (F) include an undertaking to pay all Expenses including any applicable depository charges, transactions or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties arising from the delivery or transfer of the Physical Settlement Amount to or to the order of such Holder and an authority to the relevant Clearing System to debit on or at any time after the Settlement Date, a specified account of the Holder at the relevant Clearing System in respect thereof and to pay such Expenses;
  - (G) if applicable, specify the name and address of any person(s) into whose name evidence of the Physical Settlement Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Physical Settlement Amount are to be delivered and specify the name and the number of the Holder's account with the relevant Clearing System to be credited with any cash payable by the Issuer, in respect of any dividends relating to the Physical Settlement Amount or as a result of a Settlement Interruption or otherwise under these Conditions;
  - (H) if applicable, specify the account details of the Holder's participant with the applicable clearing system to be credited with the Physical Settlement Amount;
  - (I) (in the case of Currency Certificates and Interest Rate Certificates only), specify the number of the Holder's account at the relevant Clearing System to be credited with the amount due upon redemption of the Certificates; and
  - (J) include any certification required pursuant to Condition 9(e).
- (iii) In the case of Definitive Certificates or if Condition 10(c) applies, the form of Certificate Settlement Notice required to be delivered in the manner set out above will be different. Copies of such Certificate Settlement Notice may be obtained from the Principal Securities Agent or the Issuer.

- (b) Further provisions regarding Certificate Settlement Notices

Certificate Settlement Notices are further subject to the applicable provisions of Condition 9.

## 9. **Verification, Determinations and Restrictions**

- (a) Verification

Upon receipt of an Exercise Notice or a Certificate Settlement Notice (which must be delivered to both the Clearing System and the Principal Securities Agent), the relevant Clearing System (except in the event that DTC is the relevant Clearing System) shall verify that the person exercising the Warrants or delivering the Certificate Settlement Notice, as the case may be, is the holder of the Securities to which such notice relates according to the records of the relevant Clearing System. Subject thereto, and by 11.00 a.m. (Luxembourg time) on the Business Day immediately following receipt, the relevant Clearing System (except in the event that DTC is the Relevant Clearing System) will confirm to the Principal Securities Agent the number of Warrants being exercised or the number of Certificates in respect of which a Certificate Settlement Notice has been received, as the case may be, and if the Securities are Cash Settled Securities the account

details, if applicable, for the payment of the Cash Settlement Amount in respect of each such Security or, if the Securities are Physical Delivery Securities, the details for the delivery of the Physical Settlement Amount for each Security being exercised or to be redeemed. Upon receipt of such confirmation, the Principal Securities Agent will inform the Issuer thereof. In the event that DTC is the relevant Clearing System or in the event that the Securities are Definitive Securities, the Principal Securities Agent will verify that the person exercising the Warrant or delivering a Certificate Settlement Notice in respect of any Certificates, as the case may be, is the holder thereof and will inform the Issuer of the relevant details. The relevant Clearing System will on or before the Settlement Date or Redemption Date, as the case may be, debit the account of the relevant Holder with the relevant Securities. If the Securities are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Security, the Common Depositary or the custodian for DTC, upon receipt of instructions from the Principal Securities Agent, will note such exercise on the Schedule to the Global Security and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

(b) Determinations

Any determination as to whether an Exercise Notice or a Certificate Settlement Notice is duly completed and in proper form shall be made by the relevant Clearing System (except in the case of Securities held directly through DTC and Definitive Securities) in consultation with the Principal Securities Agent and shall be conclusive and binding on the Issuer, the Securities Agents and the relevant Holder. Subject as set out below, if (i) the number of Securities specified in a Warrant Notice or Certificate Settlement Notice, as the case may be, exceeds the number of such Securities held in the relevant account or (ii) any Exercise Notice or Certificate Settlement Notice, as the case may be, is determined to be incomplete or not in proper form, or is not copied to the Principal Securities Agent subsequent to being delivered or sent to the relevant Clearing System (except in the case of Securities held directly through DTC and Definitive Securities) as provided in Condition 5 or Condition 8, as the case may be, such Exercise Notice or Certificate Settlement Notice, as the case may be, shall be null and void.

The Issuer shall request the relevant Clearing System (except in the case of Securities held directly through DTC and Definitive Securities) to use its best efforts promptly to notify the Holder submitting an Exercise Notice or a Certificate Settlement Notice, as the case may be, if, in consultation with the Principal Securities Agent, it has determined that such notice is incomplete or not in proper form. None of the Issuer and the Securities Agents shall be liable to any person with respect to any such determination or any action taken or omitted to be taken by such Clearing System in connection with the notification of such determination to a Holder.

If any such notice is subsequently corrected to the satisfaction of the relevant Clearing System (except in the case of Securities held directly through DTC and Definitive Securities) in consultation with the Principal Securities Agent, or is copied to the Principal Securities Agent, as the case may be, it shall be deemed to be a new notice submitted at the time such correction was delivered to the relevant Clearing System (except in the case of Securities held directly through DTC and Definitive Securities) and the Principal Securities Agent or such time as the relevant notice is copied to the Principal Securities Agent, as the case may be.

In the case of Securities held directly through DTC and Definitive Securities, any determination as to whether an Exercise Notice or Certificate Settlement Notice, as the case may be, is duly completed and in proper form shall be made by the Principal Securities Agent and shall be conclusive and binding on the Issuer and the relevant Holder. The Principal Securities Agent will use its best efforts promptly to notify the Holder who has submitted an Exercise Notice or Certificate Settlement Notice, as the case may be, if it has determined that such notice is incomplete or not in proper form. If such notice is subsequently corrected to the satisfaction of

the Principal Securities Agent, it shall be deemed to be a new notice submitted at the time such correction was delivered to the Principal Securities Agent.

(c) Restriction on Transfer

No Holder may transfer or attempt to transfer:

- (i) any Security after the Last Trading Day or
- (ii) any Physical Delivery Security the subject of an Exercise Notice or a Certificate Settlement Notice after delivery of such notice.

Notwithstanding the above, if any Holder transfers or attempts to transfer any Securities in the circumstances stated in (i) or (ii) above, the Holder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer, including, without limitation, those suffered or incurred as a consequence of it having terminated any related hedging transactions in reliance on the occurrence of the Last Trading Day or the delivery of the relevant Exercise Notice or, as the case may be, Certificate Settlement Notice and subsequently (i) entering into replacement hedging transactions in respect of such Securities or (ii) paying any amount on the subsequent settlement of such Securities without having entered into any replacement hedging transactions.

(d) Exercise and Settlement Risk

Exercise and settlement of Warrants and redemption of Certificates are subject to all applicable laws, regulations and practices in force on the relevant Actual Exercise Date and/or on the relevant Settlement Date or Redemption Date, as the case may be, and neither the Issuer nor the Securities Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts as a result of any such laws, regulations or practices. None of the Issuer, the Guarantor, the Calculation Agent, the Dealer(s) and the Securities Agents shall under any circumstances be liable for any acts or defaults of the relevant Clearing System in relation to the performance of their duties in relation to the Securities.

(e) Selling Restrictions

If the applicable Final Terms for any Securities indicates that Type 3A or Type 3B US Selling Restrictions apply, then (i) in the case of Warrants, the exercise of such Warrants shall be conditional on the person exercising such Warrants providing to the US Securities Agent a certification in the form set out in Condition 9(f) and (ii) in the case of Certificates, redemption of such Certificates will be conditional on the Holder providing to the US Securities Agent a certification in the form set out in Condition 9(g).

If the applicable Final Terms for any Securities indicates that Type 4 or Type 5 US Selling Restrictions apply, then such Securities may not be offered, sold or delivered in the United States or to US persons, nor may any US person at any time trade or maintain a position in the Securities and (A) in the case of Warrants, the exercise of such Warrants shall be conditional on the person exercising such Warrants providing to the US Securities Agent a certification in the form set out in Condition 9(f) and (B) in the case of Certificates, redemption of such Certificates will be conditional on the Holder providing to the US Securities Agent a certification in the form set out in Condition 9(g).

In certain circumstances specified in the applicable Final Terms, additional selling restrictions or certification requirements may apply.

(f) Type 3A, Type 3B, Type 4 and Type 5 US Selling Restrictions Certification for Warrants

"[Identify Warrant]"

This notice certifies that neither the person exercising the Warrants referred to in this notice, nor any person on whose behalf (either directly or indirectly) the Warrants are being exercised is a US person or a person located within the United States (as such terms are used in Regulation S under the Securities Act).

We understand that this notice is required in connection with certain securities and commodities laws and regulations in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this notice is or might be relevant we irrevocably authorise you to produce this notice or a copy thereof to any interested party in such proceedings."

(g) Type 3A, Type 3B, Type 4 and Type 5 US Selling Restrictions Certification for Certificates

"[Identify Certificate]"

This notice certifies that neither the Holder of the Certificates referred to in this notice, nor any person on whose behalf (either directly or indirectly) the Holder holds or is acting in connection with the Certificates is a US person or a person located within the United States (as such terms are used in Regulation S under the Securities Act).

We understand that this notice is required in connection with certain securities and commodities laws and regulations in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this notice is or might be relevant we irrevocably authorise you to produce this notice or a copy thereof to any interested party in such proceedings."

(h) Minimum Board Lot for Physical Delivery Securities

Notwithstanding Condition 5(b) and unless otherwise provided in the applicable Final Terms, Physical Delivery Warrants may only be exercised, and the Issuer shall only be liable to redeem Physical Delivery Certificates by delivery of Relevant Assets, in such amounts as will ensure that the number of Relevant Assets to be delivered is equal to an integral multiple of a Board Lot (as defined below). Relevant Assets will be delivered by the Issuer (in the case of Call Warrants or other Securities under which delivery by the Issuer is provided for) or the Holder (in the case of Put Warrants or other Securities under which delivery by the Holder is provided for) only in integral multiples of the minimum board lot for the trading of the Relevant Assets on the relevant stock exchange as from time to time specified by such stock exchange (the "**Board Lot**"). In circumstances where Physical Delivery Securities are not capable of being exercised or are not redeemable, as the case may be, in amounts which would result in the purchase or delivery of a number of Relevant Assets equal to an integral multiple of the relevant Board Lot, the Issuer may at its option pay to the Holder (in the case of Call Warrants or other Securities under which delivery by the Issuer is provided for) or require the Holder to pay to the Issuer (in the case of Put Warrants or other Securities under which delivery by the Holder is provided for), upon delivery of the Physical Settlement Amount in respect of the Physical Delivery Securities, an amount (a "**Board Lot Payment**") equal to:

$(B - D) \times C \times E$

where

- B : the number of Warrants which the Holder wishes to exercise on the Actual Exercise Date or the number of Certificates to be redeemed, as the case may be;
- C : the number of Relevant Assets to be delivered in respect of a Security on exercise or redemption, as the case may be;
- D : the maximum number of Securities, the exercise or redemption of which would result in the delivery of Relevant Assets equal to an integral multiple of the relevant Board Lot;
- E : the market value of the Relevant Assets on the Valuation Date as determined by the Calculation Agent

unless the amount of any such a Board Lot Payment is of a *de minimis* amount, in which case no Board Lot Payment will be payable in respect of the Securities which are not exercisable or redeemable in amounts which would result in the delivery of a number of Relevant Assets equal to an integral multiple of the relevant Board Lot.

#### 10. **Settlement**

##### (a) Cash Settled Securities

###### (i) *Cash Settled Warrants*

Subject as provided in these Conditions, the Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant to the Holder's account specified in the relevant Exercise Notice for value on the Settlement Date less any Expenses.

Subject as provided in these Conditions including, where appropriate, to certification as required pursuant to Condition 9(e), for any Cash Settled Warrant with respect to which the Exercise Notice has not been duly completed in the manner set out in Condition 5(a) on or before the Exercise Notice Deposit Time on the Expiration Date and which is subject to Automatic Exercise, the Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each automatically exercised Warrant to the person who is for the time being shown in the records of the relevant Clearing System as the holder of a particular amount of Warrants for value on the Settlement Date less any Expenses.

If, with respect to any Warrant which has been duly exercised or which is subject to Automatic Exercise, the satisfaction of any additional condition to settlement specified in the applicable Final Terms is delayed, the due date for payment of the Cash Settlement Amount in relation to such Warrant shall be deferred by such period as the Issuer determines to be appropriate provided that the additional condition to settlement is satisfied within 30 Business Days after the Settlement Date. If such additional condition to settlement is not satisfied within 30 Business Days after the Settlement Date such Warrant shall become void.

(ii) *Cash Settled Certificates*

Subject as provided in these Conditions including, where appropriate, to certification as required pursuant to Condition 9(e), in respect of Cash Settled Certificates the Issuer shall on the Redemption Date pay or cause to be paid the Cash Settlement Amount (if any) for each Certificate in respect of which a Certificate Settlement Notice (if required) has been duly delivered to the Holder's account specified in the relevant Certificate Settlement Notice for value on the Settlement Date less any Expenses.

Subject as provided in these Conditions including, where appropriate, certification as required pursuant to Condition 9(e), for any Cash Settled Certificate with respect to which a Certificate Settlement Notice has not been duly completed in the manner set out in Condition 8(a) during the Certificate Settlement Notice Period, the Issuer shall on the Redemption Date pay or cause to be paid the Cash Settlement Amount (if any) to the person who is for the time being shown in the records of the relevant Clearing System as the holder of a particular amount of Certificates for value on the Settlement Date less any Expenses.

If the satisfaction of any additional condition to settlement specified in the applicable Final Terms is delayed, the due date for payment of the Cash Settlement Amount in relation to the relevant Certificates shall be deferred by such period as the Issuer determines to be appropriate provided that the additional condition to settlement is satisfied within 30 Business Days after the Redemption Date. If such additional condition to settlement is not satisfied within 30 Business Days after the Settlement Date such Certificates shall become void.

(iii) *Conversion and Rounding*

Any Cash Settlement Amount shall, if an Exchange Rate is specified in the applicable Final Terms, be converted into the Settlement Currency at that Exchange Rate. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.0005 (or in the case of Japanese Yen, half a unit) being rounded downwards, with Securities of the same Holder being aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Securities

(b) *Physical Delivery Securities*

(i) *Physical Delivery Warrants*

Subject as provided in these Conditions including, where appropriate, to certification as to non-US beneficial ownership, and subject to payment of the applicable Strike Price(s) and any Expenses with regard to the relevant Warrants, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Physical Settlement Amount for each duly exercised Warrant to or to the order of the Holder as specified in the Exercise Notice. The Physical Settlement Amount shall be delivered and evidenced in such manner as shall be specified in the applicable Final Terms.

If, with respect to any Physical Delivery Warrant which has been duly exercised (including the satisfaction of the certification requirement pursuant to Condition 9(e)), the satisfaction of any additional condition to settlement (additional to payment of the applicable Strike Price(s) and Expenses) specified in the applicable Final Terms is delayed, the Issuer will pay to such Holder the Alternative Settlement Amount without any further payment of interest or otherwise with respect to each Security held by such

Holder on a date the Issuer determines to be appropriate provided that the additional condition to settlement is satisfied within 30 Business Days after the Settlement Date. If such additional condition to settlement is not satisfied within 30 Business Days after the Settlement Date such Warrant shall become void.

(ii) *Physical Delivery Certificates*

Subject as provided in these Conditions including, where appropriate, to certification as to non-US beneficial ownership and to payment of any Expenses with regard to the relevant Certificates, the Issuer shall on the Redemption Date deliver, or procure the delivery of, the Physical Settlement Amount for each relevant Certificate to or to the order of the Holder as specified in the Certificate Settlement Notice. The Physical Settlement Amount shall be delivered and evidenced in such manner as shall be specified in the applicable Final Terms.

If the provision of a Certificate Settlement Notice and/or any required certification pursuant to Condition 9(e) is delayed and/or the satisfaction of any additional condition to settlement specified in the applicable Final Terms is delayed, the Issuer will pay to such Holder the Alternative Settlement Amount without any further payment of interest or otherwise with respect to each Security held by such Holder on a date the Issuer determines to be appropriate provided that the additional condition to settlement is satisfied within 30 Business Days after the Redemption Date. If such additional condition to settlement is not satisfied within 30 Business Days after the Settlement Date such Certificates shall become void.

(iii) *Dividends*

Unless otherwise specified in the applicable Final Terms, in respect of Physical Delivery Securities where the Relevant Assets consist of shares, all dividends on the relevant shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the shares executed on the relevant Actual Exercise Date (in the case of Warrants) or the date which precedes the Redemption Date by the customary settlement period for such a sale (in the case of Certificates) to be delivered in the same manner as such shares. Any such dividends will be paid to the account specified by the Holder in the relevant Exercise Notice or Certificate Settlement Notice (or, in the absence of such notice, to the person who is for the time being shown in the records of the relevant Clearing System as the holder of a particular amount of Certificates for value on the Redemption Date). In respect of Physical Delivery Securities where the Relevant Assets consist of depositary receipts, arrangements in respect of dividend payments under depositary receipts will be set out in the applicable Final Terms.

(iv) *Modification of settlement procedures*

The Calculation Agent may from time to time by notice to the Issuer and the Principal Securities Agent modify or supplement the procedures and requirements for settlement of Physical Delivery Securities in these Conditions where the Calculation Agent determines that the relevant modification or supplement is necessary or desirable. Notice thereof shall be given to the Holders in accordance with Condition 21.

(c) *Issuer's Option to Vary Settlement*

If the applicable Final Terms indicates that the Issuer has an option to vary settlement or redemption in respect of the Securities, the Issuer may at its sole and absolute discretion elect not

to pay the relevant Holders the Cash Settlement Amount or to deliver or procure delivery of the Physical Settlement Amount to the relevant Holders (as the case may be) but, in lieu thereof, to deliver or procure delivery of the Physical Settlement Amount or make payment of the Cash Settlement Amount on the Settlement Date or, as the case may be, the Redemption Date to the relevant Holders (as the case may be). Notification of such election will be given to Holders in accordance with details specified in the Exercise Notice or, as the case may be, Certificate Settlement Notice (as applicable) no later than 10.00 a.m. (local time in the location of the specified office of the Principal Securities Agent) on the second Business Day immediately preceding the Settlement Date or, as the case may be, the Redemption Date.

(d) General

- (i) The purchase of Securities does not confer on the Holder any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.
- (ii) If the date for payment of any amount in respect of the Securities is not a Currency Business Day, payment will instead be made on the next following Currency Business Day without any further payment, of interest or otherwise, in respect of such delay.

11. **Force majeure**

Notwithstanding any other provision of these Conditions, the Issuer shall have the right to terminate its obligations under the Securities, subject to the following sentence, if the Issuer shall have determined that the performance of such obligations shall have become impracticable, in whole or in part, in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power. In such circumstances, the Issuer will, however, pay to each Holder in respect of each Security held by it the Alternative Settlement Amount. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 21.

12. **Purchases**

The Issuer and any of its affiliates shall have the right to purchase or otherwise acquire Securities at such times, in such manner and for such consideration as it may deem appropriate. Any Securities so purchased may be held or resold or surrendered for cancellation and, if cancelled, may be reissued by the Issuer at such time and in such manner as it may deem appropriate *provided, however, that* where the Issuer is Lehman Brothers Finance S.A. (1) it may not sell or offer any Securities to any person other than a bank or a securities dealer subject to State supervision within the meaning of the Swiss Stock Exchanges and Securities Trading Act of 24 March 1995 ("**SESTA**") and the Swiss Ordinance on Stock Exchanges and Securities Trading of 2 December 1996 ("**SESTO**"); (2) it may not act as a dealer or as a co-dealer for any issue of Securities; and (3) it may not act as a market maker within the meaning of SESTA and SESTO in respect of any Securities, or sell or offer any Securities on the secondary market within the meaning of SESTA and SESTO.

13. **Consequences of Disrupted Days**

*This Condition 13 applies only to Index Securities and Share Securities.*

(a) Valuation Dates

If, as determined by the Calculation Agent in its sole and absolute discretion, any Valuation Date is a Disrupted Day, then:

- (i) in the case of Securities relating to a single Index or a single Share, 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, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine (1) in the case of Securities relating to a single Index, the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or property on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security or property as of the Valuation Time on that eighth Scheduled Trading Day) and (2) in the case of Securities relating to a single Share, its good faith estimate of the value for the Share as of the Valuation Time on that eighth Scheduled Trading Day;
  - (ii) in the case of Securities relating to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Index. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security or other property comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security or property as of the Valuation Time on that eighth Scheduled Trading Day); or
  - (iii) in the case of Securities relating to a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Share unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Share. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine its good faith estimate of the value for that Share as of the Valuation Time on that eighth Scheduled Trading Day.
- (b) Averaging Dates

If Averaging Dates are specified as applicable in the applicable Final Terms, then notwithstanding any other provisions of these Conditions, if any such day is a Disrupted Day as determined by the

Calculation Agent in its sole and absolute discretion and the consequence specified under "Consequence of Averaging Date Disruption" in the applicable Final Terms is:

- (i) "Omission", then such date will be deemed not to be a relevant Averaging Date for the purposes of the relevant determination provided that if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then the provisions of (a) above will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (ii) "Postponement", then the provisions of (a) above will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (iii) "Modified Postponement" then:
  - (A) where the Securities relate to a single Index or a single Share, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (2) the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with the provisions of (a) above; or
  - (B) where the Securities relate to a Basket of Indices or a Basket of Shares, the Averaging Date for each Index or Share not affected by the occurrence of a Disrupted Day shall be the date specified in the applicable Final Terms as an Averaging Date in respect of the relevant Valuation Date and the Averaging Date for an Index or Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Share. If the first succeeding Valid Date in respect of such Index or Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Index or Share, and (2) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with the provisions of (a) above.

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (x) the relevant Settlement Date or Redemption Date, as the case may be, or (y) the occurrence of an Index Adjustment Event, Potential Adjustment Event or Extraordinary Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

**14. Adjustments relating to Index Securities and Share Securities**

*This Condition 14 applies only to Index Securities and Share Securities.*

(a) Index Securities

(i) *Successor Index*

If, in relation to Index Securities, an Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent in its sole and absolute discretion or (B) replaced by a successor index using, in the sole determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

(ii) *Index Adjustment Event*

If, in relation to Index Securities, (A) on or prior to a Valuation Date or an Averaging Date and as determined by the Calculation Agent in its sole and absolute discretion, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts, commodities or other property and other routine events) (an "**Index Modification**"), or permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (B) on any Valuation Date or Averaging Date and as determined by the Calculation Agent in its sole and absolute discretion, the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then:

- (1) if "Calculation Agent Adjustment" is specified in the applicable Final Terms as the consequence of any such Index Adjustment Event, the Calculation Agent will determine in its sole and absolute discretion if such Index Adjustment has a material effect on the Securities and, if so, shall make any relevant calculation using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or
- (2) if "Cancellation and Payment" is specified in the applicable Final Terms as the consequence of any such Index Adjustment Event, then the Issuer shall have the right to cancel its obligations under the Securities as of such date as the Issuer shall determine by notice given to the Holders in accordance with Condition 21 and in the event of such cancellation the Issuer will pay to each Holder the Alternative Settlement Amount with respect to each Security held by such Holder. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 21.

(b) Share Securities

If, in relation to Share Securities:

- (i) "Options Exchange Adjustment" is specified as the Method of Adjustment in the applicable Pricing Final Terms, then following each adjustment to the exercise,

settlement, payment or other terms of the options on any relevant Shares traded on any Options Exchange, the Calculation Agent will in its sole and absolute discretion make the corresponding adjustments, if any, to any one or more of the Strike Price, the Cash Settlement Amount, the Physical Settlement Amount and, in any case, any other variable relevant to the exercise, settlement, payment or other terms of the Securities, as determined by the Calculation Agent in its sole and absolute discretion, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the relevant Shares are not traded on the Options Exchange, the Calculation Agent in its sole and absolute discretion will make such adjustment, if any, to any one or more of the relevant variables referred to above or any other variable relevant to the exercise, settlement, payment or other terms of the Securities as the Calculation Agent determines appropriate, with reference to the rules of and precedents (if any) set by the Options Exchange, to account for the diluting or concentrative effect of any event that, in the sole determination of the Calculation Agent, would have given rise to an adjustment by the Options Exchange if such options were so traded; or

- (ii) "Calculation Agent Adjustment" is specified as the Method of Adjustment in the applicable Final Terms, then following the declaration by the Issuer of the terms of any Potential Adjustment Event as determined by the Calculation Agent in its sole and absolute discretion, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (A) make the corresponding adjustment(s), if any, to any one or more of the Strike Price, the Cash Settlement Amount, the Physical Settlement Amount and, in any case, any other variable relevant to the exercise, settlement, payment or other terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (B) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on such options exchange.

(c) **Corrections of Share Prices and Index Levels**

In the event that any price or level published on the Exchange or by the Index Sponsor and which is utilised for any calculation or determination made under the Securities is subsequently corrected and the correction is published by the Exchange or the Index Sponsor within one Settlement Cycle after the original publication and the Calculation Agent in its sole and absolute discretion determines that it is practicable to effect an adjustment of any payment or delivery in respect of the Securities determined by reference to such calculation or determination the Calculation Agent will make such adjustment of such payment or delivery as it determines to be appropriate in its sole and absolute discretion.

**15. Consequences of Extraordinary Events**

*This Condition 15 applies only to Share Securities.*

(a) **Merger Event**

If a Merger Event occurs as determined by the Calculation Agent in its sole and absolute discretion and the consequence specified in the applicable Final Terms is:

- (i) "Alternative Obligation", then except in respect of a Reverse Merger, on or after the relevant Merger Date, the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) will be deemed the "Shares" and the "Basket Company" or "Share Company", as the case may be, respectively, and, if the Calculation Agent considers it necessary, the Calculation Agent will adjust any relevant terms in its sole and absolute discretion (provided however that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or the Securities);
- (ii) "Cancellation and Payment", then the Issuer shall have the right to cancel its obligations under the Securities as of such date as the Issuer shall determine by notice given to the Holders in accordance with Condition 21 and in the event of such cancellation the Issuer will pay to each Holder the Alternative Settlement Amount with respect to each Security held by such Holder. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 21.;
- (iii) "Options Exchange Adjustment", then following each adjustment to the settlement terms of options on any relevant Shares traded on any Options Exchange, the Calculation Agent will in its sole and absolute discretion make one or more adjustments as provided in Condition 14(b)(i) (without regard to the words "diluting or concentrative" in the second sentence);
- (iv) "Calculation Agent Adjustment", then, on or after the relevant Merger Date, the Calculation Agent shall either (A)(1) make such adjustment to the exercise, settlement, payment or any other terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate to account for the economic effect on the Securities of such Merger Event (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and (2) determine the effective date of that adjustment, or (B) if the Calculation Agent in its sole and absolute discretion determines that no adjustment that it could make under (A) will produce a commercially reasonable result, notify the Issuer thereof in which event "Cancellation and Payment" will be deemed to be the consequence specified in the applicable Final Terms;
- (v) "Modified Calculation Agent Adjustment", then, on or after the relevant Merger Date, the Calculation Agent shall either (A)(1) make such adjustment to the exercise, settlement, payment or any other terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate to account for the economic effect on the Securities of such Merger Event (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities), which may, but need not, be determined by reference to the adjustments(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and (2) determine the effective date of that adjustment, or (B) if the Calculation Agent in its sole and absolute discretion determines that no adjustment that it could make under (A) will produce a commercially reasonable

result, notify the Issuer thereof in which event "Cancellation and Payment" will be deemed to be the consequence specified in the applicable Final Terms; or

- (vi) "Component Adjustment", then, in respect of a Share-for-Combined Merger Event, the consequence specified opposite "Share-for-Share" shall apply to that portion of the consideration that consists of New Shares (as determined by the Calculation Agent in its sole and absolute discretion) and the consequence specified opposite "Share-for-Other" shall apply to that portion of the consideration that consists of Other Consideration (as determined by the Calculation Agent in its sole and absolute discretion).

(b) Tender Offer

If a Tender Offer occurs as determined by the Calculation Agent in its sole and absolute discretion and if the consequence specified in the applicable Final Terms is:

- (i) "Cancellation and Payment", then the Issuer shall have the right to cancel its obligations under the Securities as of such date as the Issuer shall determine by notice given to the Holders in accordance with Condition 21 and in the event of such cancellation the Issuer will pay to each Holder the Alternative Settlement Amount with respect to each Security held by such Holder. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 21.;
- (ii) "Options Exchange Adjustment", then following each adjustment to the settlement terms of options on any relevant Shares traded on any Options Exchange, the Calculation Agent will in its sole and absolute discretion make one or more adjustments as provided in Condition 14(b)(i) (without regard to the words "diluting or concentrative" in the second sentence);
- (iii) "Calculation Agent Adjustment", then, on or after the relevant Tender Offer Date the Basket Company or the Share Company (as the case may be) and the Shares will not change but the Calculation Agent shall either (A)(1) make such adjustment to the exercise, settlement, payment or any other terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate to account for the economic effect on the Securities of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange and (2) determine the effective date of that adjustment, or (B) if the Calculation Agent determines in its sole and absolute discretion that no adjustment that it could make under (A) will produce a commercially reasonable result, notify the Issuer thereof in which event "Cancellation and Payment" will be deemed to be the consequence specified in the applicable Final Terms;
- (iv) "Modified Calculation Agent Adjustment", then, on or after the relevant Tender Offer Date, the Shares and the Share Company or Basket Company, as the case may be, will not change, but the Calculation Agent shall either (A)(1) make such adjustment to the exercise, settlement, payment or any other terms of the Securities as the Calculation Agent determines appropriate to account for the economic effect on the Securities of such Tender Offer (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities), which may, but need not, be determined by reference to the adjustments(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on

such options exchange and (2) determine the effective date of that adjustment, or (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, notify the Issuer thereof in which event "Cancellation and Payment" will be deemed to be the consequence specified in the applicable Final Terms; or

- (v) "Component Adjustment", then, in respect of a Share-for-Combined Tender Offer, the consequence specified opposite "Share-for-Share" shall apply to that portion of the consideration that consists of New Shares (as determined by the Calculation Agent in its sole and absolute discretion) and the consequence specified opposite "Share-for-Other" shall apply to that portion of the consideration that consists of Other Consideration (as determined by the Calculation Agent in its sole and absolute discretion).

(c) Settlement Following a Merger Event or Tender Offer

- (i) If Other Consideration is required to be valued in relation to Cash Settled Securities that have been adjusted following a Merger Event or Tender Offer, the Other Consideration will be valued by the Calculation Agent in its sole and absolute discretion on each Valuation Date or Averaging Date, as the case may be. For the avoidance of doubt, the provisions of Condition 13 will not apply to Other Consideration.
- (ii) If New Shares are required to be delivered in relation to Physical Delivery Securities that have been adjusted following a Merger Event or Tender Offer, then the deliveror will deliver the relevant New Shares in accordance with the terms of settlement set out in the applicable Final Terms, provided that if on the relevant Settlement Date or Redemption Date, as the case may be, a holder of the Shares would not yet have received the New Shares to which it is entitled, the Settlement Date or Redemption Date, as the case may be, with respect to such New Shares will be postponed to the first Clearing System Business Day falling on or after the first day on which a holder of the relevant Shares, having received the New Shares, would be able to deliver such New Shares in accordance with the settlement procedures applicable to the Securities.
- (iii) If Other Consideration is required to be delivered in relation to Physical Delivery Securities that have been adjusted following a Merger Event or Tender Offer, then the deliveror will deliver the relevant Other Consideration in a commercially reasonable manner as soon as reasonably practicable after the later of (i) the relevant Settlement Date or Redemption Date, as the case may be, and (ii) the first day on which a holder of the relevant Shares, having received the Other Consideration, would be able to deliver such Other Consideration to another party.
- (iv) In respect of any Share-for-Combined Merger Event or Share-for-Combined Tender Offer:
  - (A) to the extent that the composition of the Combined Consideration could be determined by a holder of Shares determined by the Calculation Agent to be equal to the number of Shares to which one Security (or, if applicable, the Minimum Exercise Number of Securities) relates, and a holder could receive New Shares as part of the Combined Consideration, the Combined Consideration shall be deemed to be New Shares to the maximum value permitted; and
  - (B) if a holder could make any other election with respect to the composition of Combined Consideration other than New Shares, the Calculation Agent will, in its sole and absolute discretion, determine the composition of the Combined Consideration.

(d) **Nationalisation, Insolvency or Delisting**

If Nationalisation, Insolvency or Delisting occurs as determined by the Calculation Agent in its sole and absolute discretion, the Securities will be cancelled as of such date as the Issuer shall determine and notify to the Holders in accordance with Condition 21 and the Issuer will pay to each Holder the Alternative Settlement Amount with respect to each Security held by such Holder. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 21.

16. **Consequences of Additional Disruption Events**

If an Additional Disruption Event occurs as determined by the Calculation Agent in its sole and absolute discretion the Securities shall be subject to the provisions set out in the applicable Final Terms.

17. **Consequences of Settlement Interruption**

If, in the sole opinion of the Issuer, delivery of the Physical Settlement Amount in respect of any Physical Delivery Securities is not practicable by reason of a Settlement Interruption on any Settlement Date or Redemption Date in respect of such Securities, then such Settlement Date or, as the case may be, Redemption Date will be the first succeeding date on which delivery of the Physical Settlement Amount can take place through the relevant Clearing System unless, in the opinion of the Issuer, a Settlement Interruption prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date that, but for the Settlement Interruption, would have been the Settlement Date or, as the case may be, the Redemption Date. In that case (a) if the Physical Settlement Amount can be delivered in any other commercially reasonable manner, then the Settlement Date or, as the case may be, the Redemption Date will be the first day on which settlement of a sale of the Physical Settlement Amount executed on that eight relevant Clearing System Business Day customarily would take place using such other commercially reasonable manner of delivery (which other manner will be deemed the relevant Clearing System for the purposes of delivery of the Physical Settlement Amount); and (b) if in the sole opinion of the Issuer the Physical Settlement Amount cannot be delivered in any other commercially reasonable manner, then such Settlement Date or, as the case may be, Redemption Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner. If as a result of a Settlement Interruption some but not all of the Relevant Assets comprising the Physical Settlement Amount are affected, the Settlement Date or, as the case may be, the Redemption Date for the Relevant Assets not affected by the Settlement Interruption will be the original Settlement Date or, as the case may be, Redemption Date and the Settlement Date or, as the case may be, Redemption Date for the Relevant Assets affected by the Settlement Interruption shall be determined as provided above. In the event that a Settlement Interruption will result in delivery of some but not all Relevant Assets comprising the Physical Settlement Amount, the Calculation Agent shall determine in its sole and absolute discretion the appropriate pro rata portion of the amount (in the case of Warrants, of the Strike Price) payable by the Holder.

18. **Additional Adjustment**

The Securities shall be subject to such additional provisions for the adjustment of the terms of the Securities and/or cancellation thereof as may be specified in the applicable Final Terms, which provisions may without limitation include provisions similar to those specified in Conditions 13, 14 and 15 (in the case of Securities which are not Index Securities or Share Securities) and/or provisions applicable in any other circumstances (in the case of any Securities).

19. **Notice of Disrupted Day and Other Matters**

- (a) The Calculation Agent shall notify the Issuer and the Principal Securities Agent (i) as soon as practicable after becoming aware of the same of (x) the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date and (y) the occurrence of an Index Adjustment Event, Potential Adjustment Event or other event in connection with which the Calculation Agent is required or entitled to make any adjustment under these Conditions and (ii) as soon as practicable of any such adjustment made by the Calculation Agent.
- (b) The Issuer shall as soon as practicable after becoming aware of the same notify the Principal Securities Agent of the occurrence of an Extraordinary Event or any applicable Additional Disruption Event stating the occurrence of such event, giving details thereof and the action proposed to be taken in relation thereto.
- (c) The Principal Securities Agent shall give notice as soon as practicable to the Holders in accordance with Condition 21 of any notification received under (a) or (b) above.

20. **Securities Agents, Calculation Agent, Determinations and Modifications**

- (a) Securities Agents

The specified offices of the Securities Agents are as set out at the end of these Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Securities Agent and to appoint further or additional Securities Agents provided that no termination of appointment of any Securities Agent shall become effective until a replacement Securities Agent shall have been appointed and provided that, so long as any of the Securities are listed on a stock exchange, there shall be a Securities Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange. Notice of any termination of appointment and of any changes in the specified office of any Securities Agent will be given to Holders in accordance with Condition 21. In acting under the Securities Agency Agreement, each Securities Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders and any Securities Agent's determinations and calculations in respect of the Securities shall (save in the case of manifest error) be final and binding on the Issuer and the Holders.

- (b) Calculation Agent

In relation to each issue of Securities where there is a Calculation Agent (whether it be the Issuer or a third party), it acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with the Holders.

All calculations and determinations made by the Calculation Agent shall (save in the case of manifest error) be made in its sole and absolute discretion and shall be final, conclusive and binding on the Issuer, the Guarantor, the Securities Agents and the Holders. The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

- (c) Determinations by the Issuer

Any determination made by the Issuer pursuant to these Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor, the Securities Agents and the Holders.

(d) **Modifications**

The Issuer may modify these Conditions and the parties to the Securities Agency Agreement may amend the Securities Agency Agreement, in each case without the consent of the Holders, (i) in order to correct an ambiguity, manifest error or other mistake, or to correct or supplement any provision contained herein or therein that may be defective or inconsistent with any other provision or where such modification or amendment is of a formal, minor or technical nature or (ii) to make any other provision which the Issuer or, as the case may be, such parties deem necessary or desirable provided that, in the reasonable opinion of the Issuer or, as the case may be, such parties, the modification or amendment will not materially adversely affect the interests of the Holders. Any such modification or amendment shall be effective upon notification by the Issuer to the relevant Principal Securities Agent or, as the case may be, agreement between the parties to the Securities Agency Agreement. Notice of any such modification or amendment will be given to the Holders in accordance with Condition 21 but failure to give, or non-receipt of, such notice will not affect the validity thereof.

21. **Notices**

All notices to Holders will be valid if delivered to the relevant Clearing System or in the case of Securities held directly through DTC or Definitive Securities, to the US Securities Agent, for communication by them to the Holders and, if and so long as the Securities are admitted to trading, under MiFID, on the Luxembourg Stock Exchange's regulated market and listed on the Luxembourg Stock Exchange (or any other stock exchange) as specified in the applicable Final Terms and so long as a publication in a daily newspaper with general circulation in Luxembourg is required by the rules of the Luxembourg Stock Exchange, in the *d'Wort* or on the Internet site of the Luxembourg Stock Exchange [www.bourse.lu](http://www.bourse.lu) (or such other publication required by the relevant stock exchange). Any such notice shall be deemed to have been given on the second Business Day following such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

22. **Taxation**

The Issuer shall not be liable for, or otherwise obliged to pay, any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or redemption of any Securities and/or the resulting transfer of any Reference Assets and all payments made by the Issuer to the Holders shall be made subject to any tax, duty, withholding or other payment which may be required.

23. **Further Issues**

The Issuer shall be at liberty from time to time, without the consent of Holders to create and issue further Securities so as to form a single series with existing Securities.

24. **Substitution**

The Issuer, or any previous substitute company, shall be entitled at any time and from time to time, without the consent of the Holders, to substitute any subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in place of the Issuer, as obligor under the Securities, provided that the New Issuer shall assume all obligations of the Issuer in relation to the Holders under or in relation to the Securities. Further, the Guarantor, or any previous substitute company, shall be entitled at any time and from time to time, without the consent of the Holders, to substitute any subsidiary or holding company of the Guarantor or any subsidiary of any such holding company (the "**New Guarantor**") in place of the Guarantor as guarantor in respect of the Securities provided that (a) the creditworthiness of the New Guarantor

at such time is at least equal to the creditworthiness of the Guarantor, or any previous substitute under this Condition, as determined by the Calculation Agent and (b) the New Guarantor enters into a guarantee in substantially the same form as the Guarantee and any other documents which may be necessary to give full effect to such substitution (such Guarantee and any such documents to be held by the Principal Securities Agent for so long as any relevant Securities remain outstanding). In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer and any reference to the Guarantor shall be construed as a reference to the New Guarantor. Any such substitution shall be promptly notified to the Holders in accordance with Condition 21. In connection with such right of substitution neither the Issuer nor the Guarantor shall be obliged to have regard to the consequences of the exercise of such right for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Holder shall be entitled to claim from the Issuer, the New Issuer, the Guarantor and/or the New Guarantor any indemnification or payment in respect of any tax consequence of any such substitution upon such Holder.

25. **Financial Information**

As soon as reasonably practicable after they are available after the close of each fiscal year during the term of the Programme, the Issuer and the Guarantor shall provide each Securities Agent with copies of their respective accounts for such fiscal year. Copies of such accounts, together with copies of the constitutional documents of the Issuer and of the Guarantor and the quarterly reports of the Guarantor, shall be made available to Holders and prospective Holders at the specified office of each Securities Agent during the term of the Programme.

26. **Rights of Third Parties**

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

27. **Law and Jurisdiction**

(a) **Governing law**

The Securities, any Global Security, any Definitive Security Certificates and all matters arising from or connected with them are governed by, and shall be construed in accordance with, English law. The Master Guarantees shall be governed by and construed in accordance with the laws of the State of New York.

(b) **English courts**

The courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Securities.

(c) **Appropriate forum**

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) **Rights of the parties to take proceedings outside England**

Condition 27(b) is for the benefit of the Holders only. As a result, nothing in this Condition 27 prevents any Holder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Holders may take concurrent Proceedings in any number of jurisdictions.

(e) Service of process

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Lehman Brothers International (Europe) at its offices for the time being (being at the date hereof 25 Bank Street London, E14 5LE, England) or at any address of the Issuer in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law. This paragraph applies to Proceedings in England and to Proceedings elsewhere.

28. **Definitions**

For the purposes of these Conditions, the following general definitions will apply:

**"Actual Exercise Date"** means the Expiration Date (in the case of European Style Warrants) or subject to Condition 4(a) the date during the Exercise Period on which the Warrant is actually or is deemed exercised (in the case of American Style Warrants) (as more fully set out in Condition 4);

**"Additional Disruption Event"** means the occurrence of any of Change of Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and Loss of Stock Borrow, in each case if specified in the applicable Final Terms and as the Calculation Agent may in its sole and absolute discretion determine;

**"Affected Shares"** means Shares affected by a Merger Event or a Tender Offer, as the case may be;

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For these purposes "control" means ownership of a majority of the voting power of an entity;

**"Alternative Settlement Amount"** means, in respect of any Securities, an amount in the Settlement Currency equal to the fair market value of such Securities, less the cost to the Issuer and/or its Affiliates of unwinding any related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion as of the date so determined by the Calculation Agent to be the appropriate date in the circumstances;

**"American Style Warrants"** means Warrants designated in the applicable Final Terms as **"American Style"** and being Warrants exercisable on any Exercise Business Day during the Exercise Period specified in the applicable Final Terms;

**"Automatic Exercise"** has the meaning assigned thereto in Condition 4(a);

**"Averaging Date"** means each date specified as such or otherwise determined as provided in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, subject to adjustment in accordance with Condition 13 or the provisions (if any) of the applicable Final Terms, as applicable;

**"Base Currency"** means a base currency as specified in the applicable Final Terms;

**"Basket"** means a basket of Shares, Depositary Receipts, Debt Instruments, Indices, Subject Currencies or Commodities, as the case may be, as specified in the applicable Final Terms;

"**Basket Company**" means a company whose shares (in the case of Securities relating to a Basket of Shares), Depositary Receipts (in the case of Securities relating to a Basket of Depositary Receipts) or Debt Instruments (in the case of Securities relating to a Basket of Debt Instruments) are included in the relevant Basket and "**Basket Companies**" means all such companies;

"**Board Lot**" shall have the meaning assigned thereto in Condition 9(h);

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in the relevant Business Day Centre(s) and the relevant Clearing System(s) is/are open for business;

"**Business Day Centre(s)**" means the location(s) as specified in the applicable Final Terms;

"**Call Warrants**" means Warrants designated as "Call Warrants" in the applicable Final Terms;

"**Cash Settled Security**" means a Security which is settled by way of a cash payment;

"**Cash Settlement Amount**" means, in relation to Cash Settled Securities, the amount to which the Holder is entitled in the Settlement Currency as determined by the Calculation Agent pursuant to Condition 10(a)(i) (in the case of Warrants) or Condition 7 (in the case of Certificates), as applicable;

"**Certificate Settlement Notice**" shall have the meaning assigned thereto in Condition 8(a);

"**Certificate Settlement Notice Period**" shall mean the period during which a Certificate Settlement Notice is required to be delivered as specified in the applicable Final Terms;

"**Change in Law**" means that, on or after the Initial Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (i) it has become illegal to hold, acquire or dispose of, any relevant security or other property comprised in an Index (in the case of Index Securities), any relevant Share (in the case of Share Securities), any relevant Depositary Receipt (in the case of Depositary Receipt Securities) or any relevant Debt Instrument (in the case of Debt Instrument Securities), or (ii) the Issuer will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"**Clearing System**" means, as appropriate, DTC, Euroclear or Clearstream, Luxembourg and/or such other clearing system, as the case may be, through which interests in Securities are to be held and through an account at which the Securities are to be cleared specified in the applicable Final Terms or, as the case may be and in respect of Physical Delivery Securities, the clearing system through which delivery of any Relevant Assets is to be effected in respect of such Securities, as determined by the Issuer;

"**Clearing System Business Day**" means, in respect of a Clearing System, any day on which such Clearing System is (or, but for the occurrence of a Settlement Interruption, would have been) open for the acceptance and execution of settlement instructions;

"**Combined Consideration**" means New Shares in combination with Other Consideration;

"**Commodity**" means a commodity as specified in the applicable Final Terms;

"**Commodity Securities**" means Securities relating to a specified Commodity or a Basket of Commodities;

"**Currency**" means any currency specified as Base Currency or Subject Currency in the applicable Final Terms;

"**Currency Business Day**" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency or, if the Settlement Currency is euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is open;

"**Currency Securities**" means Securities relating to a specified currency or a basket of currencies;

"**Dealer**" means the dealer, if any, appointed by the Issuer in connection with the issue of a particular series of Securities, as specified in the applicable Final Terms;

"**Debt Instrument**" means a debt instrument as specified in the applicable Final Terms;

"**Debt Instrument Company**" means the Company whose debt instruments relate to a particular series of Securities;

"**Debt Instrument Securities**" means Securities relating to a specified Debt Instrument or a Basket of Debt Instruments;

"**Delisting**" means, in respect of any relevant Shares, that the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union);

"**Depositary Receipt**" means a depositary receipt as specified in the applicable Final Terms;

"**Depositary Receipt Securities**" means Securities relating to a specified Depositary Receipt or Basket of Depositary Receipts;

"**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

"**European Style Warrants**" means Warrants designated in the applicable Final Terms as "European Style" and being Warrants exercisable only on the Expiration Date;

"**Exchange**" means:

- (a) in respect of Index Securities and in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities or other property comprised in such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities or other property comprised in such Index on such temporary substitute exchange or quotation system as on the original Exchange); and

- (b) in respect of Share Securities and in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange);

**"Exchange Business Day"** means any Scheduled Trading Day on which each relevant Exchange and Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Rate"** means the applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the Cash Settlement Amount, as specified in the applicable Final Terms;

**"Exercise Business Day"** means a day which is a Business Day and a Scheduled Trading Day.

**"Exercise Notice"** shall have the meaning assigned thereto in Condition 5(a);

**"Exercise Notice Deposit Time(s)"** means the time(s) as specified in the applicable Final Terms, being the time(s) by which the relevant Clearing System(s) require an Exercise Notice to have been deposited with it/them for that Exercise Notice to be deemed to have been deposited with it/them on that Business Day;

**"Exercise Period"** means, in the case of American Style Warrants, the period during which the Warrants can be exercised as specified in the applicable Final Terms;

**"Expenses"** means, with respect to any Securities, all expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties arising from (if the Securities are Warrants) the exercise of such Securities and/or (if the Securities are Physical Delivery Securities) the delivery or transfer of the Physical Settlement Amount;

**"Expiration Date"** means, in relation to American Style Warrants, the last day of the Exercise Period and, in relation to European Style Warrants, the date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), unless such date is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Exercise Notice Deposit Time on such date. If such date is a Disrupted Day due to the occurrence of such an event, then the Expiration 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 original date that, but for the occurrence of a Disrupted Day, would have been the Expiration Date is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Expiration Date, notwithstanding the fact that such day is a Disrupted Day. Notwithstanding the foregoing, if Warrants are exercised on a Scheduled Trading Day that would have been an Expiration Date but for the occurrence of an event giving rise to a Disrupted Day, such Scheduled Trading Day shall be deemed to be the Expiration Date for the purpose of determining whether an Actual Exercise Date has occurred during the Exercise Period.

**"Extraordinary Event"** means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting;

**"Failure to Deliver"** means the failure by the Issuer to deliver, when due, any Relevant Assets under the Securities, where such failure to deliver is due to illiquidity in the market for such Relevant Assets;

**"Final Terms"** means the supplement with respect to each issue of Securities which sets out terms and conditions which are additional to or supplemental to these Conditions;

**"Guarantor"** means Lehman Brothers Holdings Inc. as guarantor of the relevant Issuer's obligations under any series of Securities pursuant to the Master Guarantees;

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"Hedging Securities"** means the number or quantity of Shares (in the case of Share Securities), securities or other property comprised in an Index (in the case of Index Securities), Depositary Receipts (in the case of Depositary Receipt Securities) or Debt Instruments (in the case of Debt Instrument Securities) that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Securities;

**"Holder"**, **"holder of Securities"**, **"holder of Warrants"** and **"holder of Certificates"** shall have the meaning assigned thereto in Condition 1(b);

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Initial Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging;

**"Increased Cost of Stock Borrow"** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share(s) (in the case of Share Securities), any security or other property comprised in an Index (in the case of Index Securities), any Depositary Receipt (in the case of Depositary Receipt Securities) or any Debt Instrument (in the case of Debt Instrument Securities) that is greater than the Initial Loan Rate;

**"Index"** and **"Indices"** mean, subject to adjustment in accordance with these Conditions, the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly;

**"Index Adjustment Event"**, **"Index Cancellation"**, **"Index Disruption"** and **"Index Modification"** shall have the respective meanings assigned thereto in Condition 14(a);

**"Index Sponsor"** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day;

**"Index Securities"** means Securities relating to a specified index or Basket of indices;

**"Initial Date"** means the date specified as such in the applicable Final Terms or, if no date is so specified, the Issue Date;

**"Initial Loan Rate"** means the rate specified as such in the applicable Final Terms;

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Basket Company or the Share Company, as the case may be, (i) all the Shares of that Basket Company or the Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or the Share Company, as the case may be, become legally prohibited from transferring them;

**"Insolvency Filing"** means that a relevant Share Company, Basket Company or Debt Instrument Company 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, or it consents to a proceeding seeking a judgement 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 it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company, Basket Company or Debt Instrument Company shall not be deemed an Insolvency Filing;

**"Interest Rate Securities"** means Securities relating to a Subject Interest Rate;

**"Issue Date"** means the date on which the Securities are issued, as specified in the applicable Final Terms;

**"Last Trading Day"** shall have the meaning assigned thereto in Condition 1(c) and shall be the day specified as such in the applicable Final Terms;

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any relevant Share (in the case of Share Warrants), any relevant securities or other property comprised in an Index (in the case of Index Warrants), any relevant Depositary Receipt (in the case of Depositary Receipt Securities) or any relevant Debt Instrument (in the case of Debt Instrument Securities) in an amount equal to the Hedging Securities at a rate equal to or less than the Maximum Loan Rate;

**"Market Disruption Event"** means, in respect of a Share or an Index;

- (A) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (1) 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 (x) in the case of Share Securities, relating to the Share on the Exchange (or, in the case of Index Securities, on any relevant Exchange(s) relating to securities or other property that comprise 20 per cent. or more of the level of the relevant Index), or (y) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
  - (2) any event (other than an event described in (B) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general

(x) to effect transactions in, or obtain market values for, in the case of Share Securities, the Shares on the Exchange (or, in the case of Index Securities, on any relevant Exchange(s) in securities or other property that comprise 20 per cent. or more of the level of the relevant Index), or (y) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share or the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (B) the closure on any Exchange Business Day of the relevant Exchange (or, in the case of Index Securities, any relevant Exchange(s) relating to securities or other property that comprise 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (1) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (2) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of any security or other property included in the Index at any time, then the relevant percentage contribution of that security or property to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security or property and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event;

**"Master Guarantees"** means each of the master guarantees dated 30 August 2005 relating to Lehman Brothers Finance S.A., the master guarantee dated 30 August 2005 relating to Lehman Brothers Securities N.V., the master guarantee dated 30 August 2005 relating to Lehman Brothers (Luxembourg) Equity Finance S.A. and the master guarantee dated 30 August 2005 relating to Lehman Brother Bankhaus AG (including when acting through its London Branch) made by the Guarantor in favour of Holders in respect of the relevant Issuer's obligations in relation to any Securities issued by it under the Programme;

**"Maximum Exercise Number"** means, in relation to American Style Warrants, the maximum number of Warrants that may be exercised on any day by any Holder or group of Holders as specified in the applicable Final Terms;

**"Maximum Loan Rate"** means the rate specified as such in the applicable Final Terms;

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent in its sole and absolute discretion;

**"Merger Event"** means, in respect of any relevant Shares, any (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an

irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event (a "**Reverse Merger**"), in each case if the Merger Date is on or before (i) in the case of Physical Delivery Securities, the Settlement Date or, as the case may be, Redemption Date or (ii) in the case of Cash Settled Securities, the Valuation Date (or final Valuation Date, if more than one) or where Averaging is specified in the applicable Final Terms, the final Averaging Date;

"**Method of Adjustment**" means a method for determining the appropriate adjustment to make to the terms of Share Securities upon the occurrence of an event having, in the determination of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares;

"**Minimum Exercise Number**" means the minimum number of Warrants that may be exercised on any day by any Holder as specified in the applicable Final Terms;

"**Nationalisation**" means that all the Shares or all or substantially all the assets of a Basket Company or the Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

"**New Issuer**" shall have the meaning assigned thereto in Condition 24;

"**New Shares**" means ordinary or common shares, whether of the entity or person (other than the relevant Basket Company or Share Company) involved in the Merger Event or the making of the Tender Offer or a third party, that are, or that as of the Merger Date or Tender Offer Date are promptly scheduled to be, (a) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) and (b) not subject to any currency exchange controls, trading restrictions or other trading limitations;

"**Offering Circular**" means the offering circular dated as of 30 August 2005 published by Lehman Brothers Finance S.A., Lehman Brothers Securities N.V., Lehman Brothers (Luxembourg) Equity Finance S.A. and Lehman Brothers Bankhaus AG (including when acting through its London Branch) in connection with their Programme for the issue of Securities;

"**Options Exchange**" means the exchange or quotation system specified as such in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in options contracts relating to the relevant Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such options contracts on such temporary substitute exchange or quotation system as on the original Options Exchange) or, if no such exchange or quotation system is specified in the applicable Final Terms, the Related Exchange (if such Related Exchange trades options contracts relating to the relevant Share) or, if more than one such Related Exchange is specified in the applicable Final Terms, the Related Exchange selected by the Calculation Agent as the primary market for listed options contracts relating to the relevant Share;

**"Other Consideration"** means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the relevant Basket Company or Share Company) involved in the Merger Event or the making of the Tender Offer or a third party);

**"Potential Adjustment Event"** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (i) such Shares or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Basket Company or the Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by a Basket Company or the Share Company, as the case may be, as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent;
- (d) a call by a Basket Company or the Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (e) a repurchase by a Basket Company or the Share Company, as the case may be, or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Basket Company or the Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or the Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares;

**"Physical Delivery Security"** means a Security which is settled by way of physical delivery of the Relevant Asset or Relevant Assets, as the case may be;

**"Physical Settlement Amount"** means, in relation to a Physical Delivery Security, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Holder is entitled to receive on the Settlement Date or, as the case may be, Redemption Date in respect of each such Security following payment of any sums payable (including the Expenses and, in the case of Warrants, the Strike Price), rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, as determined by the Calculation Agent, including any documents evidencing such Physical Settlement Amount;

**"Put Warrants"** means Warrants designated as "Put Warrants" in the applicable Final Terms;

"**Quota**" shall have the meaning assigned thereto in Condition 5(b);

"**Redemption Date**" means the Redemption Date specified in the applicable Final Terms;

"**Related Exchange**" means, in respect of Index Securities and in relation to an Index or in respect of Share Securities and in relation to a Share, each exchange or quotation system specified as such for such Index or Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or Share on such temporary substitute exchange or quotation system as on the original Related Exchange) Provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or such Share;

"**Relevant Asset**" or "**Relevant Assets**" means, in the case of Physical Delivery Securities, the relevant asset or relevant assets to which the Securities relate as specified in the applicable Final Terms;

"**Relevant Screen Page**" means the relevant screen page as specified in the applicable Final Terms;

"**Reverse Merger**" shall have the meaning assigned thereto in the definition of Merger Event above;

"**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;

"**Scheduled Trading Day**" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"**Securities Agency Agreement**" means the amended and restated master warrant and certificate agreement between Lehman Brothers Finance S.A., Lehman Brothers Securities N.V., Lehman Brothers (Luxembourg) Equity Finance S.A., Lehman Brothers Bankhaus AG and the Securities Agents dated 30 August 2005;

"**Series**" means a series of Securities;

"**Settlement Currency**" means the settlement currency for the payment of the Cash Settlement Amount, as set out in the applicable Final Terms;

"**Settlement Cycle**" means, in respect of Share Securities or Index Securities, the period of Clearing System Business Days following a trade in the relevant Shares or shares underlying a relevant Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period);

"**Settlement Date**" means the Settlement Date specified in the applicable Final Terms;

"**Settlement Interruption**" means an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Physical Settlement Amount using the Clearing System or other method specified in the applicable Final Terms;

"**Share**" and "**Shares**" mean, subject to adjustment in accordance with these Conditions, the share or shares as specified in the applicable Final Terms;

"**Share Company**" means, with respect to a Share, the issuer of such Share;

"**Share-for-Combined**" means, in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists of Combined Consideration;

"**Share-for-Other**" means, in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists solely of Other Consideration;

"**Share-for-Share**" means (i) in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists (or, at the option of the holder of such Shares, will consist) solely of New Shares, and (ii) a Reverse Merger;

"**Share Securities**" means Securities relating to a specified Share or a Basket of Shares;

"**Strike Price**" means the Strike Price specified in the applicable Final Terms;

"**Subject Currency**" means a subject currency as specified in the applicable Final Terms;

"**Subject Interest Rate**" means the subject interest rate to which the Securities relate as specified in the applicable Final Terms;

"**Successor Index**" shall have the meaning assigned thereto in Condition 14(a)(i);

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

"**Tender Offer Date**" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent);

"**Underlying**" shall have the meaning assigned thereto in the applicable Final Terms;

"**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

"**Valuation Date**" means, subject as provided in these Conditions (including Condition 13(a)) or in the applicable Final Terms:

- (i) in respect of any European Style Warrant exercised (or deemed to be exercised under Condition 4(b)) on the Expiration Date, the Expiration Date;
- (ii) in respect of any American Style Warrant exercised (or deemed to be exercised under Condition 4(a)) on any day during the Exercise Period, the Actual Exercise Date; and

(iii) in respect of a Certificate, the Valuation Date specified in the applicable Final Terms,  
or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day;  
and

**"Valuation Time"** means the time specified in the applicable Final Terms or, if no time is specified, the Scheduled Closing Time on the relevant Exchange in relation to each Index, Share, depositary receipt or other Underlying to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

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