

PERMANENT GLOBAL SECURITY

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTION 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

LEHMAN BROTHERS SECURITIES N.V.
PERMANENT GLOBAL SECURITY

Representing (as at the date of this Permanent Global Security):

Guaranteed by

LEHMAN BROTHERS HOLDINGS INC.

This Permanent Global Security, entered into by way of deed, represents a duly authorised series of [Name of Certificates] (or such aggregate Nominal Amount thereof as, from time to time, are issued and outstanding, the details in respect of which are set out in the First Schedule hereto) (the "**Certificates**") 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 as supplemented and amended by the supplemental master warrant and certificate agreement dated 9 May 2006 (the "**Securities Agency Agreement**"), between Lehman Brothers Finance S.A., Lehman Brothers Securities N.V. (the "**Issuer**"), Lehman Brothers (Luxembourg) Equity Finance S.A., Lehman Brothers Bankhaus AG, 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**").

References in this Permanent Global Security to the Conditions are to the terms and conditions applicable to the Certificates 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.

References in this Permanent Global Security to the Conditions are to the terms and conditions applicable to the Certificates 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 Securities Note shall bear the same meaning herein.

The Certificates 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. The Certificates 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 Permanent Global Security is originally issued in respect of an aggregate Nominal Amount of Certificates less than the maximum Aggregate Nominal Amount of Certificates, then, at any time any further Certificates are issued, the aggregate Nominal Amount of Certificates represented by this Permanent Global Security shall be increased by the aggregate Nominal Amount of such further Certificates and the Issuer shall procure that the aggregate Nominal Amount of Certificates represented by this Permanent Global Security (which shall be the previous aggregate Nominal Amount of Certificates represented by this Permanent Global Security plus the

number of such further Certificates) is noted in the First Schedule hereto, whereupon the aggregate Nominal Amount of Certificates represented by this Permanent Global Security shall for all purposes be as most recently so noted.

The Issuer, for value received, subject to and in accordance with the Conditions, promises to pay the bearer of this Certificate any amounts that become due and payable and agrees to the due and punctual settlement in full of all obligations due and owing by the Issuer under the Certificates, upon presentation, and, at maturity, surrender hereof at the office of the Principal Securities Agent.

The Issuer covenants with the holders of the Certificates and each of them duly to comply with the Conditions, which form part of this Permanent Global Security and shall have the same effect as if set forth herein and the Final Terms or, as the case may be, the Drawdown Prospectus forming the Second Schedule hereto.

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

The Certificates will constitute direct, unconditional and (except as provided herein) unsecured obligations of the Issuer and will rank *pari passu* in right of payment among themselves, prior to the equity securities of the Issuer and equally with all other unsecured and unsubordinated indebtedness of the Issuer (subject, in the event of insolvency, to laws affecting creditors' rights generally).

This Permanent Global Security is a permanent global security issued in exchange for all or a portion of a temporary global security in bearer form representing the security certificates of the Series represented hereby. If this Permanent Global Security has been issued in exchange for only a portion of such temporary global security, then at any time thereafter, if any further portion of such temporary global security is exchanged for an interest in this Permanent Global Security, the aggregate Nominal Amount hereof shall be increased for all purposes by the amount of such temporary global security so exchanged and the Issuer shall procure that the Principal Securities Agent shall endorse on the First Schedule hereto the amount of such increase.

Unless otherwise specified in the attached Final Terms or, in the case of Certificates which are subject of a Drawdown Prospectus, the attached Securities Note, interests in this Permanent Global Security will be exchangeable upon not less than 60 days' notice expiring at least 30 days after the Exchange Date (as defined herein) to the Principal Securities Agent and upon the presentation hereof made at any time at the office of the Principal Securities Agent for at the request and expense of each Holder (with respect to its own Certificates in bearer form) in whole or in part, Definitive Certificates in bearer form of the same Series (for the avoidance of doubt, prepared in accordance with the terms of the Securities Agency Agreement); provided that if Definitive Certificates in bearer form are issued in partial exchange for an interest in this Permanent Global Security, such issuance shall (unless the Certificates which would continue to be represented by this Permanent Global Security would be regarded by Euroclear and Clearstream, Luxembourg as fungible with any such Definitive Certificates in bearer form issued in partial exchange for interests in this Permanent Global Security) give rise to the exchange of this Permanent Global Security in whole for, at the option of the Holders entitled thereto, Definitive Certificates in bearer form substantially in the form of Schedule 1, Part D of the Securities Agency Agreement and, in each case, in an aggregate Nominal Amount equal to that portion of this Permanent Global Security requested to be so exchanged. Upon such presentation for exchange the Issuer shall procure that the Principal Securities Agent completes authenticates and delivers Certificates in such forms and in such an aggregate Nominal Amount as so requested as provided above. The aggregate Nominal Amount of this Permanent Global Security shall be reduced on exchange as specified below. Upon final exchange, this Permanent Global Security shall become void.

For purposes of this Permanent Global Security, "**Exchange Date**" means the date that is the earlier of (i) the first Business Day following the expiration of a period of 40 days after the original issue date of the Certificates

represented hereby (or the "restricted period" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)).

Upon any redemption or purchase hereof, in whole or in part, or payment of an instalment of principal hereof or upon any exchange of the whole or any portion of this Permanent Global Security as set forth above, the Principal Securities Agent shall endorse the First Schedule of this Permanent Global Security to reflect the reduction of the Nominal Amount by an amount equal to the aggregate Nominal Amount so exchanged, paid, redeemed or purchased, whereupon the aggregate Nominal Amount of this Permanent Global Security and the Certificates represented by this Permanent Global Security shall be reduced for all purposes by such amount. Except as otherwise provided herein or in the Securities Agency Agreement, until exchanged in full as set forth above, this Permanent Global Security shall in all respects be subject to and entitled to the same benefits and conditions under the Securities Agency Agreement as a duly authenticated and delivered Definitive Certificate in bearer form of this same Series.

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

In witness whereof, **LEHMAN BROTHERS SECURITIES N.V.** has caused this Permanent Global Security to be executed as a deed in its corporate name by a duly authorised officer or director.

Dated: [_____]

Executed as a deed by

LEHMAN BROTHERS SECURITIES N.V.

and signed and delivered as a deed on its behalf

By: 

Name: Jonathan J. Knapp

Title: Managing Director

CERTIFICATE OF AUTHENTICATION

This is the Permanent Global Security representing the Securities described in the Securities Agency Agreement.

For or on behalf of

THE BANK OF NEW YORK, BRUSSELS

By:

Name:

Title:

First Schedule

Issue Date (or date on which the number and/or the Nominal Amount of Certificates represented by this Permanent Global Security is changed)	Increase of the Nominal Amount resulting from exchanges from interests in a Temporary Global Security	Nominal Amount of this Permanent Global Security Exercised or Redeemed	Reduction of the Nominal Amount resulting from exchanges for Definitive Certificates in bearer form	Remaining Nominal Amount of this Permanent Global Security	Notation made by or on behalf of Principal Securities Agent
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Second Schedule

Form of Final Terms/Drawdown Prospectus