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EXECUTION COPY

LEHMAN BROTHERS SECURITIES N.V.

LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A.

and

LEHMAN BROTHERS BANKHAUS AG
as Issuers

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

THE BANK OF NEW YORK, FILIALE FRANKFURT AM MAIN
as German Securities Agent

LEHMAN BROTHERS HOLDINGS INC.
as Guarantor

LEHMAN BROTHERS INC.
as Broker-Dealer

SUPPLEMENTAL AGREEMENT

Amending an Amended and Restated Master Warrant and
Certificate Agreement dated as of 8 August 2007

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THIS SUPPLEMENTAL AGREEMENT is dated October 2007

BETWEEN

(1) **LEHMAN BROTHERS SECURITIES N.V.**, a company incorporated in the Netherlands Antilles whose registered office is E-Commercepark, E-Zone Vredenberg, Hoek Heelsumstraat, Hugenolzweg, Curaçao, The Netherlands Antilles, **LEHMAN BROTHERS (LUXEMBOURG) EQUITY FINANCE S.A.**, a company incorporated in the Duchy of Luxembourg whose registered office is 1 Allée Scheffer, L-2520, Luxembourg, Luxembourg and **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, the Luxembourg Securities Agent and the German Securities Agent (each as defined below) and any additional warrant and certificate agent that may be appointed by the Issuers, 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 (as defined above), the Luxembourg Securities Agent and the German Securities Agent (each as defined below) and any additional warrant and certificate agent that may be appointed by the Issuers, 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**" and, where the context requires, together with the US Securities Agent, the Belgian Securities Agent (each as defined above) and the German Securities Agent (as defined below) and any additional warrant and certificate agent that may be appointed by the Issuers, the "**Securities Agents**");

(5) **THE BANK OF NEW YORK, FILIALE FRANKFURT AM MAIN,** a bank organised under the laws of Germany and whose principal office is at Niedenau 61-63, 60325 Frankfurt am Main, Germany (the "**German Securities Agent**" and, where the context requires, together with the US Securities Agent, the Belgian Securities Agent and the Luxembourg Securities Agent (each as defined above) and any additional warrant and certificate agent that may be appointed by the Issuers, the "**Securities Agents**");

(6) **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

(7) **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 established a programme for the issuance of warrants and certificates (together, the "**Securities**") pursuant to and in accordance with the terms of an amended and restated master warrant and certificate agreement dated 8 August 2007 (the "**Existing Agreement**").

(B) The parties have agreed to amend the Existing Agreement in the manner set out below.

IT IS AGREED as follows:

1. **INTERPRETATION**

Clause 1.1 (*Interpretation*) of the Existing Agreement shall apply, *mutatis mutandis*, as if set out herein. Terms not defined herein shall have the meaning given to them in the Existing Agreement.

2. **AMENDMENT TO THE EXISTING AGREEMENT**

2.1 With effect from the date of this Agreement, Schedule 11 (*Terms and Conditions of the Securities*) of the Existing Agreement shall be amended to conform to the amendments in Clause 2.2 below.

2.2 Condition 10(a) (*Settlement-Cash Settled Securities*) shall be amended by the insertion, immediately before paragraph (iii), of the following new paragraphs (iii), (iv) and (v) and the consequent renumbering of the existing paragraph (iii) as paragraph (vi):

(iii) *Settlement Currency Unavailable*

In the event that the Settlement Currency is unavailable for delivery to Holders of Securities by or on behalf of the Issuer for any reason including due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, or is no longer used by the government of the country which issued such currency or for the settlement of transactions by public institutions of or within the international banking community, to the extent reasonably possible, payments hereunder will be made by the Issuer in US Dollars on the basis of the last available market exchange rate preceding the day on which such payment is due, as determined by the Calculation Agent.

(iv) *Redenomination of Settlement Currency*

In the event of an official redenomination of the Settlement Currency the obligations of the Issuer to make payments in or with reference to such currency shall, in all cases, be deemed immediately following such redenomination to be obligations to make payments in or with reference to that amount of redenominated currency representing the amount of such currency immediately before such redenomination. Except to the extent that the applicable Final Terms provide for the adjustment of the any amount payable in respect of such Securities pursuant to application of the formulas provided for in the applicable Final Terms, no adjustment will be made to any amount payable under such Security as a result of any change in the value of the Settlement Currency thereof relative to any other currency due solely to fluctuations in exchange rates.

(v) *Determinations Conclusive*

All determinations referred to in Conditions 10(a)(iii) and 10(a)(iv) above made by the Calculation Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and all Holders of Securities. Holders of Securities shall not be entitled to make any claim whatsoever against the Issuer on account of or in relation to such determinations regardless of any errors or omissions with respect thereto which may be made by the Calculation Agent.

3. **SEVERABILITY**

If any one or more of the provisions contained in this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or otherwise disturbed thereby.

4. **COUNTERPARTS**

This Agreement may be executed in counterparts, all of which when taken together shall constitute one and the same instrument.

5. **CONSTRUCTION**

The Existing Agreement and this Agreement shall henceforth be read and construed together as one document.

6. **GOVERNING LAW**

This Agreement is governed by, and shall be construed in accordance with, English law. The provisions of Sub-clauses 8.6(b), (c), (d) and (e) of the Existing Agreement shall apply to this Agreement *mutatis mutandis*.

7. **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 SECURITIES N.V.
as Issuer

By:

Title: J. J. KAMPP MANAGING DIRECTOR

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

By:

Title:

LEHMAN BROTHERS BANKHAUS AG
as Issuer

By:

Title:

LEHMAN BROTHERS HOLDINGS INC.
as Guarantor

By:

Title:

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

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Title:

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

By:

Title:

THE BANK OF NEW YORK, FILIALE FRANKFURT AM MAIN
as German Securities Agent

By:

Title:

LEHMAN BROTHERS INC.
as LBI

By:

Title: