

FINAL TERMS dated 5 May 2006

LEHMAN BROTHERS TREASURY CO. B.V.

Issue of USD 5,000,000 Index-Linked Redemption Notes due May 2009

linked to a Basket of Indices

Guaranteed by Lehman Brothers Holdings Inc.

under the U.S.\$ 45,00,000,000

Euro Medium-Term Note Retail Program

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Debt Issuance Program Prospectus dated 26 August 2005. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Debt Issuance Program Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Debt Issuance Program Prospectus.

Information Concerning Investment Risk

Noteholders and prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. The performance of the Indices (as defined below) may affect the nature and value of the investment return on the Notes. Also, a relatively small movement in the value of the Indices could result in a disproportionately large movement in the value of the Notes. Noteholders and prospective purchasers of Notes should conduct their own investigations and, in deciding whether or not to purchase Notes, prospective purchasers should form their own views of the merits of an investment related to the Indices based upon such investigations and not in reliance on any information given in these Final Terms.

Investors should make their own investment, hedging and trading decisions (including decisions regarding the suitability of this investment), based upon their own judgment and upon advice from such advisers as such investors deem necessary and not upon any view expressed by the Issuer, the Guarantor or the Dealer.

- | | | |
|-----|---|---|
| 1. | (i) Issuer: | Lehman Brothers Treasury Co. B.V. |
| | (ii) Guarantor: | Lehman Brothers Holdings Inc. |
| 2. | (i) Series Number: | 4192 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | U.S. Dollar (“ USD ”) |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | USD 5,000,000 |
| | (ii) Tranche: | USD 5,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| | | <p>In connection with the offer and sale of the Notes, the Dealer will pay to a distributor (the “Distributor”) a distribution fee based on the performance of the Notes. Any such amount received by the Distributor will be in addition to the brokerage cost/fee normally applied by such Distributor. Further information is available from the Distributor on request</p> |
| 6. | Specified Denomination: | USD 5,000 |
| 7. | Issue Date: | 5 May 2006 |
| 8. | Maturity Date: | 5 May 2009, subject to adjustment in accordance with the Modified Following Business Day Convention |
| 9. | Interest Basis: | Not Applicable |
| 10. | Redemption/Payment Basis: | Index-Linked Redemption as described in the Annex hereto |
| 11. | Change of Interest or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Not Applicable |
| 13. | (i) Status of the Notes: | Senior Notes |
| | (ii) Status of the Guarantee: | Senior Guarantee |

14. Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: Not Applicable

16. Floating Rate Note Provisions: Not Applicable

17. Zero Coupon Note Provisions: Not Applicable

18. Index-Linked Interest Note/Other Variable-Linked Interest Note Provisions: Not Applicable

19. Dual Currency Note Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Call Option: Not Applicable

21. Put Option: Not Applicable

22. Final Redemption Amount of each Note: As described in the Annex hereto

23. Early Redemption Amount of each Note:

Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions):

In respect of each Note, an amount equal to the fair market value (less the reasonable cost to the Issuer of unwinding any related hedging arrangements) of such Note on such day as is selected by the Calculation Agent in its sole and absolute discretion (provided that such day is not more than 15 days before the date fixed for redemption of the Note)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Interests in a temporary global Note in bearer form are exchangeable for interests in a permanent global Note in bearer form

25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): Not Applicable

26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit Not Applicable

the Notes and interest due on late payment:

- | | |
|---|----------------|
| 27. Details relating to Instalment Notes: Instalment Amounts and Instalment Dates: | Not Applicable |
| 28. Details relating to Extendible Notes: | Not Applicable |
| 29. Details relating to Renewable Notes: | Not Applicable |
| 30. Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 31. Consolidation provisions: | Not Applicable |
| 32. Other final terms: | Not Applicable |

DISTRIBUTION

- | | |
|--|--|
| 33. (i) If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable |
| (ii) Date of Subscription Agreement: | Not Applicable |
| (iii) Stabilizing Manager (if any): | Not Applicable |
| 34. If non-syndicated, name and address of Dealer: | Lehman Brothers International (Europe) 25 Bank Street London E14 5LE |
| 35. Total commission and concession: | Not Applicable |
| 36. Selling restrictions: | |
| (i) Netherlands Selling Restrictions: | Not Applicable |
| (ii) Additional Selling Restrictions: | In purchasing the Notes, the Noteholder or any person or entity purchasing the Notes for a Noteholder represents and warrants to the Issuer, the Guarantor and the Dealer that : (1) It is not (i) a “Person Resident in India” as the term is used in the Foreign Exchange Management Act, 1999 (the “Act”), or (ii) a “Non- Resident Indian”, a “Person of Indian Origin” or an “Overseas Corporate Body” as those terms are used in the Foreign Exchange Management |

(Deposit) Regulations 2000 as notified by the Reserve Bank of India (the “**Regulations**”);

- (2) it will not sell any Notes to any person it believes, or has reasonable grounds to believe, may be a “Person Resident in India”, a “Non-Resident Indian”, a “Person of Indian Origin” or an “Overseas Corporate Body” as those terms are used in the Act and the Regulations;
- (3) it is an entity regulated by the relevant regulatory authority in the country of its establishment or incorporation in terms of Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (the “**FII Regulations**”);
- (4) it will not transfer any Notes to any entity or person other than an entity regulated by the relevant regulatory authority in the country of its establishment or incorporation, in terms of the FII Regulations; in particular, in any sales of Notes to individual clients, it will do so pursuant to clause (e) of Circular No. IMD/CUST/13/2004 of the Securities and Exchange Board of India (“**SEBI**”);
- (5) as a condition of any transfer of any Notes or any interest thereto, it will (a) provide to the transferee(s) a letter in form and substance identical to this letter; (b) provide to Lehman Brothers the name and registered address of the transferee(s) and the name and jurisdiction of the regulator(s) of the transferee(s); and (c) ensure that any further downstream transfer of the Notes or any interest thereto by any

transferee is subject to these representations and the selling restrictions; and

- (6) upon the Issuer's or Dealer's request, it will promptly provide to it such information as is requested or required by SEBI or other governmental bodies in India in order that we could revert to them on a timely basis, such information includes, without limitation, information relating to its underlying client or house accounts

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: None
- (ii) Admission to Trading: Not Applicable

1. RATINGS

The Program has been rated:

Standard & Poor's

| | |
|--------------------------|-----|
| Senior Debt (Long term) | A+ |
| Subordinated debt | A |
| Senior Debt (Short term) | A-1 |

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong. Negative means that a rating may be lowered.

A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong.

Moodys

| | |
|---------------------------|---------|
| Senior Debt (Long term) | A1 |
| Subordinated debt | A2 |
| Debt ratings (Short term) | Prime-1 |

Obligations rated A are considered upper-medium grade and are subject to low credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category and the modifier 2 indicates a mid-range ranking.

Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

2. NOTIFICATION

Not Applicable

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Not Applicable

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Not Applicable

5. **YIELD (Fixed Rate Notes only)**

Not Applicable

6. **HISTORIC INTEREST RATES (Floating Rate Notes only)**

Not Applicable

7. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-linked or other variable Linked Notes only)**

See the Annex hereto

Details on historical levels of the Indices can be found on the following websites:

- In relation to the AMEX Hong Kong 30: www.amex.com;
- In relation to the Nifty: www.nsindia.com; and
- In relation to the Nikkei 225: www.nni.nikkei.co.jp.

The Issuer does not intend to provide post issuance information regarding any of the Indices

9. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)**

Not Applicable

10. **OPERATIONAL INFORMATION**

ISIN Code: XS0251416367

Common Code: 025141636

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Telekurs – CH2527059

Delivery: Delivery against payment

The Aggregate Nominal Amount of Notes issued has been translated into U.S. Dollars at the rate of U.S.\$1.00 = [] producing a sum of (for Notes not denominated in U.S. Dollars): Not Applicable

Names and addresses of Additional Paying Not Applicable

Agent(s) (if any):

ANNEX

1. Final Redemption Amount of each Note

Unless previously redeemed or purchased and cancelled as specified in these Final Terms and in the Conditions, each Note will be redeemed by the Issuer on the Maturity Date at a Final Redemption Amount (“FRA”) in the Specified Currency determined by the Calculation Agent in accordance with the following formula:

$$\text{FRA} = \text{SD} \times \left(100\% + 90\% \times \text{Max} \left[\sum_{i=1}^3 \text{Weight}_i \times \frac{(\text{Final Closing Level}_i - \text{Initial Closing Level}_i)}{\text{Initial Closing Level}_i}; 0 \right] \right)$$

Where:

“**Final Closing Level_i**” means, in relation to each Index, the arithmetic average of the Closing Levels of that Index on each Observation Date, as determined by the Calculation Agent;

“**Max**” followed by a series of numbers inside brackets mean whichever is the greater of the numbers separated by a “;” inside those brackets; and

“**SD**” means the Specified Denomination of a Note; and

“**Weight_i**” means, in relation to each Index, 33.33 per cent.

2. Definitions

In these Final Terms (including this Annex), the following expressions shall have the following meanings:

“**AMEX Hong Kong 30**” means the AMEX Hong Kong 30 Index (Bloomberg: HKX), a broad-market index that measures the composite price performance of 30 stocks actively traded on the relevant exchange and which is currently compiled and calculated by the relevant Index Sponsor;

“**Basket**” means an equally-weighted basket comprising the two Indices described in the table below (or any Successor Index (as defined below) selected by the Calculation Agent in accordance with the terms of this Annex):

| i | Index | Bloomberg |
|----------|-------------------|------------------|
| 1 | AMEX Hong Kong 30 | HKX |
| 2 | Nifty | NIFTY |
| 3 | Nikkei 225 | NKY |

“Calculation Agent” means Lehman Brothers International (Europe) of 25 Bank Street, London E14 5LE, United Kingdom;

“Closing Level_i” means, in respect of each Index and any Scheduled Trading Day, the level of the relevant Index on the Exchange at the Valuation Time on that day, as determined by the Calculation Agent;

“Disrupted Day” means, in respect of each Index, any Scheduled Trading Day on which the Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

“Early Closure” means, in respect of each Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to the securities thereof that comprise 20 per cent. or more of the level of such 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 (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) 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;

“Exchange” means:

- (A) in respect of the AMEX Hong Kong 30: the the Stock Exchange of Hong Kong;
- (B) in respect of the Nifty: the Bombay National Stock Exchange; and
- (C) in respect of the Nikkei 225: the Tokyo Stock Exchange,

and/or, in each case, any successor to such exchange or quotation system and **“Exchanges”** means, as the context requires, such stock exchanges or quotation systems in respect of all or any one or more of the Indices;

“Exchange Business Day” means, in respect of each Index, any Scheduled Trading Day on which the relevant Exchange and relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time;

“Exchange Disruption” means, in respect of each Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions on the relevant Exchange in securities thereof that comprise 20 per cent. or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on the relevant Related Exchange;

“Index” means each of (i) the AMEX Hong Kong 30, (ii) the Nifty and (iii) the Nikkei 225 (together, the **“Indices”**), each of which is currently sponsored by the relevant Index Sponsor;

“Index Sponsor” means:

- (A) in respect of the AMEX Hong Kong 30: American Stock Exchange LLC;
- (B) in respect of the Nifty: [India Index Services and Products Ltd.](#); and
- (C) in respect of the Nikkei 225: Nihon Keizai Shimbun, Inc.,

and/or, as the context requires or permits, any successor sponsor accepted by the Calculation Agent pursuant to section 4 below;

“Initial Closing Level_i”, in relation to each Index, has the meaning ascribed to it in the right-hand column of the table below:

| i | Index | Initial Closing Level |
|----------|-------------------|------------------------------|
| 1 | AMEX Hong Kong 30 | 823.96 |
| 2 | Nifty | 3,454.80 |
| 3 | Nikkei 225 | 17,563.37 |

“Market Disruption Event” means, in respect of each Index, the occurrence or existence, in respect of any component security thereof of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time, or (iii) an Early Closure;

For the purposes of determining whether a Market Disruption Event exists in respect of any Index at any time, if a Market Disruption Event occurs in respect of a component security thereof at that time, then the relevant percentage contribution of that component security to the level of the relevant Index shall be based on a comparison of (x) the portion of the level of the relevant Index attributable to that component security to (y) the overall level of the relevant Index, in each case immediately before the occurrence of such Market Disruption Event;

“Nikkei 225” means the Nikkei Stock Average (Bloomberg: NKY), a stock index that is composed of 225 stocks which is currently compiled and calculated by the relevant Index Sponsor;

“Observation Date” means each of 7 April 2008, 7 May 2008, 7 June 2008, 7 July 2008, 7 August 2008, 7 September 2008, 7 October 2008, 7 November 2008, 7 December 2008, 7 January 2009, 7 February 2009, 7 March 2009 and 7 April 2009 (the **“Final Observation Date”**) provided, however, that if any such day is not a Scheduled Trading Day then the relevant Observation Date shall be the first succeeding day which is a Scheduled Trading Day, and subject as provided in section 3 of this Annex (*Disrupted Days*);

“Related Exchange” means, in respect of each Index, 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 the relevant Index, as determined by the Calculation Agent and **“Related Exchanges”** mean, as the context requires, such exchanges or quotation systems in respect of all or any one or more of the Indices;

“Nifty” means the S&P CNX Nifty Index (Bloomberg: NIFTY), a stock index that is composed of 50 stocks accounting for 25 sectors of the economy of the Republic of India which is currently compiled and calculated by the relevant Index Sponsor;

“Scheduled Closing Time” means, in respect of an Exchange or a 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;

“Trading Disruption” means, in respect of each Index, 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 (i) on any relevant Exchange relating to securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; and

“Valuation Time” means the official close of trading on the relevant Exchange.

3. **Disrupted Days**

If, in respect of any Index, any Observation Date is a Disrupted Day, then that Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the scheduled Observation Date and the Observation 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 relevant Index, unless there is a Disrupted Day relating to that Index on each of the eight Scheduled Trading Days immediately following the date that, but for the failure to open for trading during its regular trading session or the Market Disruption Event, would have been the relevant Observation Date. In that case:

- (a) The earlier of (i) that eighth following Scheduled Trading Day and (ii), where applicable, the third weekday (meaning a day other than a Saturday or Sunday) prior to or the Maturity Date shall be deemed to be the relevant Observation Date for the relevant Index notwithstanding it is a Disrupted Day (the **“Deemed Date”**); and

- (b) the Calculation Agent shall determine its good faith estimate of the level of that Index that would have prevailed but for that Disruption Day as of the Valuation Time on that Deemed Date based on the formula for and method of calculating the relevant Index last in effect prior to the occurrence of the first Disrupted Day using the relevant Exchange traded or quoted price as of the Valuation Time of each security comprised in the relevant Index on that Deemed Date or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that Deemed Date, its good faith estimate of the value for the relevant component security as of the Valuation Time on that Deemed Date.

4. **Adjustments to Indices**

- 4.1 **Successor Index:** If any Closing Level_i is (i) not calculated and announced by the relevant Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the 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 relevant Index.
- 4.2 **Index Adjustment Event:** If (i) on or prior to the Final Observation Date, an Index Sponsor announces that it will make a material change in the formula for or the method of calculating any 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 capitalization and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”) or (ii) on any Observation Date, the relevant Index Sponsor fails to calculate and announce any Index (an “**Index Disruption**” and together with an Index Modification and an Index Cancellation, each an “**Index Adjustment Event**”), then the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall make its determination for the purposes of calculating the Early Redemption Amount or the Final Redemption Amount, as the case may be, using, in lieu of a published level for the relevant Index, the level for that Index as at the relevant Observation Date, as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant 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.

5. **Correction of Index**

In the event that any Closing Level_i is subsequently corrected and the correction is published by the relevant Exchange or Index Sponsor within one Settlement Cycle after the original publication, the Calculation Agent will determine the amount that is payable as a result of that correction, and, to the extent necessary, will adjust the provisions of these Final Terms or the Conditions to account for such correction, provided that any correction effected and published after the third weekday (meaning any day of the week except a Saturday or Sunday) before the Maturity Date shall be ignored.

For the purposes of this section 5 the following terms shall have the following respective meanings:

“Clearance System” means, in respect of any Index at any time, the domestic clearance system customarily used for settling trades in the securities comprised in the relevant Index at that time;

“Clearance System Business Day” means, in respect of a Clearance System, any day on which such Clearance System is (or but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions;

“Settlement Cycle” means the period of Clearance System Business Days following a trade in the securities comprised in the relevant Index on the relevant Exchange in which settlement will customarily occur according to the rules of such Exchange (or if there are multiple Exchanges in respect of the Index, the longest such period); and

“Settlement Disruption Event” means an event beyond the control of the Issuer as a result of which the relevant Clearing System cannot clear the transfer of securities comprised in the relevant Index.

6. **Hedging Disruption Event**

If a Hedging Disruption Event occurs, the Calculation Agent shall, if it determines in its sole and absolute discretion that such Hedging Disruption Event is material:

- (a) either make such adjustment(s) (if any) to these Final Terms or such determination as the Calculation Agent considers appropriate; or
- (b) procure the Issuer to cancel the Notes in which case the Issuer shall thereupon become obliged to pay the Cancellation Amount (if any) in respect of each Note on such day as the Calculation Agent determines.

Where:

“Cancellation Amount” means an amount in the Specified Currency:

- (i) determined by the Calculation Agent in its sole and absolute discretion acting in good faith and using Commercially Reasonable Procedures in order to produce a commercially reasonable result and determined as of the date that the Notes are cancelled or, if that would not be commercially reasonable, as of such date following the date that the Notes are cancelled as would be commercially reasonable;
- (ii) to be paid to the Noteholders following a cancellation, being the economic equivalent of (a) the material terms of the Notes, including the payments in respect of the Notes that would, but for the cancellation, have been required on or after the date that the Notes are, or are deemed to have been, cancelled (assuming satisfaction of any applicable conditions precedent with respect to the

Notes) and (b) any option rights of the Noteholders in respect of the relevant Notes as the Calculation Agent may consider to be relevant; and (c) less any reasonable costs to the Issuer of unwinding any related hedging arrangements,

and where, in determining such amount, the Calculation Agent may in its sole and absolute discretion, consider any relevant information, including, without limitation, one or more of the following types of information:

- (a) quotations (either firm or indicative) supplied by one or more third parties that may take into account the current creditworthiness of the Calculation Agent at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Calculation Agent and the third party providing the quotation;
- (b) information consisting of relevant market data in the relevant markets supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads correlation or other relevant market data in the relevant market; or
- (c) information of the types described in (a) or (b) above from internal sources (including any affiliates of the Calculation Agent) if that information is of the same type used by the Calculation Agent in the regular course of its business for the valuation of similar transactions;

“Commercially Reasonable Procedures” means procedures which may include the following:

- (a) application of relevant market data from third parties or information from internal sources of pricing or other valuation models that are, at the time of determination of the Cancellation Amount, used by the Calculation Agent in the regular course of its business in pricing or valuing transactions between the Calculation Agent and unrelated third parties that are similar to the Notes; and
- (b) application of such valuation methods as is appropriate to the type, complexity or size of the transaction;

“Hedging Disruption Event” means, in relation to the Notes and the Nifty, an event which results in the Hedging Party being unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any relevant 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 Notes, or (b) realize, recover or remit the proceeds of any such relevant transaction(s) or asset(s) which shall include but shall not be limited to, any prevention, limitation or other restriction:

- (i) on foreign exchange transactions involving the Relevant Currency through legal channels (including, without limitation, any such prohibition, limitation or

restriction affecting the conversion or delivery of the Relevant Currency into the Specified Currency; and

- (ii) of the delivery of the Specified Currency from accounts within the Relevant Country to accounts outside such jurisdiction or the delivery of the Relevant Currency between accounts within the Relevant Country to a person who is a non-resident of that jurisdiction), including any action by any authority of the Relevant Country in the event of natural calamities, wars, conflict or arms or grave and sudden changes in domestic or foreign economic circumstances or other similar circumstances pursuant to any law or regulation of the Relevant Country;

“**Hedging Party**” means the Issuer, any of its affiliates or any over-the-counter derivatives transaction counterparty in relation to any hedge transaction established and/or unwound in connection with the Notes;

“**Relevant Country**” means the Republic of India; and

“**Relevant Currency**” means the lawful currency of the Relevant Country.

6. **Notification of Cancellation Amount, Early Redemption Amount, Final Redemption Amount, Disrupted Days**

6.1 **Notice to Issuer:** As soon as reasonably practicable after calculating or otherwise determining the Cancellation Amount, the Early Redemption Amount or the Final Redemption Amount, as the case may be, the Calculation Agent shall give notice of the relevant amount to the Issuer.

6.2 **Notice of Disrupted Day:** The Calculation Agent shall as soon as reasonably practicable notify the Issuer of the existence or occurrence of a Disrupted Day on any day which but for such Disrupted Day would have been any Observation Date.

6.3 **Notice to Noteholders:** Adjustments in accordance with the foregoing sections shall be calculated by the Calculation Agent, shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) and shall be (in the absence of manifest error) binding on all parties concerned. However, Noteholders should be aware that there may be, necessarily, some delay between the time at which any of the above events occur and the time at which it is reported to Noteholders.

7. **The Calculation Agent**

7.1 The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations and determinations as provided in the Terms and Conditions except such as may result from its own wilful default, gross negligence or bad faith. The calculations and determinations of the Calculation Agent shall be made in accordance with the Terms and Conditions (having regard in each case to the criteria stipulated herein and where relevant on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant

calculation or determination) and shall, in the absence of manifest error, be final, conclusive and binding on the Noteholders. Noteholders shall not be entitled to make any claim against the Calculation Agent, the Issuer or the Guarantor in the case where the Index Sponsor shall have made any error, omission or other incorrect statement in connection with the calculation and public announcement of the Index.

- 7.2 Nothing contained herein shall prevent the Calculation Agent from dealing in these Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its affiliates) or any holder of Notes (or any of its affiliates).

8. Index Disclaimers

- 8.1 In respect of the AMEX Hong Kong 30:

THE AMEX HONG KONG 30 INDEX (HKX) (“INDEX”) IS SPONSORED BY, AND IS A SERVICE MARK OF, THE AMERICAN STOCK EXCHANGE LLC (THE “EXCHANGE”). THE INDEX IS BEING USED WITH THE PERMISSION OF THE EXCHANGE. THE AMERICAN STOCK EXCHANGE LLC (THE “EXCHANGE”) IN NO WAY SPONSORS, ENDORSES OR IS OTHERWISE INVOLVED IN THE TRANSACTIONS SPECIFIED AND DESCRIBED IN THIS DOCUMENT (THE “TRANSACTION”) AND THE EXCHANGE DISCLAIMS ANY LIABILITY TO ANY PARTY FOR ANY INACCURACY IN THE DATA ON WHICH THE AMEX HONG KONG 30 INDEX (HKX) (“INDEX”) IS BASED, FOR ANY MISTAKES, ERRORS, OR OMISSIONS IN THE CALCULATION AND/OR DISSEMINATION OF THE INDEX, OR FOR THE MANNER IN WHICH IT IS APPLIED IN CONNECTION WITH THE TRANSACTION.

- 8.2 In respect of the Nifty:

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