

Final Terms dated 30 March 2007

LEHMAN BROTHERS TREASURY CO. B.V.

**Issue of EUR 15,000,000 Euro Turkish Notes due 2011
Guaranteed by Lehman Brothers Holdings Inc.
under the U.S.\$60,000,000,000
Euro Medium-Term Note Program**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 9 August 2006, the supplemental Prospectus No.1 dated 29 August 2006, the supplemental Prospectus No.2 dated 6 September 2006, the supplemental Prospectus No. 3 dated 26 September 2006, the supplemental Prospectus No. 4 dated 17 October 2006, the supplemental Prospectus No.5 dated 19 December 2006, the supplemental Prospectus No.6 dated 6 February 2007, the supplemental Prospectus No.7 dated 6 February 2007, the supplemental Prospectus No.8 dated 6 February 2007, the supplemental Prospectus No.9 dated 6 February 2007, the supplemental Prospectus No.10 dated 14 February 2007, and the supplemental Prospectus No.11 dated 16 March 2007 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented.

There are significant risks associated with the notes described above including, but not limited to interest rate risk, price risk, liquidity risk, redemption risk, and credit risk. Especially, investors in the Notes are exposed to the risks of changes in the foreign exchange rates and interest rates, as well as the credit risk of the Issuer and the Guarantor and accordingly the Notes may fall due for redemption at a value substantially below the return which could be earned on other investments.

Investors should consult their own financial, legal, accounting, and tax advisors about the risks associated with an investment in these notes, the appropriate tools to analyze that investment, and the suitability of that investment in each investor's particular circumstances. No investor should purchase the notes described above unless that investor understands and has sufficient financial resources to bear the price, market, liquidity, structure, redemption, and other risks associated with an investment in these notes.

The market value can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these notes.

1. (i) Issuer: Lehman Brothers Treasury Co. BV
(ii) Guarantor: Lehman Brothers Holdings Inc.
2. (i) Series Number: 6175
(ii) Tranche Number: 1
3. Specified Currency or Currencies: Euro ("EUR")
4. Aggregate Nominal Amount:
(i) Series: EUR 15,000,000
(ii) Tranche: EUR 15,000,000
5. Issue Price: 100 per cent (a fee of 6.15% has been paid in connection with the distribution of the Notes)
6. Specified Denominations: EUR 1,000 and whole multiples of EUR 1,000 (with a Minimum Trading Size of EUR 1,000)
7. (i) Issue Date: 30 March 2007
(ii) Interest Commencement Date: Not Applicable
8. Maturity Date: 30 March 2011
9. Interest Basis: Not Applicable
10. Redemption/Payment Basis: The Redemption Amount payable on redemption is linked to certain foreign exchange currency rates. See Annex A
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:**

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: See Annex A
- (ii) Calculation Agent responsible for determining the Final Redemption Amount: Lehman Brothers International (Europe)
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: See Annex A
- (iv) Determination Date(s): Not Applicable
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: See Annex A
- (vi) Payment Date: Not Applicable
- (vii) Minimum Final Redemption Amount: 100% of Specified Denomination. See Annex A

(viii) Maximum Final Redemption Amount: Not Applicable

23. FX Linked Disruption Event and Disruption Fallback Provisions

Category 1 Disruption Events Price Source Disruption
 applicable:

Price Materiality:

Price Materiality Percentage:0.50%

Category 2 Disruption Events Dual Exchange Rate
 applicable:

Illiquidity:

Minimum Amount:\$100,000,000

Inconvertibility

Non-Transferability

Material Change in Circumstance

24. Early Redemption Amount of each Note

Early Redemption Amount(s) of each Note 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 calculated by the Calculated Agent, acting in good faith and a commercially reasonable manner, as the market value of the Notes (disregarding credit risk of the Issuer) determined after taking into account any Unwind Costs in respect of such Note, together with any interest accrued but unpaid, 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)

“**Unwind Costs**” mean an amount equal to the greater of:

(a) the EUR value of any transfer or stamp tax cost, any early redemption or termination cost, if any, payable by the Issuer and/or Calculation Agent, as determined by the Calculation Agent, in its sole and absolute discretion, in relation to any swap agreement, financing arrangement or other hedging transaction entered into by, or on behalf of, the Calculation Agent or the Issuer in relation

to the issuance of the Notes; and

(b) zero.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | |
|---|---|
| 25. Form of Notes: | Bearer form. Interests in a temporary global Note will be exchangeable for (i) interests in a permanent global Note in bearer form, or (ii) definitive Notes in bearer form. Interests in a permanent global Note will be exchangeable for definitive Notes in bearer form in the limited circumstances described in the permanent global Note. |
| 26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Not Applicable |
| 27. 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 the Notes and interest due on late payment: | Not Applicable |
| 28. Details relating to Instalment Notes and Instalment Dates: | Not Applicable |
| 29. Details relating to Extendible Notes: | Not Applicable |
| 30. Details relating to Renewable Notes: | Not Applicable |
| 31. Redenomination, renominalisation and reconventioning provisions: | Not Applicable |
| 32. Consolidation provisions: | Not Applicable |
| 33. Other final terms: | Not Applicable |

DISTRIBUTION

- | | |
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| 34. (i) If syndicated, names and addresses of Managers and | Not Applicable |
|--|----------------|

underwriting commitments:

- | | |
|--|--|
| (ii) Date of Subscription Agreement: | Not Applicable |
| (iii) Stabilizing Manager(s) (if any): | Not Applicable |
| 35. If non-syndicated, name and address of Dealer: | Lehman Brothers International (Europe) |
| 36. Total commission and concession: | Not Applicable |
| 37. Selling restrictions: | |
| (i) Netherlands Selling Restrictions: | Not Applicable |
| (ii) Additional Selling Restrictions: | Not Applicable |

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the U.S.\$ 60,000,000,000 Euro Medium-Term Note Program of Lehman Brothers Holdings Inc., Lehman Brothers Treasury Co. B.V. and Lehman Brothers Bankhaus AG.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

Series 6175

PART B - OTHER INFORMATION

1. LISTING

- (i) Listing: The Luxembourg Stock Exchange
- (ii) Admission to trading: Application has been made for the Notes to be admitted to listing and/or trading on the regulated market of the Luxembourg Stock Exchange.
- No assurance can be given as to whether or not or when such application for listing/admission to trading will be granted.
- (iii) Cost of Admission to trading: EUR 1,500

2. RATINGS

Ratings: The Programme has been rated:

Standard & Poor's

Senior Debt (Long term) A+

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. The addition of a plus (+) sign shows relative standing within the major rating categories.

Moodys

Senior Debt (Long term) A1

Obligations rated A are considered upper-medium grade and are subject to low credit risk. The modifier 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.

3. **NOTIFICATION**

The Irish Financial Services Regulatory Authority, or IFSRA, has provided the competent authorities of various Member States (including, but not limited to, the Commissione Nazionale per la Società e la Borsa (Consob), which is the competent authority for Italy) with a certificate of approval attesting that the Prospectus (and any supplement to the Prospectus) has been drawn up in accordance with the Prospectus Directive.

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

Save as discussed in the section headed "Subscription and Sale" of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

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

- | | |
|---------------------------------|--|
| (i) Reasons for the offer: | The net proceeds for the issue of the Notes will be used for the general corporate purposes of the Group |
| (ii) Estimated net proceeds: | EUR 15,000,000 |
| (iii) Estimated total expenses: | EUR 1,500 |

6. **YIELD (Fixed Rate Notes Only)**

Indication of yield: Not Applicable

7. **HISTORIC INTEREST RATES**

Not Applicable

8. **PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

See Annex B – Risk Factors [and Annex C – Scenario Analysis]

9. **OPERATIONAL INFORMATION**

ISIN Code: XS0286535223

Common Code: 028653522

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): Not Applicable

Delivery:

Delivery against payment

The Aggregate Nominal Amount of \$ 19,521,082.77
Notes issued has been translated into
U.S. Dollars at the rate of \$ = € 0.7684
producing a sum of:

Names and addresses of Additional Not Applicable
Paying Agent(s) (if any):

ANNEX A

1. FINAL REDEMPTION AMOUNT

If the Notes have not previously been redeemed, or purchased and cancelled in accordance with the Conditions (as supplemented and amended herein), the Issuer shall redeem the Notes on the Maturity Date (provided that such day is a Business Day, subject to adjustment in accordance with the Business Day Convention) at the Redemption Amount in respect of each Note (of the Specified Denomination) which shall be an amount in EUR equal to the principal amount of each Note (of the Specified Denomination) plus the Additional Amount, if any, floored at zero.

Where:

"**Additional Amount**" means, for each Note of the Specified Denomination, a single EUR amount on the Maturity Date calculated in accordance with the following:

Additional Amount I + Additional Amount II + Additional Amount III

"**Additional Amount I**" means, an amount in EUR determined by the Calculation Agent in accordance with the following formula (as calculated by the Calculation Agent):

$$SD \times 0.15$$

"**Additional Amount II**" means, an amount in EUR determined by the Calculation Agent in accordance with the following formula (as calculated by the Calculation Agent):

$$(SD \times 0.15) \times \left(\frac{\textit{Average Strike} - \textit{Average Settlement Rate}}{\textit{Average Settlement Rate}} \right)$$

"**Additional Amount III**" means, an amount in EUR determined by the Calculation Agent in accordance with in accordance with paragraphs (i) or (ii), as applicable:

- (i) if the Average Settlement Rate is equal to or less than the Average Strike, then:

$$SD \times 0.15$$

- (ii) if the Average Settlement Rate is greater than the Average Strike, then:

$$SD \times 0.00$$

2. OTHER DEFINITIONS

The following words and expressions have the following meanings:

"**Average Settlement Rate**" means, the Arithmetic Average of Settlement Rates on the Valuation Dates.

"**Average Strike**" means, the Arithmetic Average of Settlement Rates on the Strike Setting Dates.

"**Business Day**" means any day on which the TARGET system is operating.

"**Business Day Convention**" means Following Business Day Convention.

"**Reference Currency**" means Turkish Lira ("**TRY**").

"**Reference Exchange Rate**" means the spot exchange rates for the Reference Currency quoted against the Euro ("**EUR**"), expressed as a number of TRY currency units per EUR 1.

"**Settlement Rate**" means, for the Reference Currency, the Reference Exchange Rate on the Valuation Dates or Strike Setting Dates as applicable, according to the applicable Settlement Rate Option(s), as determined by the Calculation Agent in good faith and in a commercially reasonable manner (including but not limited to making such adjustments as are necessary to published quoting conventions, and/or implying the Reference Exchange Rate from one or more Settlement Rate Option in relation to a single Reference Currency).

"**Settlement Rate Option**" means, in respect of the Reference Currency, the spot rate for a Valuation Dates or Strike Setting Dates as applicable, will be the Turkish Lira/Euro fixing rate, expressed as the amount of Turkish Lira per one Euro which appears on Reuters Screen ECB37 to the right of the caption "TRY" at approximately 2:15 p.m., Central European time, on that Valuation Date or Strike Settlement Date, as applicable.

"**Specified Denomination (SD)**" per Note means EUR 1,000.

"**Strike Setting Dates**" means, each of the two Valuation Business Days prior to but excluding 03 April 2007 (currently 30 March 2007 and 02 April 2007).

"**Valuation Business Day**" means, any day on which the TARGET system is operating.

"**Valuation Dates**" means, each of the two Valuation Business Days prior to but excluding the Maturity Date (currently 28 March 2011 and 29 March 2011).

3. DISRUPTION EVENTS AND FALLBACKS

A. Disruption Events

In these provisions, "**Disruption Event**" shall mean, with respect to a series of the Notes, the occurrence, as determined by the Calculation Agent in its sole and absolute discretion of any of Price Source Disruption, Dual Exchange Rate, Illiquidity, Price Materiality, Inconvertibility, Non-Transferability, Material Change in Circumstance and Additional Disruption Event, in each case if specified as applicable in Item 23 above as either a Category 1 Disruption Event (each event so specified a "Category 1 Disruption

Event") or a Category 2 Disruption Event (each event so specified a "Category 2 Disruption Event") provided that no event shall be a Disruption Event unless the Calculation Agent determines in its sole discretion that it may have a materially prejudicial effect on the Issuer's ability to effect, maintain or terminate any hedge relating to its exposure under the Notes.

For the purposes of these provisions:

"Affected Valuation Date" means a Valuation Date in relation to which a Disruption Event has occurred;

"Alternative Settlement Rate Option" with respect to a Reference Currency, means any rate source in respect of such Reference Currency, other than the Settlement Rate Option with respect to such Reference Currency;

"Dual Exchange Rate" means that, with respect to a Reference Currency, the currency exchange rate specified in the Settlement Rate Option applicable to that Reference Currency splits into dual or multiple currency exchange rates;

"Illiquidity" means that it becomes impossible to obtain a firm quote of the Settlement Rate for a Reference Currency for the minimum amount specified in Item 23 above;

"Non-convertibility" means that it becomes impossible to convert generally in the currency markets a Reference Currency into the Base Currency or the Specified Currency as appropriate through customary legal channels; or to convert any Reference Currency into the Base Currency or the Specified Currency as appropriate at a rate at least as favourable as the rate for domestic institutions located in a Reference Currency Jurisdiction;

"Non-Transferability" means that it becomes generally impossible in the markets to deliver amounts denominated in the Base Currency or the Specified Currency as appropriate from accounts inside a Reference Currency Jurisdiction to accounts outside that Reference Currency Jurisdiction or amounts denominated in any Reference Currency between accounts inside the relevant Reference Currency Jurisdiction or to a party that is a non-resident of that Reference Currency Jurisdiction;

"Material Change in Circumstance" means that any event (other than any other Disruption Event or an Event of Default) has occurred and/or is in existence which is beyond the control of the Issuer or the Calculation Agent, with respect to a Reference Currency, that:

- (a) prevents, materially delays or makes it impossible for the Issuer or the Calculation Agent to fulfil any of their obligations under the Notes; or
- (b) generally makes it impossible for the Issuer or any of its affiliates through which it hedges its exposure under the Notes to continue to hedge with other market participants such exposure in its entirety or in any material part or to terminate any hedge of such exposure;

"Price Materiality" means the Calculation Agent determines that, with respect to a Reference Currency, the Settlement Rate Option materially differs from any quote obtained by the Calculation Agent on the currency markets;

"Price Source Disruption" means that it becomes impossible to obtain the Reference Exchange Rate from the pricing source with respect to a Reference Currency on any Valuation Date (or if different, the day on which rates for that Reference Currency would, in the ordinary course, be published or announced by the relevant pricing source with respect to that Valuation Date);

"Reference Currency Jurisdiction" with respect to any Reference Currency, means the country of which such Reference Currency is the lawful currency;

"Settlement Rate" means with respect to a Reference Currency and subject to any disruption event or fallback provisions, means the level of the Reference Exchange Rate for such Reference Currency, as determined by the Calculation Agent in good faith and in a commercially reasonable manner (including but not limited to making such adjustments as are necessary to published quoting conventions and/or implying the Reference Exchange Rate from one or more Settlement Rate Options in relation to a Reference Currency);

"Valuation Date" means, for the purpose of these Disruption Event and Fallback provisions, each Valuation Date and Strike Setting Date.

B. Disruption Fallbacks

(i) Category 1 Disruption Event on a Valuation Date

If the Calculation Agent determines in its sole discretion and acting in a commercially reasonable manner that a Category 1 Disruption Event has occurred on a Valuation Date in respect of a Settlement Rate (an "Affected Settlement Rate"), then such Affected Settlement Rate for such Valuation Date will be the rate determined by the Calculation Agent:

(A) using the Alternative Settlement Rate Option for the relevant Reference Currency; or

(B) if there is no Alternative Settlement Rate Option for the relevant Reference Currency, or the Alternative Settlement Rate Option (or, if there is more than one Alternative Settlement Rate Option, each Alternative Settlement Rate Option), in the determination of the Calculation Agent, is affected by the occurrence of a Category 1 Disruption Event, in its sole discretion, acting in good faith and taking into account such information available to it that it deems relevant.

(ii) Category 2 Disruption Event

If, at any time (the "Determination Time") on any day (which may but need not be a Valuation Date), the Calculation Agent determines in its sole discretion acting in a commercially reasonable manner that a Category 2 Disruption Event has occurred and is outstanding in respect of a Settlement Rate or a Reference

Currency, other than in relation to any calculations or determinations under the Notes which have already been made by the Calculation Agent, then:

- (A) the Issuer will, subject to (B) and (C) below, fix the relevant Settlement Rate for such Reference Currency at the prevailing rate of exchange immediately prior to the Determination Time with such adjustment as the Calculation Agent determines is necessary to compensate the Issuer for the costs of unwinding or re-establishing any transaction required in order to hedge its exposure under the Notes; or
- (B) if at the time of such fixing (referred to in (A) above) the fixing date is not a Valuation Date and a Category 1 Disruption Event would have occurred in respect of the relevant Settlement Rate Option had such date been a Valuation Date, then, subject to (C) below, the Settlement Rate shall be determined by the Calculation Agent in accordance with the provisions of paragraph 2(i) above and such date will be treated as if it were a Valuation Date; or
- (C) if the Issuer determines that for any reason it is unable to fix the Settlement Rate for the Reference Currency as contemplated in (A) above and the Calculation Agent is unable to determine such Settlement Rate as contemplated in (B) above:
 - (i) the Affected Valuation Date will be deferred until the next succeeding Business Day on which the applicable Disruption Event ceases to be outstanding, as determined by the Calculation Agent, subject as provided in (iii) below;
 - (ii) if the Affected Valuation Date is postponed to a date such that the Calculation Agent determines that payment of any amount linked to the Settlement Rate in respect of the Reference Currency cannot be made on the relevant Interest Payment Date or the Redemption Date, as the case may be, in respect of that Affected Valuation Date, then such Interest Payment Date or the Redemption Date, as the case may be, will be postponed until the next date, determined by the Calculation Agent to be the first practicable date for settlement in such Reference Currency for payments from the relevant Affected Valuation Date (as so deferred); and
 - (iii) where the relevant Disruption Event has remained outstanding for a period of ten consecutive Business Days (1) the relevant Affected Valuation Date will be deferred until the Business Day immediately following the expiry of such period on which date the Settlement Rate will be determined by the Calculation Agent in its sole discretion, acting in good faith and taking into account such information available to it that it deems relevant and (2) if the Affected Valuation Date is postponed to a date such that the Calculation Agent determines that payment of any amount linked to the Settlement Rate in respect of the Reference Currency cannot be made on the relevant Interest Payment Date or the Redemption Date, as the case may be, in respect of that Affected Valuation Date, then

such Interest Payment Date or the Redemption Date, as the case may be, will be postponed until the next date, determined by the Calculation Agent to be the first practicable date for settlement in such Reference Currency for payments made from the Affected Valuation Date (as so deferred).

ANNEX B – RISK FACTORS

The performance of an investment in the Notes are linked to emerging market currency (together the “**EM Currencies**”), which are illiquid relative, for instance, to G-10 Currencies. The Notes may give rise to risks that are relatively more pronounced than risks associated with similar Notes that are linked solely to G-10 Currencies. The Risk Factors set forth in the Base Prospectus (as supplemented) detail the risks associated with Notes linked to foreign exchange rates and each of those risks can be expected to be more pronounced or pertinent when the Reference Currency is an EM Currency. For the purposes of this risk factor, “**G-10 Currencies**” means the U.S. Dollar, the Euro, the Japanese Yen, the Swiss Franc, the British Pound, the Australian Dollar, the New Zealand Dollar, the Canadian Dollar, the Norwegian Krone and the Swedish Krona.

Investors should consider the effect of variations in the Reference Exchange Rate on any amounts to be paid under the terms of the Notes. Investors should be aware that the following risks arise directly from such variations:

No or Low Interest or Final Redemption Amount In certain circumstances, investors may receive a low or, as the case may be, no interest on an Interest Payment Date and, in the absence of any level of principal protection being specified in the applicable final terms, investors may receive back upon redemption of the Notes at maturity only a part or none of, the amount they originally invested.

Any variation in the Reference Exchange Rate is based on a number of interrelated factors, including economic, financial and political events that Lehman Brothers cannot control. The Reference Exchange Rate, which depends on the supply and demand for the Reference Currency, may be affected by political, economic, legal, accounting and tax matters specific to the countries in which the Reference Currency is circulated as legal tender. These matters include, among other things, the possibility that exchange controls with respect to the Reference Currency could be imposed or modified.

The value of Notes that are denominated in an EM Currency or that have amounts payable in an EM Currency, when compared to Notes denominated in a G-10 Currency or that have amounts payable in a G-10 Currency, may be severely affected by changes in the Reference Exchange Rate.

Where the Reference Exchange Rate is determined on a specified date and or/at a specified time, changes in the Reference Exchange Rate during the term of the Notes at any time other than on such date and/or at such time will not be reflected in the determination of any payments, the timing of any payments, the redemption of the Notes and/or any other economic factor (as the case may be) which is dependant on the value of such Reference Exchange Rate and may have a negative affect on the value of the Notes. In determining any such amounts payable or any other factor which is dependant on the Reference Exchange Rate, the Calculation Agent will use only the Reference Exchange Rate on the relevant date and/or time specified in the applicable final terms. In certain cases, if so specified in the final terms, the Calculation Agent may also determine the Reference Exchange Rate on other dates for the purpose of calculating averages over a certain period of time or for any other purpose specified in the applicable final terms. In this situation, no other values of the Reference Exchange Rate will be taken into account.

In relation to the Notes, each payment, events or other economic factors under the Notes which depend on the performance of the Reference Exchange Rate, will be conditional upon the Reference Exchange Rate meeting, exceeding or falling short of one or more criteria specified in these final terms. Such criteria may include a requirement that the Reference Exchange Rate must exceed a specified value ("Strike Value") by a specified threshold. With respect to these Notes, no such payment, event or other economic factor will be made, occur or be fulfilled (as the case may be) or the amount of such payment may be reduced, unless such condition is met on the relevant date or dates specified in the applicable final terms.

Certain economic and political developments or conditions in the originating country or countries of the Reference Currency or the Specified Currency (and even economic and political developments or conditions in other countries) and certain developments and conditions affecting the currency markets, such as the introduction of exchange controls may have the effect of preventing or delaying (a) the calculation of amounts payable under the Notes on the basis of the Reference Exchange Rate or (b) the ability of the Issuer to make or of certain investors to receive payments in the Specified Currency or any other settlement currency. Such events are ordinarily classified according to their effect, such as "price source risks", "convertibility and transferability risks", "sovereign risks" and "material adverse change". Upon the occurrence of certain such events defined in the terms and conditions of the Notes as Disruption Events, the terms and conditions of the Notes provide some alternative methods ("Disruption Fallbacks") for determining any affected Reference Exchange Rate and/or settling payments. If the provisions of a Disruption Fallback become applicable with respect to the Notes of any Series, an investor in such Notes should expect that any or all of the following may take place; (i) the price sources used by the Calculation Agent for determining any affected Reference Exchange Rate may not be the same as those used prior to the occurrence of the relevant Disruption Event; (ii) the Calculation Agent may determine any affected Reference Exchange Rate by reference to unpublished or unannounced sources and even making use of its discretionary powers to make calculations and estimates; (iii) the value of the Reference Exchange Rate used by the Calculation Agent to determine any amount payable may be materially different from the value of any previously used published price source; (iv) the determination of the affected Reference Exchange Rate may be deferred until the relevant Disruption Event is no longer outstanding as determined by the Calculation Agent, and may therefore occur on an unscheduled valuation dates; (v) the value of the Reference Exchange Rate may be determined long before the date on which it was originally scheduled to be determined; (vi) alternative methods for settlement of payments may be used, including postponing the maturity date until the relevant Disruption Event is no longer outstanding as determined by the Calculation Agent; or (vii) where payment in the currency in which the Notes are denominated is made impossible, payment of an equivalent amount may be made in a different currency (for example in USD or EUR).

A component of the market value of the Notes at any given time will be determined by their Reference Exchange Rate, which is measured based upon the level of rate of exchange for the Reference Currency expressed as a number of currency units per unit of the Specified Currency and may be compared to performance criteria set out in the final

terms. If an investor chooses to sell a Note prior to maturity, they may receive substantially less than the amount that would be payable at maturity had the market value of the Reference Exchange Rate (and interest rates) remained unchanged and may also receive less than the amount originally invested.

The Reference Exchange Rate will be influenced by complex and interrelated global and regional political, economic, financial and other factors that can affect the currency markets on which the Reference Currency and the Specified Currency are traded. The Reference Exchange Rate is at any moment a result of the supply and demand for the two currencies, and changes in the exchange rate result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the originating country or countries of each Reference Currency and the originating country or countries of the Specified Currency and even economic and political developments in other countries. Of particular importance are the relative rates of inflation, interest rate levels, the balance of payments and the extent of governmental surpluses or deficits in those countries, all of which are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of those countries and other countries important to international trade and finance. We would anticipate this risk factor to be more pronounced in relation to EM Currencies.

“Volatility” is the term used to describe the size and frequency of market fluctuations. If the volatility of the Reference Exchange Rate increases during the term of the Notes, the liquidity, trading value of and amount payable under, the Notes may be subject to more frequent and wider fluctuations which may have a materially detrimental effect on the market value of the Notes. We would anticipate this risk factor to be more pronounced in relation to EM Currencies.

ANNEX C – SCENARIO ANALYSIS

The chart below summarises the values that the Additional Amount that the investor can receive at maturity, depending on where the Average Settlement Rate is compared with the Average Strike Rate.

The example shown is based on an Average Strike of 1.8200.

If the Average Settlement Rate is equal to the Average Strike, the Additional Amount is equal to 30% (Additional Amount I = 15%, Additional Amount II = 0, Additional Amount III = 15%).

If the Average Settlement Rate is less than Average Strike, the Additional Amount is more than 30%.

If the Average Settlement Rate is more than the Average Strike, the Additional Amount is less than 15% (but will never be below zero).

