

SECURITIES NOTE dated 28 June 2006

LEHMAN BROTHERS TREASURY CO. B.V.

(incorporated with limited liability in The Netherlands and having its statutory domicile in Amsterdam)

Issue of up to EUR 40,000,000 Straddle BRIC Notes due 2011
Relating to a basket of Indices

unconditionally and irrevocably guaranteed by

LEHMAN BROTHERS HOLDINGS INC.

(incorporated in the State of Delaware)

This document constitutes a securities note (the "**Securities Note**") drawn up for the purpose of providing information concerning the above-mentioned notes (the "**Notes**") described herein for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**"). Together the Securities Note, the summary note dated 28 June 2006 (the "**Summary Note**") and the program registration document dated 26 August 2005, as supplemented on 6 October 2005, on 17 October 2005 and on 19 June 2006 (the "**Registration Document**") constitute a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of the Prospectus Directive in respect of the Notes described herein.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Registration Document (including all information incorporated by reference therein), this Securities Note (including all information incorporated by reference herein) and the Summary Note. The Registration Document, the Securities Note, the Summary Note and the Hungarian and German language translations of the Summary Note will be available without charge (i) from the specified office of any paying agent; (ii) at the sales locations specified in Schedule 1 to this Securities Note; (iii) at the registered office of the Issuer at Atrium Strawinskylaan 3105, 1077 ZX Amsterdam, The Netherlands; and (iv) on the website of the Luxembourg Stock Exchange at www.bourse.lu.

TABLE OF CONTENTS

Risk Factors	3
Important Notices	8
Information incorporated by reference	10
Hungarian Taxation	11
Terms and Conditions of the Notes	13
Schedule 1	28

Risk Factors

Prospective investors of Notes should carefully consider the following information in conjunction with other information contained in this Securities Note and in the Registration Document before purchasing the Notes.

This Securities Note however cannot disclose all of the risks and other significant aspects of the Notes and investment decisions should not be made solely on the basis of these risk factors since the information contained herein cannot serve as a substitute for independent individual advice which is tailored to the requirements, investment objectives, experience, knowledge and circumstances of a prospective investor.

Each prospective investor of Notes should consider carefully whether the Notes are suitable for it in the light of its circumstances and financial position and in view of the complexity and risks inherent in the Notes. Prospective investors of Notes should be experienced with respect to derivatives, particularly options and option transactions. Furthermore, prospective investors of Notes should understand the risks of transactions involving the Notes and should reach an investment decision only after careful consideration of the suitability of the Notes in light of their particular financial circumstances and after consultation with their own legal, tax, accountancy and other professional advisers. No person should deal in the Notes unless that person understands fully the nature of the relevant transaction.

Terms not defined herein have the same meaning as set out in the Annex.

Factors affecting the Indices and the redemption amount under the Notes

Prospective investors of Notes should be familiar with investments in the global capital market and with derivatives and the assets underlying the Indices (each a "**Component Asset**") and the Indices generally. The value of the Notes can be volatile. Changes in the level of an Index may result in sudden and large fluctuations in the value of the Notes. The level of each Index may vary over time and may increase or decrease by reference to a variety of factors, which may include, but are not limited to, corporate actions and macro economic factors.

The Final Redemption Amount is variable and dependent upon the performance of each Index. There is no guarantee, however, that the Final Redemption Amount will be greater than the Specified Denomination.

Investing in the Notes is not the same as investing in a Component Asset

Prospective investors should be aware that the market value of the Notes may not have a direct relationship with the prevailing level of an Index or price of the Component Assets, in that changes in the prevailing level of the Index or price of the Component Assets will not necessarily result in a comparable change in the market value of the Notes. The increase in the value of the basket of Indices is capped at 68% of their initial value.

Investment in the Notes does not take into account dividends payable on the Component Assets of the Indices

Prospective investors should note that dividends payable to a holder of the Component Assets underlying the Indices will not be paid to the Issuer or to the Noteholders. The return on the Notes will thus not reflect any dividends that would be paid to investors that have made a direct investment in the Component Assets. Consequently, the return on the Notes may be less than the return from a direct investment in the Component Assets.

Capital protection

The Notes will be redeemed on the Maturity Date at not less than their Specified Denomination plus a premium (which may be zero) linked to the performance of the weighted basket of Indices. Investors should be aware that repayment of any amount at maturity depends on the creditworthiness of the Issuer and the Guarantor.

Issue Price

The Issue Price in respect of the Notes may not be an accurate reflection of the market value of such Notes as at the Issue Date. The price at which the Notes may be sold in secondary market transactions may be lower than the Issue Price. In particular, the Issue Price in respect of the Notes takes into account, among other things, the fees payable to any appointed third party in connection with the offer and sale of the Notes.

Secondary market and liquidity for the Notes

There can be no assurance as to how any Notes will trade in the secondary market, whether there will be a secondary market or, if a secondary market exists, whether such market will be sustainable or liquid or illiquid. Although an application has been made to the *Freiverkehr* segment of the Frankfurt Stock Exchange for admission of the Notes, no assurance can be given that the Notes will in fact be listed or traded or, if the Notes are so listed or traded, that such listing or trading will be maintained and whether there will be a secondary market for any Notes so listed or traded. If the Notes are not listed or traded on any stock exchange, pricing information for such Notes may be more difficult to obtain, and the liquidity and market prices of such Notes may be adversely affected.

The liquidity of the Notes may also be affected by restrictions, if any, on offers and sales of the Notes in some jurisdictions. In any case, due to the relative complexity and lower liquidity of the Notes if compared to more conventional financial instruments such as shares, comparatively larger spreads between bid and ask quotes should be expected.

The Notes may be redeemed prior to maturity

In the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or the USA, as the case may be, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In the event of early redemption, a Noteholder may not be able to reinvest the redemption proceeds in a comparable security and receive a return on investment which is as high as that of the Notes. The Issuer is not liable for any disadvantage a Noteholder may incur in respect of the new investment or non-investment of its capital.

Potential conflicts of interest

The Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may, from time to time, engage in purchase, sale or other transactions involving the Component Assets of each Index or related derivatives for their proprietary accounts and/or for accounts under their management and/or for clients. Such transactions may have a positive or negative effect on each Index and consequently on the value of the Notes. In addition, the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may, from time to time, act in other capacities with regard to the Notes (such as in an agency capacity and/or as the calculation agent) and may issue or participate in the issue of other competing financial instruments in respect of the Component Assets of each Index or similar securities or assets in similar sectors or markets and the introduction of such competing financial instruments may affect the value of the Notes. Such activities could present certain conflicts of interest with the interest of

Noteholders and may affect the value of the Notes. The Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries owe no duty or responsibility to any Noteholder (or any other party) to avoid such conflicts.

In connection with the offering of the Notes, the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may enter into one or more hedging transactions with respect to any of the Component Assets of each Index or related derivatives. In connection with such hedging or with respect to proprietary or other trading activities by the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries, the Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries may enter into transactions in any of the Component Assets of each Index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the relevant Noteholders.

Such transactions could present certain conflicts of interest with the interest of Noteholders and may affect the value of the Notes. The Issuer, the Guarantor, the Dealer, the Calculation Agent and/or their respective subsidiaries owe no duty or responsibility to any Noteholder (or any other party) to avoid such conflicts.

Risk-excluding or risk-limiting transactions

Prospective investors may not rely upon being able to enter into transactions, which may exclude or limit loss exposure to the Notes during the term of the Notes. The possibility of entering into risk-excluding or risk-limiting transactions depends in particular on market conditions and the relevant underlying circumstances. Noteholders may be able to enter into such transactions only at an unfavourable market price resulting in an additional loss for such Noteholders.

Prospective investors intending to purchase Notes to hedge the market risk associated with investing in the Component Assets of each Index should be aware of the difficulties associated therewith. For example, the value of the Notes may not correlate with the value of the Component Assets of each Index.

Determinations by the Calculation Agent

The Calculation Agent has certain discretions to determine whether certain events as further set out in the Annex have occurred. Prospective investors should be aware that any determination made by the Calculation Agent may have an adverse effect on the value of the Notes. For example, the Calculation Agent may determine that a Market Disruption Event has occurred or exists at a relevant time which may affect the determination of the level of the Index on a relevant Scheduled Trading Day and/or may delay settlement in respect of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding.

Early Redemption Amount

In the event of an early redemption for taxation reasons or in an event of default (as described in Item 23 of Part A of the Terms and Conditions of the Notes), the Issuer may cancel the Notes and, if permitted by applicable law, pay the holder of each Note the Early Redemption Amount. The amount payable will be calculated by reference to the fair market value of the Notes as determined by the Calculation Agent in its sole and absolute discretion and will be reduced by an amount referable to the cost to the Issuer of unwinding any related hedging arrangements as determined by the Calculation Agent. Noteholders should understand that such Early Redemption Amount may be less than the Issue Price of the Notes or the amount the Noteholder has paid for the Notes, and may even be zero.

Creditworthiness of the Issuer and Guarantor

Any person who purchases the Notes is relying upon the creditworthiness of the Issuer and the Guarantor and has no rights against any other person. The Notes constitute general, unsecured, unsubordinated, contractual obligations of the Issuer and of no other person. The Notes rank *pari passu* among themselves.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the deed of covenant dated 26 August 2005 (as amended, supplemented or replaced from time to time), executed by Lehman Brothers Holdings Inc. ("LBHI"), Lehman Brothers Treasury Co. B.V. ("LBTCBV") and Lehman Brothers Bankhaus AG ("LBB").

Transparency Directive

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on an EEA Regulated Market and amending Directive 2001/34/EC (the "**Transparency Directive**") entered into force on 20 January 2005. It requires member states to take measures necessary to comply with the Transparency Directive by 20 January 2007. If, as a result of the Transparency Directive or any legislation implementing the Transparency Directive, LBHI could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which it would otherwise use to prepare its published financial information, LBHI may seek an alternative admission to listing, trading

and/or quotation for the Notes on such other listing authority, stock exchange and/or quotation system inside or outside the European Union as it may (with the approval of the Lehman Brothers International (Europe) (the "**Dealer**")) decide.

Emerging Markets Risks

Prospective investors should note that the Indices relate to stock markets in emerging markets. Investors are therefore exposed to the risks of investing in emerging markets. The risks involved in investing in emerging markets are increased because of political instability and the nature of their developing financial markets and economies. Accordingly, making investments linked to emerging markets involves significant risks that may not exist with more developed markets. Risks involved include the risk of significant political change, economic risks (such as rising interest rates and inflation); the credit risk of sovereign or corporate debtors; risks associated with financial markets (such as transparency, liquidity and regulatory supervision); risks associated with the conversion and devaluation of currency; legal risks and clearing and settlement risks. It is a general feature of emerging markets that they are subject to rapid change and high volatility and that the risks involved also may change rapidly. No assurance may be given about the effect that any combination of risks may have on the performance of the Indices or an investor's return on the Notes.

Important Notices

In this Securities Note, references to the "Group" are to LBHI and its direct and indirect subsidiaries (which include LBTCBV and LBB).

The Dealer has not independently verified the information contained in the Prospectus. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility or liability is accepted by the Dealer as to the accuracy or completeness at any time of the Prospectus or any supplement hereto.

No person is authorised to give any information or to make any representations other than those contained in this Securities Note in connection with the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or the Dealer. None of the Prospectus, any supplement, any other financial statements or any further information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by the Issuer, the Guarantor or the Dealer that any recipient of the Prospectus, any supplement, any other financial statements or any further information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of, the Issuer, the Guarantor and the Group. None of the Prospectus, any supplement, any other financial statements or any further information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of any of the Issuer, the Guarantor or the Dealer to any person to subscribe for, or to purchase, any of the Notes.

The delivery of the Securities Note does not at any time imply that the information contained herein or in the Registration Document concerning the Issuer, the Guarantor or the Group is correct at any time subsequent to the date hereof or that any supplement, any other financial statements or any further information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer expressly does not undertake to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the Notes. Investors should review, *inter alia*, the most recent consolidated financial statements of the Guarantor and the unconsolidated financial statements of the Issuer when deciding whether or not to purchase the Notes.

The distribution of the Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Prospectus comes are required by the Issuer, the Guarantor and the Dealer to inform themselves about and to observe those restrictions. See "Subscription and Sale" of the Debt Issuance Program Prospectus (as defined below) issued in connection with the U.S.\$45,000,000,000 Euro Medium-Term Note Program (the "Program") of LBHI, LBTCBV and LBB, incorporated by reference in this Securities Note.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY,

WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OF U.S. PERSONS (AS DEFINED IN EITHER REGULATION S UNDER THE SECURITIES ACT OR THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED).

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER, THE GUARANTOR AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE NOTES HAVE NOT BEEN

RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Notes are one of a series to be issued pursuant to the Amended and Restated Fiscal Agency Agreement dated 26 August 2005 (as amended, supplemented or replaced from time to time) between, amongst others, LBHI, LBTCBV, LBB, JPMorgan Chase Bank as fiscal agent, as registrar and as principal paying agent and Kredietbank S.A. Luxembourgeoise as paying agent. The Notes have the benefit of a deed of covenant dated 26 August 2005 (as amended, supplemented or replaced from time to time), executed by LBHI, LBTCBV and LBB and a deed of guarantee dated 26 August 2005 (as amended, supplemented or replaced from time to time) of the Guarantor as to, *inter alia*, the payment of principal and interest, if any, in respect thereof.

Information incorporated by reference

Terms used herein but not otherwise defined shall have the meanings given to them in the Debt Issuance Program Prospectus dated 26 August 2005 as supplemented on 8 September 2005, 27 September 2005, 17 October 2005, 28 November 2005, 22 December 2005, 22 February 2006, 27 March 2006, 21 April 2006 and 19 June 2006 published in connection with the Program (the "**Debt Issuance Program Prospectus**").

The following information contained in the Debt Issuance Program Prospectus shall be deemed to be incorporated into and form part of this Securities Note. Page references are to pages in the Debt Issuance Program Prospectus.

	Page Reference
The section entitled "Risk Factors"	11 to 15
The section entitled "Terms and Conditions of the Notes"	37 to 72
The section entitled "United States Taxation"	86 to 98
The section entitled "Netherlands Taxation"	98 to 99
The section entitled "German Taxation"	99 to 100
The section entitled "Subscription and Sale"	106 to 114
The section entitled "General Information"	115 to 117

The documents which are incorporated herein by reference will be available without charge (i) from the specified office of any paying agent; (ii) at the sales locations specified in Schedule 1 to this Securities Note; (iii) at the registered office of the Issuer at Atrium Strawinskyalaan 3105, 1077 ZX Amsterdam, The Netherlands; and (iv) on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Any information not listed in the cross-reference table above but included in the documents incorporated by reference is given for information purposes only.

Hungarian Taxation

The following is a general discussion of certain Hungarian tax consequences related to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.

(i) Taxation of corporate Noteholders

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the "**Corporation Tax Act**"), Hungarian resident taxpayers have a full, all-inclusive tax liability. Generally, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers.

Generally, interest and capital gains realised by Hungarian resident corporate Noteholders on the Notes will be taxable in the same way as the regular income of the Noteholders. The general corporation tax rate in Hungary is 16 per cent. Under conditions determined by the Corporation Tax Act, a 50 per cent. tax credit may apply to capital gains realised by transactions concluded on a regulated market, as defined by Act CXX of 2001 on the Capital Markets.

Under Act CII of 2004 on the Special Tax of Credit Institutions and Financial Enterprises (the "**Bank Tax Act**"), financial institutions falling within the scope of the Act on Credit Institutions and Financial Enterprises are subject to a special tax which is 8 per cent. calculated on the basis of the pre-tax profit or 6 per cent. calculated on the basis of the interest margin realised by a financial institution. The Bank Tax Act will be effective until 31 December 2006. Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax on the basis of the proceeds realised on the Notes.

Foreign resident corporations are not subject to tax in Hungary, provided that they do not have a permanent establishment in Hungary.

(ii) Taxation of individual Noteholders

Act CXVII of 1995 on Personal Income Tax (the "**Personal Income Tax Act**") applies to the tax liability of Hungarian and foreign private individuals. The tax liability of Hungarian resident private individuals covers the worldwide income of such persons, while foreign resident private individuals' tax liability is limited only to their income originating in Hungary or income that is otherwise taxable in Hungary on the basis of international treaties or reciprocity.

In the case of individual Noteholders, the income derived from interest payments or the income deriving from the difference between the issue price or the nominal value of publicly offered notes and the capital gains realised instead of interest in the course of public trading, is subject to zero per cent. tax.

(iii) New regulation from 2007

There is an enacted regulation (the "**Regulation**"), effective as of 1 January 2007, which amends the current Hungarian personal income tax rules and introduces a 10 per cent. personal income tax on interests realised by private individuals.

The new rules may in certain circumstances impose a requirement upon the "payer" (*kifizető*), as defined by Hungarian tax laws, to withhold the 10 per cent. tax on the interest payments to individual Noteholders. The Regulation will, if it becomes effective in its current form, apply to Notes acquired by individual Noteholders on or after 1 January 2007.

Pursuant to the Act on the Rules of Taxation a "payer" means a Hungarian resident legal person, other organization, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, "payer" shall mean the borrower of a loan or the issuer of a note. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, "payer" shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, "payer" shall mean the "paying agent" (*megbízott*) (legal person, other organization, or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

On 14 June 2006 the Government of the Republic of Hungary submitted to the Hungarian Parliament Draft Act No. T/231 on the Amendment of Certain Financial Laws (the "**Draft Act**"). The Draft Act proposes to invalidate and amend some of the provision of the Regulation referred to above as well as the Personal Income Tax Act. It provides that the withholding tax will be 20 per cent. on interest payments to private individuals. The definition of 'interest' is amended to cover (a) the income paid to private individuals as interest on publicly offered and traded bonds (if the bonds are acquired before 31 August 2006, then the first payment of interest on these bonds will be taxed at 0 per cent., thereafter at 20 per cent.), and (b) the capital gains realised upon the redemption or sale of publicly offered and traded bonds (if the bonds are acquired after 31 August 2006). The above provisions of the Draft Act are expected to enter into force on 1 September 2006, however, they are yet subject to possible amendments and parliamentary approval.

Furthermore, Draft Act No. T/229 on the Extra Tax and Tax Payable on Interest Subsidies Received from Budgetary Sources Aimed to Enhance the Balance of the State Budget introduces a new tax in the amount of 4 per cent. calculated on the basis of the pre-tax profit of certain Hungarian entities. The above provisions are expected to enter into force on 1 September 2006, however, they are yet subject to possible amendments and parliamentary approval.

Terms and Conditions of the Notes

The terms and conditions of the Notes (the “**Terms and Conditions**”) are the “**Terms and Conditions of the Notes**” as set out on pages 37 to 72 of the Debt Issuance Program Prospectus, which are hereby incorporated by reference into, and form part of, this Securities Note, as supplemented, amended, varied and/or replaced as specified below. Terms used herein shall be deemed to be defined as such for the purposes of the “**Terms and Conditions**” set forth on pages 37 to 72 of the Debt Issuance Program Prospectus provided, however, that relevant references to “**Final Terms**” in the Terms and Conditions shall be deemed to be references to this Securities Note and construed accordingly.

PART A – CONTRACTUAL TERMS

1. (i) Issuer: Lehman Brothers Treasury Co B.V.
- (ii) Guarantor: Lehman Brothers Holdings Inc.
2. (i) Series Number: 4617
- (ii) Tranche Number: 1
3. Specified Currency or Currencies: Euro (“**EUR**”)
4. Aggregate Nominal Amount:
 - (i) Series: Up to a maximum of EUR 40,000,000 as set out in “**Offer Period and Issue Size**” below
 - (ii) Tranche: Up to a maximum of EUR 40,000,000 as set out in “**Offer Period and Issue Size**” below
5. Issue Price: EUR 1,000 per Note of Specified Denomination.

The above Issue Price may be more or less than the market value of each Note as at the date of this Securities Note

In connection with the offer and sale of the Notes, the Dealer (as defined in Item 34 hereof) has appointed a third party in connection with the marketing of the Notes. The Dealer will pay a fee to one or more third parties in connection with its marketing activities. The Dealer and the Issuer understand that each such third party has entered or may enter into contractual arrangements with its customers, and may assist its customers, with respect to their purchases of Notes. The Dealer and the Issuer understand that each such third party may charge its customers fees with respect to its contractual arrangements with, and assistance provided by it to, its customers, including an initial fee of up to 3.0 per cent. Neither the Dealer nor the Issuer has any further information with respect to the contractual or financial arrangements between each third party’s customers and the third party or whether and, if so on what terms each third party is willing to assist its customers or potential customers. Any person seeking further information

with respect to such matters should refer to the relevant third party. Neither the Dealer nor the Issuer is responsible for any information so provided or for whether or not each such third party provides such information.

6.	Specified Denominations:	EUR 1,000
7.	Issue Date:	4 August 2006
8.	Maturity Date:	3 Business Days following the Valuation Date (as defined in the Annex hereto).
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 Amounts(s) of each Note payable on redemption for taxation reasons	In respect of each Note, an amount in the Specified Currency equal to the fair market value of such Note

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):

(disregarding credit risk of the Issuer) (which value shall be less the proportion attributable to that Note of the reasonable costs to the Issuer of unwinding any relating hedging arrangements) 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

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|-----|---|---|
| 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 which is exchangeable for definitive Notes in bearer form in the limited circumstances specified in the permanent global Note. |
| 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 the Notes and interest due on late payment: | Not applicable |
| 27. | Details relating to Instalment Notes 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: | As described in the Annex hereto |

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(s) (if any): | Not applicable |

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| 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) Netherland Selling Restrictions: | Not applicable |
| | (ii) Additional Selling Restrictions: | Not applicable |

OFFER PERIOD AND ISSUE SIZE

The offer of the Notes will commence in Hungary on 3 July 2006 at 08:00 (C.E.T.) (subject to the applicable opening hours at the sales locations stated in Schedule 1 hereto) and end on 28 July 2006 at 12:00 (C.E.T.). The addresses of the sales locations from which subscription forms are available in Hungary and their applicable opening hours are stated in Schedule 1 hereto.

The offer of the Notes will commence in Germany on 3 July 2006 at 08:00 (C.E.T.) and end on 28 July 2006 at 12:00 (C.E.T.).

The applicable offer period in Germany and/or Hungary may end at such time on such earlier date as the Dealer may decide in its absolute discretion if it receives commitments to purchase EUR 40,000,000 of Notes or in light of prevailing market conditions (the “Offer Period”).

The Issuer may issue an Aggregate Nominal Amount of Notes up to maximum of EUR 40,000,000. The final Aggregate Nominal Amount of the Notes and the offer price will be determined by the Issuer by 28 July 2006. The Issuer will publish notice of the definitive Aggregate Nominal Amount, the results of the offer and the offer price in accordance with the Prospectus Directive and file such notice with the CSSF by the Issue Date and within 5 calendar days from the closing of the Offer Period, report the definitive Aggregate Nominal Amount and the result of the offer to the Hungarian Financial Services Authority (“HFSA”) and publish the definitive Aggregate Nominal Amount, the results of the offer and the offer price in a newspaper which is circulated in Hungary, currently expected to be *Napi Gazdaság*. The notice will also be published/made available (i) at the sales locations specified in Schedule 1 to this Securities Note; (ii) at the registered office of the Issuer at Atrium Strawinskylaan 3105, 1077 ZX Amsterdam, The Netherlands; and (iii) on the website of the Luxembourg Stock Exchange at www.bourse.lu.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Securities Note and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect the import of such information.

The information relating to each Index has been extracted from information publicly available and published by the relevant Index Sponsor (as defined in the Annex) as follows:

- In relation to the FTSE Xinhua Index: www.ftse.com/xinhua;
- In relation the NSE S&P CNX Nifty Index: www.nseindia.com;
- In relation to the Russian Depository Index: www.wienerbourse.com; and

- In relation to the Bovespa Brazil Ibovespa USD: www.bovespa.com.br.

The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by relevant Index Sponsor, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility as to the correct reproduction of such information, but no further or other responsibility (express or implied) is accepted by the Issuer in respect of such information.

LISTING, PUBLIC OFFER AND APPROVAL

The Notes will not be listed on any regulated markets within the meaning of the Prospectus Directive. Application will be made to trade the Notes on the *Freiverkehr* segment on the Frankfurt Stock Exchange.

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the “CSSF”), which is the Luxembourg competent authority for the purpose of the Prospectus Directive and relevant implementing legislation in Luxembourg, for approval of this Securities Note and the Summary Note; this Securities Note, the Registration Document and the Summary Note together constitute the Prospectus (the “**P**rospectus”) issued in compliance with the Prospectus Directive and relevant implementing legislation in Luxembourg for the purpose of giving information with regard to the issue of the Notes. In addition, the CSSF, in its capacity as competent authority in Luxembourg for the purposes of the Prospectus Directive, has been requested to provide the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, the “**BaFin**”), which is the competent authority in Germany, and the HFSA, which is the competent authority in Hungary, for the purposes of permitting an offer of Notes to the public in Germany and Hungary respectively in accordance with the Prospectus Directive, with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. The Summary Note will be translated into German and Hungarian and filed with the CSSF.

The Notes are eligible for an offer to the public in Luxembourg, Germany and Hungary in accordance with the Prospectus Directive, subject to compliance with any other applicable requirements. However, none of the Issuer, the Guarantor or the Dealer has or will take any action in any country or jurisdiction (other than Luxembourg, Germany or Hungary) that would permit a public offering of the Notes or possession or distribution of any offering material in relation to a public offering in any country or jurisdiction where action for that purpose is required. Each investor must comply with the restrictions set out in the “Subscription and Sale” section of the Debt Issuance Program Prospectus in relation to each country or jurisdiction in or from which the investor purchases, offers, sells or delivers the Notes or has in the investor’s possession or distributes the Prospectus.

Signed on behalf of the Issuer:

By:

Duly authorised

PART B

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: The Notes will not be listed on any regulated markets within the meaning of the Prospectus Directive. Application will be made to trade the Notes on the *Freiverkehr* segment on the Frankfurt Stock Exchange.
- (ii) Admission to trading: The Notes will not be listed on any regulated markets within the meaning of the Prospectus Directive. Application will be made to trade the Notes on the *Freiverkehr* segment on the Frankfurt Stock Exchange.

2. RATINGS

The Notes to be issued have not been rated.

3. NOTIFICATION

The CSSF has been requested to provide BaFin and the HFSA with a certificate of approval attesting that 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" on pages 106-114 of the Debt Issuance Program 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

Not applicable

6. YIELD (Fixed Rate Notes Only)

Not applicable

7. HISTORIC INTEREST RATES

Not applicable.

8. 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)

Details on the past and future performance as well as the volatility of the Indices can be found on the following websites:

- In relation to the FTSE Xinhua Index: www.ftse.com/xinhua;
- In relation the NSE S&P CNX Nifty Index: www.nseindia.com;
- In relation to the Russian Depository Index: www.wienerborse.com; and
- In relation to the Bovespa Brazil Ibovespa USD: www.bovespa.com.br.

The Issuer does not intend to provide post issuance information regarding any of the Indices, unless it is required to do so by applicable laws and regulations.

9. **PERFORMANCE OF RATES OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (DUAL CURRENCY NOTES ONLY)**

Not applicable

10. **OPERATIONAL INFORMATION**

ISIN Code: XS0255689589

Common Code: 025568958

WKN A0JX2F

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not applicable

Delivery: Delivery against payment

The Aggregate Nominal Amount of Notes issued has been translated into U.S. Dollars at the rate of 1\$ = EUR 0.7787 producing a sum of: Up to a maximum of \$51,367,664.05

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

Annex

1. Final Redemption Amount

Unless previously redeemed or purchased and cancelled as specified in this Securities Note and in the Terms and 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 paragraph (a) or (b) below as the case may be:

- (a) If, as determined by the Calculation Agent, “*Perfweighted*” at the Valuation Time on the Valuation Date is equal to or greater than 1, the Notes shall be redeemed in accordance with the following formula:

$$FRA = SD \times \{100\% + \text{Min}(50\% \times (\text{Perfweighted} - 100\%), 34\%)\}$$

- (b) If, as determined by the Calculation Agent, “*Perfweighted*” at the Valuation Time at the Valuation Date is less than 1, the Notes shall be redeemed in accordance with the following formula:

$$FRA = SD \times \{100\% + 50\% \times (100\% - \text{Perfweighted});\}$$

Where:

“*Perfweighted*” means a number determined by the Calculation Agent equal to the sum of W_i multiplied by PerfIndex_i :

$$\text{Perfweighted} = W_1 * \text{PerfIndex}_1 + W_2 * \text{PerfIndex}_2 + W_3 * \text{PerfIndex}_3 + W_4 * \text{PerfIndex}_4$$

“ PerfIndex_i ” means an amount determined by the Calculation Agent in accordance with the following formula:

$$\text{PerfIndex}_i = \frac{1}{4} \times \sum_{t+1}^4 \frac{\text{Value}_{\text{Index}_i,t}}{\text{Value}_{\text{Index}_i,0}}$$

Where:

“ $\text{Value}_{\text{Index}_i,t}$ ” means the Closing Level of the relevant Index on each Observation Date;

“ $\text{Value}_{\text{Index}_i,0}$ ” means the Initial Closing Level, of the relevant Index;

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

“ W_i ” means, in relation to each Index, the corresponding weighting level set out in the right hand column of the table below under the heading “Weighting (W)”:

i	Index	Weighting (W)
1.	FTSE XINHUA China 25 Index	55%
2.	NSE S&P CNX Nifty Index	25%
3.	Russian Depository Index	10%
4.	Bovespa Brazil Ibovespa USD	10%

2. Definitions

In the Securities Note (including this Annex), the following expressions have the following meanings:

“**Basket**” means a basket comprising the four 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	FTSE XINHUA China 25 Index	XIN0I Index
2	NSE S&P CNX Nifty Index	NIFTY Index
3	Russian Depository Index	RDX Index
4	Bovespa Brazil Ibovespa USD	USIBOV Index

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

“**Closing Level**” means, in relation to each Index and any Scheduled Trading Day, the official level of the relevant Index, as calculated and announced by the relevant Index Sponsor at the relevant Valuation Time on that day;

“**Disrupted Day**” means in respect of each Index, any Scheduled Trading Day on which a relevant Exchange or any relevant 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 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 (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 FTSE Xinhua, the Shanghai Stock Exchange and the Shenzhen Stock Exchange;

(B) in respect of the NSE S&P CNX, the National Stock Exchange of India Limited Exchange;

(C) in respect of the Russian Depository Index, the Wiener Borse Exchange;

(D) In respect of the Bovespa Brazil Ibovespa USD, the Sao Paolo Stock Exchange.

or 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 each relevant Exchange and each 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 any 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 any relevant Related Exchange;

“**Index**” means each of the FTSE Xinhua Index, the NSE S&P CN Nifty Index, Russian Depository Index, Bovespa Brazil Ibovespa USD and (together, the “**Indices**”), each of which is currently sponsored by the relevant Index Sponsor;

“**Index Sponsor**” means:

(A) for the FTSE Xinhua Index, FTSE/Xinhua Index Limited,

(B) for the NSE S&P CNX Nifty Index, India Index Services and Products Ltd.;

(C) for the Russian Depository Index, Wiener Borse AG;

(D) for the Bovespa Brazil Ibovespa USD, the Sao Paolo Stock Exchange.

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

“**Initial Closing Level,**” means, in relation to each Index, the Closing Level of each Index on the Strike Fixing Date;

“**Market Disruption Event**” means in respect of each Index, the occurrence or existence, in respect of any 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 relevant Valuation Time, or (iii) an Early Closure;

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

“Observation Date” means each of 28 July 2007, 28 July 2008, 28 July 2009 and the Valuation Date provided, however, that if any such day is not a Scheduled Trading Day then the relevant Observation Day shall be the first succeeding day which is a Scheduled Trading Day, subject to section 3 below (*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;

“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 in the case of each Index any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

“Strike Fixing Date” means 28 July 2006, or, if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to section 3 below (*Disrupted Days*).

“Trading Disruption” means in the case 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;

“Valuation Date” subject as provided in section 3 (*Disrupted Days*), 28 January 2011, provided, however, that if such day is not a Scheduled Trading Day then the Valuation Date shall be the first succeeding day which is a Scheduled Trading Day; and

“Valuation Time” means in respect of each Index, the Scheduled Closing Time on the relevant Exchange.

3. **Disrupted Days**

If, in respect of any Index, any Observation Date or the Valuation Date is a Disrupted Day, then the Observation Date or Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the scheduled Observation Date or Valuation Date, and the Observation Date or 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 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 occurrence of the Disrupted Day, would have been the Observation Date or Valuation Date. In that case:

- (A) the earlier of (i) that eighth following Scheduled Trading Day and (ii) the day which is the third weekday (meaning a day other than a Saturday or a Sunday) prior to the Maturity

Date) shall be deemed to be the Observation Date or Valuation Date (the “**Deemed Date**”) for the relevant Index notwithstanding it is a Disrupted Day; and

- (B) the Calculation Agent shall determine its good faith estimate of the level of that Index that would have prevailed but for that Disrupted 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 on the Deemed Date of each security comprised in the relevant Index 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 security as of the Valuation Time on the Deemed Date.

4. **Adjustments to Indices**

4.1 **Successor Index:** If any Index 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 on or prior to the Valuation Date, (i) 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 capitalisation and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”) or (ii) 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 Valuation 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 price or level published on the relevant Exchange or by the relevant Index Sponsor and which is utilised for any calculation or determination made under the provisions of this Securities Note or the Terms and Conditions 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 this Securities Note or the Terms and Conditions to account for such correction, provided that any correction effected and published after the third weekday (meaning a day other than a Saturday or Sunday) prior to the Maturity Date shall be ignored.

For the purposes of this section 4 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. Notification of Early Redemption Amount, Final Redemption Amount, Disrupted Days

6.1 Notice to Issuer: As soon as reasonably practicable after calculating or otherwise determining 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 the Valuation 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

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 relevant Index Sponsor shall have made any error, omission or other incorrect statement in connection with the calculation and public announcement of the relevant Index.

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 Disclaimer

8.1 In respect of the FTSE Xinhua Index:

THE NOTES ARE NOT IN ANY WAY SPONSORED, ENDORSED, SOLD OR PROMOTED BY FTSE/XINHUA INDEX LIMITED (“FXI”), FTSE INTERNATIONAL LIMITED (“FTSE”) OR XINHUA FINANCIAL NETWORK LIMITED (“XINHUA”) OR BY THE LONDON STOCK EXCHANGE PLC (THE “EXCHANGE”) OR BY THE FINANCIAL TIMES LIMITED (“FT”) AND NEITHER FXI, FTSE, XINHUA NOR EXCHANGE NOR FT MAKES ANY WARRANTY OR REPRESENTATION WHATSOEVER, EXPRESSLY OR IMPLIEDLY, EITHER AS TO THE RESULTS TO BE OBTAINED FROM THE USE OF THE FTSE XINHUA (“THE INDEX”) AND/OR THE FIGURE AT WHICH THE SAID INDEX STANDS AT ANY PARTICULAR TIME ON ANY PARTICULAR DAY OR OTHERWISE. THE INDEX IS COMPILED AND CALCULATED BY OR ON BEHALF OF FXI. HOWEVER, NEITHER FXI OR FTSE OR XINHUA OR EXCHANGE OR FT SHALL BE LIABLE (WHETHER IN NEGLIGENCE OR OTHERWISE) TO ANY PERSON FOR ANY ERROR IN THE INDEX AND NEITHER FXI, FTS, XINHUA OR EXCHANGE OR FT SHALL BE UNDER ANY OBLIGATION TO ADVISE ANY PERSON OF ANY ERROR THEREIN.”

8.2 In respect of NSE S&P CNX Nifty Index:

The Notes (the “Product(s)”) are not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL) or Standard & Poor’s, a division of The McGraw-Hill Companies Inc. (S&P). Neither IISL nor S&P makes any representation or warranty, express or implied to the owners of the Product(s) or any member of the public regarding the advisability of investing in securities generally or in the Product(s) particularly or the ability of the S&P CNX Nifty Index, to track general stock market performance in India. The relationship of S&P and IISL to the Lehman is in respect of the licensing of certain trademarks and trade names of their Index, which is determined, composed and calculated by IISL without regard to Lehman Brothers or the Product(s). Neither IISL nor S&P has any obligation to take the needs of Lehman Brothers or the owners of the Product into consideration in determining, composing or calculating the S&P CNX Nifty Index. Neither IISL nor S&P is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Product(s) to be issued or in the determination or calculation of the equation by which the Product(s) is to be converted into cash. Neither S&P nor IISL has any obligation or liability in connection with the administration, marketing or trading of the Product(s)

8.3 In respect of the Russian Depository Index:

The RDXEUR® (Russian Depository Index® in EUR) was developed and is real-time calculated and published by Weiner Börse AG. The full name of the Index and its abbreviation are protected by copyright law as trademarks. The RDXEUR index description, rules and composition are available on-line on www.indeces.cc – the index portal of Weiner Börse AG. Weiner Börse does not guarantee the accuracy and/or the completeness of the RDXEUR index or any data included therein and Weiner Börse shall have no liability for any errors, omissions or interruptions therein. A non-exclusive authorisation to use the RDXEUR in conjunction with financial products by the Issuer was granted upon the conclusion of a license agreement with Weiner Börse AG. The only relationship to the Licensee is the licensing of certain trademarks and the trade names of RDXEUR Index which is determined, composed and calculated by Weiner Börse without regard to the Licensee or the Product(s). Weiner Börse reserves the right to change the methods of index calculation or

publication of the RDXEUR Index or to change the RDXEUR trademarks or cease the use thereof. The issued Product(s) is/are not in any way sponsored, endorsed, sold or promoted by the Wiener Börse. Wiener Börse makes no warranty or representation whatsoever, express or implied as to the results to be obtained by the Licensee, owners of the product(s), or any other person or entity from the use of the RDXEUR Index or any data included therein, without limiting any of the foregoing, in no event shall Wiener Börse have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of such damages.

8.4 In respect of the Bovespa Brazil Ibovespa:

IBOVESPA is a trademark owned by the São Paulo Stock Exchange (BOVESPA) and has been licensed for use for this issuance. The product is not issued, sponsored, endorsed, sold or promoted by BOVESPA, neither BOVESPA makes any warranties or bears any liability with respect to the product. As per the index management, BOVESPA reserves the right to change any IBOVESPA's characteristics if judged necessary. The IBOVESPA in USD disclosed by Bloomberg is calculated by Bloomberg based on daily IBOVESPA closing value (calculated by BOVESPA) divided by the daily dollar closing rate, and BOVESPA does not have any responsibility for Bloomberg calculation.

Schedule 1

SALES LOCATIONS IN HUNGARY AND APPLICABLE OPENING HOURS

Monday and Wednesday: 8:00-17:30 (C.E.T)

Tuesday, Thursday and Friday: 8:00-16:00 (C.E.T)

Citibank Zrt.

1123 Budapest, Alkotás út 11.

1016 Budapest, Hegyalja út 7-13.

1036 Budapest, Lajos u. 76-80.

1054 Budapest, Báthory u. 12.

1134 Budapest, Váci út 35.

2600 Vác, Káptalan u. 6.

5000 Szolnok, Kossuth Lajos u. 7.

7100 Szekszárd, Bezerédi u. 2.

8900 Zalaegerszeg, Kossuth Lajos u. 25-27.

3300 Eger, Deák Ferenc u. 1.

3527 Miskolc, Bajcsy-Zsilinszky u. 1-3.

4025 Debrecen, Piac u. 51.

4400 Nyíregyháza, Bethlen Gábor u. 1.

6722 Szeged, Nagy Jenő u. 1.

8200 Veszprém, Bruszniai Árpád u. 6.

9021 Győr, Király u. 14.

8002 Székesfehérvár, Liszt Ferenc u. 1.

7621 Pécs, Jókai tér 2.

9700 Szombathely, Kossuth Lajos u. 10.

6000 Kecskemét, Petőfi S. u. 1.

7400 Kaposvár, Fő u. 7.

5600 Békéscsaba, Munkácsy u. 3.

Vörösmarty branch

Monday to Thursday: 9:00-17:00 (C.E.T)

Friday 9:00-16:00 (C.E.T)

1051 Budapest, Vörösmarty tér 4.

PRINCIPAL PLACE OF BUSINESS OF LBHI

Lehman Brothers Holding Inc.

745 Seventh Avenue
New York, New York 10019

REGISTERED OFFICE OF LBTCBV

Lehman Brothers Treasury Co. B.V.

Atrium Strawinskylaan 3105
1077 ZX Amsterdam
The Netherlands

DEALER

Lehman Brothers International (Europe)

25 Bank Street
London E14 5LE

FISCAL AGENT AND PRINCIPAL PAYING AGENT

JPMorgan Chase Bank

Trinity Tower
9 Thomas More Street
London E1W 1YT

PAYING AGENT

Kredietbank S.A. Luxembourgeoise

43, Boulevard Royal
L-2955 Luxembourg