



Lehman Brothers UDI-Linked Notes

“5-Year UDI-Linked Notes”

Indicative Terms and Conditions

May 21, 2008

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Indicative term sheet for proposed note issuances are not final and are meant to serve as introductory summaries of a possible transaction but by no means describe every detail of the proposed note. Buyers should rely upon the Lehman Brothers Holdings Inc., Lehman Brothers Treasury Co. B.V. and Lehman Brothers Bankhaus AG Euro-Medium Term Note Program Base Prospectus dated 24 July 2007 (the “Base Prospectus”) and final terms (when completed) for complete details. The final terms (when completed) shall supplant this term sheet. A copy of the Base Prospectus and final terms (when completed) may be obtained from your Lehman Brothers sales representatives.

Issuer	Lehman Brothers Treasury Co. B.V.
Guarantor	Lehman Brothers Holdings Inc. (A1, A+, AA-)
Issue Type	Euro Medium-Term Notes under the Issuer's Euro Medium-Term Note Programme (the “MTN Programme”)
Principal Amount	MXN 3,000,000,000
UDI Notional Amount	UDI 747,422,886 (equal to Principal Amount divided by the Initial MXN/UDI Rate)
Trade Date	May 21, 2008
Issue Date	May 27, 2008
Maturity Date	May 27, 2013, subject to adjustment in accordance with the Business Day Convention
Issue Price	100% of the Principal Amount
Coupon Rate	5.22% * UDI Notional Amount * UDI Rate, Act/360, payable in MXN
Coupon Payment Dates	Semi-annually on the 27 th of each May and November, commencing on November 27, 2008, subject to adjustment in accordance with the Business Day Convention
Redemption Amount	100% of the UDI Notional Amount * UDI Rate, payable in MXN
Business Day	A day on which commercial banks are open for business in Mexico City and London
UDI Unit	Unit of account called “Unidad de Inversion” (investment unit) with value in Mexican Pesos determined on the basis of the Mexican Indice Nacional de Precios al Consumidor and published by Banco de Mexico in the “Diario Oficial de la Federacion” or its successor (the “Mexican Authority”).
Initial MXN/UDI Rate	4.013792 MXN per UDI
UDI Rate	For each Coupon Payment Date, the MXN/UDI Rate expressed as the amount of Mexican Pesos per one UDI, as quoted on Reuters screen “MEX14” or any successor page thereto on the related Rate Determination Date. If Banco de Mexico fails to determine or publish UDI as described herein, UDI for such affected Rate Determination Date, the official successor rate as determined by the Mexican Authority shall be used. If no official rate is published, the rate shall be determined by the Calculation Agent in good faith using such information as it deems relevant.
Rate Determination Date	2 Business Dates prior to each Coupon Payment Date
Business Day Convention	Modified Following, adjusted

This term sheet is for indicative purposes only, is subject to change without notice, and is neither meant to be, nor should it be construed as, an attempt to define all of the terms and conditions regarding a proposed issuance of securities. Information other than indicative terms (including market data and statistical information) has been obtained from various sources. We do not represent that it is complete or accurate. Clients are advised to make an independent review and reach their own conclusions regarding the economic benefits and risks of this transaction and the legal, regulatory, credit, tax and accounting aspects of this transaction as it relates to their particular circumstances. This term sheet does not constitute an offer or agreement to sell, or a solicitation of an offer or agreement to buy, securities of the type generally described above. Although the indicative information set forth above is reflective of the terms, as of the specified date, under which Lehman Brothers believes an issuance of securities or other obligations might be structured, no assurance can be given that such an issuance could in fact be executed and no specific issuer is obligated to issue such securities. Terms contained in any final pricing supplement with respect to the proposed securities shall prevail over this term sheet. Neither Lehman Brothers Holdings Inc. nor any of its affiliates accepts any liability of any kind for any direct or indirect loss arising from this term sheet or any of its contents. Transactions of the sort described herein contain complex characteristics and risk factors. Transactions incorporating derivatives may create additional risks and exposures. Before entering into any transaction you should consider the suitability of the transaction to your particular circumstances and independently review (with your professional advisers as necessary) the specific financial risks as well as the legal, regulatory, credit, tax and accounting consequences. Lehman Brothers does not act as an adviser or fiduciary to its counterparties except where written agreement expressly provides otherwise.

Emerging Markets Structured Products



Dealer	Lehman Brothers International (Europe)
Calculation Agent	Lehman Brothers International (Europe)
Status of Notes	The Notes constitute direct, unsecured and unsubordinated obligations of the Issuer ranking pari passu without any preferences among themselves.
Denominations	MXN 100,000
Listing	<p>Application will be made to list the Notes on the London Stock Exchange.</p> <p>Application will be made to list the Notes on the SIC (Sistema Internacional de Cotizaciones) of the Bolsa Mexicana de Valores with Type of Instrument (Tipo de Valor) being D8.</p>
Selling Restrictions	<p>As per EMTN programme.</p> <p>The Notes have not been nor will be registered under the U.S. Securities Act of 1933 (as amended) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as permitted by Regulation S or Rule 144A under such Securities Act.</p> <p>The Notes have not been and will not be registered with the <i>Registro Nacional de Valores</i> (National Securities Registry) maintained by the <i>Comisión Nacional Bancaria y de Valores</i> (Mexican National Banking and Securities Commission) and may not be offered or sold publicly in Mexico. Under Article 8 of the <i>Ley del Mercado de Valores</i> (Securities Market Law) the Notes may be offered pursuant to the private placement exemption contemplated therein, to Mexican institutional and accredited investors.</p> <p>Each purchaser of Notes must observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver the Notes and it may not, directly or indirectly, offer, sell, resell, reoffer or deliver any Notes except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations</p>
Risk Disclosure	<p>The Buyer of these Notes is responsible for its own independent analysis of and decision regarding all matters relating to this transaction and any applicable laws and regulations and the risks involved in entering into this transaction as they relate to the Buyer's own circumstances. The Buyer should consult its own counsel, accountants and other advisors on these and all matters it deems relevant. This transaction is suitable only for, and should be made only by an investor who has no need for liquidity and understands and can afford the financial and other risks of this transaction.</p> <p>The risks of these Notes are principally those of credit exposure to the issuer and exposure to variations in the UDI Rate. The UDI Rate is a measure of consumer price inflation in Mexico determined and published by the <i>Banco de Mexico</i>. The coupon payable from time to time on the Notes and the Redemption Amount in respect of the Notes will vary in direct proportion to changes in the UDI Rate. Prospective Noteholders should carefully consider the potential impact which changes in the UDI Rate may have on the value of the Notes and assess the nature of potential changes in the UDI Rate relative to other economic factors.</p>

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