

Final Terms dated 18 April 2008

**LEHMAN BROTHERS TREASURY CO. B.V.**

**Issue of USD 1,041,000 Kick-In Reverse Convertible Notes due 2008  
on ADRs of America Movil SAB de C.V. and iShares MSCI Brazil Index Fund  
Guaranteed by Lehman Brothers Holdings Inc.  
under the U.S.\$100,000,000,000  
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 Conditions set forth in the Base Prospectus dated July 24, 2007, as supplemented by the Base Prospectus Supplement dated September 20, 2007, October 15, 2007, December 17, 2007, February 5, 2008, February 11, 2008, February 27, 2008, March 20, 2008 and April 14, 2008 (together, the “**Base Prospectus**”) which constitutes a 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 and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

**Information Concerning Investment Risk**

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

**Given the highly specialised nature of these Notes, the Issuer and the Guarantor consider that they are only suitable for highly sophisticated investors who are able to determine themselves the risk of an investment linked to Shares.**

**Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.**

**SEE ANNEX A: “RISK FACTORS”**

**The information in Annex D has been extracted from publicly available information for the information of investors, without independent verification. The Shares are publicly listed, and investors may acquire such further information as they deem necessary from any prospectus in respect of the Shares, the annual audited financial statements of the issuers of the Shares and such other publicly available information as they deem appropriate. Neither the Issuer, the Guarantor nor Lehman Brothers Inc. accept responsibility as to the correct extraction of such information, and no further or other responsibility (express or implied) is accepted by the Issuer, the Guarantor or Lehman Brothers Inc. in respect of such information. Investors should make their own investment, hedging and trading decisions (including decisions regarding the suitability of this investment), based upon their own judgment and upon advice from such advisers as such investors deem necessary and not upon any view expressed by the Issuer, the Guarantor or Lehman Brothers Inc.**

1.	(i) Issuer:	Lehman Brothers Treasury Co. BV
	(ii) Guarantor:	Lehman Brothers Holdings Inc.
2.	Series Number	10457
3.	Specified Currency or Currencies:	United States Dollars ("USD")
4.	Aggregate Nominal Amount:	USD 1,041,000
5.	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6.	Specified Denomination(s):	USD 1,000
7.	(i) Issue Date:	25 April 2008
	(ii) Interest Commencement Date: (if different from the Issue Date):	Not Applicable
8.	Maturity Date:	25 June 2008
9.	Interest Basis:	Not Applicable
10.	Redemption/Payment Basis:	As described in Annex B
11.	Change of Interest or Redemption/Payment Basis:	As described in Annex B
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 Annex B  |
| 23. | Early Redemption Amount of each Note<br><br>Early Redemption Amount(s) per Calculation Amount 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 equal to the fair market value of such Note on such day as is determined by the Calculation Agent (as defined in Annex B) 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), less the reasonable cost to the Issuer or any affiliate of unwinding any related hedging arrangements all as calculated by the Calculation Agent and as agreed with the Issuer. |

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |     |   |  |
|-----|---|--|
| 24. | Form of Notes:  | Interests in a temporary global Note will be exchangeable for interests in a permanent global Note in bearer form. Interests in a permanent global Note will be exchangeable for, at the request of each Holder (with respect to its own Notes in bearer form), definitive Notes in bearer form. |
| 25. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Not Applicable   |

26. Details relating to Partly Paid Notes: Not Applicable  
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:
27. Details relating to Instalment Notes: Not Applicable  
Instalment Amounts and Instalment Dates:
28. Details relating to Extendible Notes: Not Applicable
29. Consolidation provisions: Not Applicable
30. Other terms or special conditions: As described in Annex B

#### **DISTRIBUTION**

31. (i) If syndicated, names of Managers: Not Applicable
- (ii) Date of Syndicated Trade Agreement: Not Applicable
- (iii) Stabilizing Manager (if any): Not Applicable
32. If non-syndicated, name and address of Dealer: Lehman Brothers Inc.  
745 Seventh Avenue  
New York, NY 10019
33. Total commission and concession: 1.00 per cent of Aggregate Nominal Amount
34. Selling restrictions:
- (i) Brazilian Selling Restrictions: The securities may not be offered or sold to the public in Brazil. Accordingly, the offering of the securities has not been submitted to the Comissão de Valores Mobiliários for approval. Documents relating to such offerings, as well as the information contained herein may not be supplied to the public as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

- (ii) Chilean Selling Restrictions: The securities are offered through a private placement and have not and will not be registered in Securities Registry of the Superintendencia de Valores y Seguros. The securities may not be offered or sold publicly in Chile and the investors should consider the risks of the transaction.
- (iii) Additional Selling Restrictions: No sales may be made in the United States of America or to, or for the account of US persons (unless pursuant to an applicable exemption from US state and federal registration), or in any jurisdiction in which the sale of the Notes is restricted.
- SEE ANNEX A: "RISK FACTORS"
35. Non-Exempt Offer: Not Applicable

**PURPOSE OF FINAL TERMS**

Those Final Terms comprise the final terms required for issue of the Notes described herein pursuant to the U.S.\$100,000,000,000 Euro Medium-Term Note Program of Lehman Brothers Holdings Inc., Lehman Brothers Treasury Co., B.V. and Lehman Brothers Brankhaus A.G.

**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms subject as provided in the fourth paragraph under the heading “Information Concerning Investment Risk” on the first page of these Final Terms.

Signed on behalf of the Issuer:

By: .....  
Duly authorized

**PART B – OTHER INFORMATION**

**1. LISTING**

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

**2. RATINGS**

The Notes to be issued have not been rated.

Not Applicable

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

Save as discussed in the section headed “Subscription and Sale” in 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.

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

Not Applicable

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

Not Applicable

**6. HISTORIC INTEREST RATES**

Not Applicable

**7. PERFORMANCE OF INDEX/FORMULA/other variable, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION**

**CONCERNING THE UNDERLYING (Index-linked or other variable Linked Notes only)**

See Annex C.

The Issuer does not intend to provide post issuance information.

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

Not Applicable

**9. OPERATIONAL INFORMATION**

ISIN Code:	XS0360525116
Common Code:	036052511
New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	No
Any clearing systems(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 (€=\$[ ] producing a sum of (for Notes not denominated in U.S. Dollars):	Not Applicable
Names and addresses of Additional Paying Agents(s) (if any):	Not Applicable

**10. TERMS AND CONDITIONS OF THE OFFER**

Offer Price:	100% of Aggregate Nominal Amount
Conditions to which the offer is subject:	Not Applicable
Description of the application Process	Not Applicable
Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not Applicable
Details of the minimum and/or maximum amount of application:	Not Applicable
Manner in and date on which results of the offer are to be made public:	Not Applicable

Procedure for exercise of any right of preemption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
Categories of potential investors to which the Notes are offered and whether tranche(s)_have been reserved for certain countries:	Not Applicable
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	Not Applicable
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	Not Applicable
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	None



## ANNEX A

### RISK FACTORS

The Noteholders should carefully consider the risk factors provided below as well as the other information contained in these Final Terms, the accompanying Base Prospectus and the documents incorporated in this document by reference.

Each Noteholder should reach an investment decision only after such holder has carefully considered with such holder's advisors the suitability of an investment in the Notes in light of such holder's particular circumstances.

**Unlike conventional debt securities of the Issuer, the Notes do not pay interest and the payment that the Noteholder receives at maturity may be less than the Issue Price.**

The notes do not pay interest. If on the Valuation Date the Worst Performing Share is less than the relevant Kick-in Strike Price, the Issuer will deliver shares of the Worst Performing Share at maturity worth less than the USD 1,000 Issue Price per Note. Accordingly, you may lose some or all of the amount that you invest in the Notes.

**A Noteholder's return on the Notes could be less than if such Noteholder owned the Underlying Selected Securities because such holder's maximum return is limited and will not reflect dividends paid on the Underlying Selected Securities.**

As a result, a holder's return on the Notes could be less than the return obtainable if the holder had owned the Underlying Selected Securities. A holder's return on the Notes will not reflect the return such holder would realize if the holder actually owned the Underlying Selected Securities and received the dividends paid on those Underlying Selected Securities. This is because the Calculation Agent will calculate the amount payable to the Noteholder by reference to the price of the Underlying Selected Securities, which is calculated without taking into consideration the value of the dividends paid on those Underlying Selected Securities.

**Historical values of the Underlying Selected Securities should not be taken as an indication of the future performance of the Underlying Selected Securities during the term of the Notes.**

It is impossible to predict whether the trading prices of the Underlying Selected Securities will fall or rise. The trading prices of the Underlying Selected Securities will be influenced by complex and interrelated political, economic, financial and other factors that can affect the markets in which those securities are traded and the values of the Underlying Selected Securities.

**There is no trading market for the Notes and they are subject to substantial restrictions on transferability.**

There is no trading market for the Notes and none is expected to develop. Accordingly, it will be difficult to obtain reliable information about the value of the Notes at any given time. After the initial offering, Lehman Brothers Inc., and/or its affiliates intends to buy and sell the Notes to create a secondary market in the Notes and may stabilize or maintain the market price of the Notes during the initial distribution of the Notes. However, Lehman Brothers Inc., and/or its affiliates will not be obligated to engage in any of these market activities or to continue them once they are begun. Any secondary market prices will likely be lower than the Issue Price since the Issue Price included, and secondary market prices are likely to exclude, commissions paid with respect to the Notes, as well as the projected profit included in the cost of hedging our obligations under the Notes. In addition, any such prices may differ from values determined by pricing models used by Lehman Brothers Inc. and/or its affiliates, as a result of dealer discounts, mark-ups or other transaction costs. The Notes will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state or any other jurisdiction and cannot, therefore, be resold unless they are subsequently registered under these laws or an exemption

from registration is found. Investors must thus be prepared to bear the risk of owning Notes for an extended period of time.

**The value of the Notes will be affected by numerous factors, some of which are related in complex ways.**

The value of the Notes will be affected by supply and demand of the Notes, the price of the Shares at that time and a number of other factors, some of which are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. The price at which Noteholders will be able to sell the Notes prior to maturity, if at all, may be at a discount, which could be substantial, from their principal amount, if, at that time, the price of the Underlying Selected Securities is less than the relevant Strike Price. A change in a specific factor could have the following impacts on the value of the Notes, assuming all other conditions remain constant.

- **Value.** The Issuer expects that the value of the Notes will depend substantially on the trading prices of the Underlying Selected Securities at any given point in time. If a holder of Notes decides to sell the Notes when the trading price of the Underlying Selected Securities has fallen below the applicable Kick-in Strike, such holder will receive substantially less than the Issue Price and potentially the amount that would be payable at maturity. Also, if a holder of Notes decides to sell such Notes when the trading price of the Worst Performing Share is below the relevant Strike Price, such holder can expect to receive less than the principal amount of the Notes sold. Political, economic and other developments that affect the trading price of the Shares and, thus, the value of the Notes.
- **Interest rates.** In general, if U.S. interest rates increase, the value of the Notes may be adversely affected.
- **Volatility of the Underlying Selected Securities.** Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Underlying Selected Securities increases or decreases, the value of the Notes may be adversely affected.
- **Merger and acquisition transactions.** The Underlying Selected Securities may be affected by mergers and acquisitions, which can contribute to volatility of the Underlying Selected Securities. Additionally, as a result of a merger or acquisition, one or more of the Underlying Selected Securities may be replaced with a surviving or acquiring entity's securities. The surviving or acquiring entity's securities may not have the same characteristics as the original Shares.
- **Time remaining to maturity.** The value of the Notes may be affected by the time remaining to maturity. As the time remaining to the maturity of the Notes decreases, this time value may decrease, adversely affecting the value of the Notes.
- **Dividend yields.** If dividend yields on the Underlying Selected Securities increase, the value of the Notes may be adversely affected because the Underlying Selected Securities do not incorporate the value of those payments.
- **The Guarantor's credit ratings, financial condition and results.** Actual or anticipated changes in the Guarantor's credit ratings, financial condition or results may affect the value of the Notes.
- **Economic conditions and earnings performance of the underlying companies.** General economic conditions and earnings results of the underlying companies whose American Depositary Receipts make up the Underlying Selected Securities, and real or anticipated changes in those conditions or results may affect the value of the Notes.

Noteholders should understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any change in the value of the Notes attributable to another factor, such as an increase in the value of the Underlying Selected Securities. In general, assuming all relevant factors are held constant, the effect on the value of

the Notes of a given change in most of the factors listed above will be less if it occurs later than if it occurs earlier in the term of the Notes.

**The Issuer cannot control actions by the issuers of the Underlying Selected Securities.**

Actions by the issuers of the Underlying Selected Securities may have an adverse effect on the price of the Underlying Selected Securities and the Notes. In addition, these companies are not involved in the offering of the Notes and have no obligations with respect to the Notes, including any obligation to take the Issuer's or your interests into consideration for any reason. These companies will not receive any of the proceeds of this offering of the Notes and are not responsible for, and have not participated in, the determination of the timing of, prices for, or quantities of, the Notes to be issued. These companies are not involved with the administration, marketing or trading of the Notes and have no obligations with respect to the amount to be paid to you at maturity.

**Potential conflicts of interest exist because the Issuer is an affiliate of Lehman Brothers Inc., which will act as the Calculation Agent.**

Lehman Brothers Inc. will act as the Calculation Agent, which determines the amount holders will receive on the Notes, whether adjustments should be made and whether a Market Disruption Event has occurred and which selects a successor underlying security if necessary. As a result, potential conflicts of interest may exist between Lehman Brothers Inc. and the Noteholders. The Issuer, Guarantor and their affiliates act in various capacities with respect to the Notes. Lehman Brothers Inc. and other affiliates of the Issuer and Guarantor may act as a dealer or placement agent in connection with the Notes. Such affiliates will derive compensation from the distribution of the Notes and they may have an incentive to sell these Notes instead of other similar investments. The Issuer will pay compensation of up to \$25 per Note to the Dealers in connection with the distribution of Notes.

**Purchases and sales of the Underlying Selected Securities or instruments related to the Underlying Selected Securities by the Issuer and its affiliates could affect the prices of the Underlying Selected Securities.**

The Issuer and its affiliates, including Lehman Brothers Inc., may from time to time buy or sell the Underlying Selected Securities or derivative instruments related to the Underlying Selected Securities for their own accounts in connection with their normal business practices or in connection with hedging of the Issuer's obligations under the Notes, including on the Trade Date and Valuation Date. These transactions could affect the prices of those securities.

**Cost of Hedging is included in the Issue Price of the Notes.**

The Issue Price of the Notes includes the compensation paid to Lehman Brothers Inc. or one or more of its affiliates with respect to the Notes and the cost of hedging the Issuer's obligations under the Notes through one or more of its affiliates. The cost of hedging includes the projected profit that the Issuer's affiliates expect to realize in consideration for assuming the risks inherent in hedging the Issuer's obligations under the Notes. Because the actual cost of hedging the Issuer's obligations entails risk and may be influenced by market forces beyond the Issuer's or its affiliates' control, such hedging may result in profit that is more or less than expected, or may result in a loss.

**You have no shareholder rights.**

Investing in the Notes is not equivalent to investing in the Underlying Selected Securities. As an investor in the Notes, you will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the Underlying Selected Securities.

## **Investment Experience**

The Notes are not typical, straightforward debt securities. Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business, and tax advisors to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only appropriate for investors who:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
- (c) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time; and
- (d) recognize that it may not be possible to dispose of the Notes prior to their maturity.

Prospective investors in the Notes should not rely on any communication (written or oral) of the Issuer or Lehman Brothers Inc. as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of these Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or Lehman Brothers Inc. shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

## **Exchange Rate Risk**

The Underlying Selected Securities, which are quoted in U.S. dollars, may trade differently from the preferred or ordinary shares of the Companies, which are quoted and traded in Brazilian reais. Fluctuations in the exchange rate between the Brazilian real and the U.S. dollar may affect the U.S. dollar equivalent of the Brazilian real price of the preferred or ordinary shares of the Companies, and as a result may affect the trading price of the Underlying Selected Securities, which may consequently affect the market value of the Notes.

## **Risks Relating to Brazil**

Brazilian economic and political conditions and perceptions of these conditions in the international market have a direct impact on the trading price of the Underlying Selected Securities.

In the past, the Brazilian government has intervened in the Brazilian economy and occasionally made drastic changes in policy. The Brazilian government's actions to control inflation and effect other policies have included wage and price controls, currency devaluations, capital controls, and limits on imports. The business, financial condition and results of operations of the Companies, and thus the trading price of the Underlying Selected Securities, may be adversely affected by changes in government policies as well as general economic factors, including:

- currency fluctuations;
- inflation;
- price instability;
- energy policy;

- interest rates;
- tax policy; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Inflation and certain governmental measures to combat inflation may contribute significantly to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets.

Exchange rate instability may adversely affect the financial condition and results of operations of the Companies, and thus the trading price of the Underlying Selected Securities.

The market for securities issued by Brazilian companies is influenced by economic and market conditions in Brazil and, to varying degrees, market conditions in other Latin American and emerging market countries. Although economic conditions are different in each country, the reaction of investors to developments in one country may cause the capital markets in other countries to fluctuate. Developments or conditions in other emerging market countries have at times significantly affected the availability of credit in the Brazilian economy and resulted in considerable outflows of funds and declines in the amount of foreign currency invested in Brazil. Developments in other emerging markets may adversely affect the trading price of the Underlying Selected Securities.

## ANNEX B

### 1. Interpretation

#### 1.1 Definitions: In this Annex:

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in New York;

"**Calculation Agent**" means Lehman Brothers Inc.;

"**Cash Value**" means the amount in cash equal to the product of (1) \$1,000 divided by the Official Closing Price of the Shares on Trade Date and (2) the Official Closing Price of the Shares on the Valuation Date.

"**Clearance System**" means Euroclear and/or Clearstream, Luxembourg or any successor to any such clearance system as determined by the Calculation Agent or, if such clearance system ceases to settle trades in the Shares, such other clearance system as is determined by the Calculation Agent to be the principal domestic clearance system customarily used for settling trades in the Shares;

"**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;

"**Companies**" means America Movil SAB de C.V. (Bloomberg Tickers: AMX US)

"**Disrupted Day**" means any Scheduled Trading Day on which the Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

"**Early Closure**" means the closure on any Exchange Business Day of the Exchange 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 the principal exchange or quotation system for trading the Shares as the Calculation Agent shall determine in its sole and absolute discretion from time to time;

"**Exchange Amount**" has the meaning given in paragraph 3 (*The Exchange Amount*);

"**Exchange Business Day**" means any Scheduled Trading Day on which the Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Date"** means the Maturity Date unless there would otherwise be less than three Exchange Business Days from but excluding the Valuation Date to and including the Exchange Date in which case the Exchange Date shall be the third Exchange Business Day following the Valuation Date *provided, however, that:*

- (1) if, in respect of any Note, on the date that would otherwise be the Exchange Date the relevant Noteholder does not comply fully with its obligations under paragraph 5 (*Exchange*) and paragraph 6 (*Expenses and taxes*) as determined by the Calculation Agent then the Exchange Date shall be such later date as the relevant Noteholder does so comply; and
- (2) in any such case, if the date that would otherwise be the Exchange Date is not a Clearance System Business Day the Exchange Date shall be postponed to the first succeeding day which is a Clearance System Business Day;

**"Exchange Disruption"** means 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 in, or obtain market values for, the Shares on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange;

**"Fractional Share Amount"** has the meaning given in paragraph 3.2 (*The Exchange Amount - Fractions of a Share*);

**"Fund"** means the iShares® MSCI Brazil Index Fund which is currently sponsored by the relevant Fund Sponsor;

**"Fund Sponsor"** means Barclays Global Investors, NA;

**"Kick-In Strike"** with respect to each Underlying Selected Security has the meaning defined in Annex C;

**"Market Disruption Event"** means, in respect of the Shares, the occurrence or existence 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;

**"Number of Shares"** with respect to each Underlying Selected Security has the meaning defined in Annex C;

**"Official Closing Price"** means, in relation to each Share and any particular Exchange Business Day, the price of the Shares at the Valuation Time on the Exchange on that Exchange Business Day as published by the relevant Exchange;

**"Physical Settlement"** has the meaning given in paragraph 2.1 (*Final Redemption Amount and Physical Settlement - Final Redemption Amount*);

**"Related Exchange"** means any exchange or quotation system (including any substitute or temporary exchange or quotation system) on which futures contracts and/or options contracts on the Shares are traded and any 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 such Shares;

**"Scheduled Closing Time"** means, in respect of the Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Scheduled Trading Day"** means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

**"Settlement Disruption Event"** means an event beyond the control of the Issuer as a result of which the relevant Clearance System cannot clear the transfer of Shares;

**"Shares"** (and individually, **"Share"**) means the Underlying Selected Securities;

**"Specified Office"** means the office of Lehman Brothers Inc. at 745 Seventh Avenue, New York, New York 10019, USA, or any other office of Lehman Brothers Inc., or any office of any other Calculation Agent, from time to time notified to the Noteholders by the Calculation Agent as its specified office;

**"Strike Price"** with respect to each Underlying Selected Security has the meaning defined in Annex C;

**"Trade Date"** means 18 April 2008;

**"Trading Disruption"** means 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) relating to the Shares on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange;

**"Underlying Selected Securities"** means A basket of 1 American Depository Receipt representing one common share of the Company and 2 exchange traded funds (the "Funds") (each a "Share i" (where i = 1 to 3) selected information in respect of which is provided in Annex D;

**"Valuation Date"** means, subject to paragraph 7 (*Disrupted Days and Postponement*), 18 June 2008 (or if such is not an Exchange Business Day the immediately following Exchange Business Day);

**"Valuation Time"** means the close of trading on the Exchange;

**"Worst Performing Share"** means the Underlying Selected Security with the lowest value on the Valuation Date according the following formula:

$$(P_{i,F} / P_{i,0})$$



with  $P_{i,0}$  being the Strike Price of the  $i_{th}$  Underlying Selected Security and  $P_{i,F}$  being the Official Closing Price of the  $i_{th}$  Underlying Selected Security on the Valuation Date;

all as calculated or determined, if necessary, by the Calculation Agent.

1.2 **Construction:** In this Annex each reference to a paragraph shall be construed as a reference to a paragraph of this Annex.

1.3 **The Conditions:** In the event of any inconsistency between the Conditions and the provisions of this Annex, the provisions of this Annex shall prevail.

## 2. **Final Redemption Amount and Physical Settlement**

2.1 **Final Redemption Amount:** Unless previously redeemed or purchased and cancelled, each Note shall be redeemed on the Maturity Date in accordance with the following:

2.1.1 if on the Valuation Date the Official Closing Price of the Worst Performing Share  $i$  on the Valuation Date is greater than or equal to the Kick-in Strike for such Share  $i$ , each Note shall be redeemed on the Maturity Date at an amount equal to 100% of the Specified Denomination in cash plus USD 26.70 per Specified Denomination; and

2.1.2 if on the Valuation Date the Official Closing Price of the Worst Performing Share  $i$  is less than the Kick-in Strike for such Share  $i$ , Physical Settlement (or, at our election, the "Cash Value" thereof) shall apply to the Notes; "**Physical Settlement**" means that the right of each Noteholder to repayment of all outstanding amounts (including but not limited to its principal amount) shall cease and in consideration and in exchange therefor the Issuer shall deliver the relevant Exchange Amount to or to the order of each Noteholder in accordance with, and subject to, the provisions of this Annex.

## 3. **The Exchange Amount**

3.1 **The Exchange Amount:** If Physical Settlement applies in respect of any Note, the Exchange Amount to be delivered in respect of such Note shall be the Number of Shares of the Worst Performing Share set forth in Annex C plus USD 26.70, and any Fractional Share Amount to which the Noteholder may be entitled in accordance with paragraph 3.2 (*The Exchange Amount - Fractions of a Share*).

3.2 **Fractions of a Share:** Fractions of a Share will not be delivered on exchange. If a fraction of a Share would otherwise fail to be issued upon exchange, the Issuer shall make or procure that there is made, on or before the seventh Business Day after the Maturity Date, a cash payment (the "**Fractional Share Amount**") equal to such fraction of the Official Closing Price of a Share as at the Valuation Date (as determined by the Calculation Agent); *provided* that if the Fractional Share Amount is of a de minimis amount, as determined by the Calculation Agent in its sole discretion, the Noteholder shall receive neither any fraction of a Share nor any such Fractional Share Amount in lieu of the delivery of a fractional entitlement of the Shares.

## 4. **Settlement**

- 4.1 **Delivery on the Exchange Date:** If Physical Settlement applies, the Issuer shall deliver the Shares deliverable in respect of each Note through the Calculation Agent and the Clearance System on the Exchange Date, subject as provided in this paragraph 4 (*Settlement*) and paragraph 5 (*Exchange*).
- 4.2 **Settlement Disruption:** If a Settlement Disruption Event prevents the Issuer from effecting delivery of any Shares on the day on which it would otherwise have effected delivery, the Issuer shall instead effect delivery of the Number of Shares comprised in the Exchange Amount on the first succeeding day on which delivery of the Shares can take place through the relevant Clearance System unless a Settlement Disruption Event prevents the Issuer from delivering the Number of Shares comprised in the Exchange Amount on each of the 10 Clearance System Business Days immediately following the original date on which the Issuer would, but for the Settlement Disruption Event, have effected delivery of the Number of Shares comprised in the Exchange Amount. In that case:
- 4.2.1 if the Calculation Agent determines that the Shares can be delivered in any other commercially reasonable manner, then delivery of the Number of Shares comprised in the Exchange Amount shall be effected on the first day on which settlement of a sale of Shares executed on that tenth Clearance System Business Day customarily would take place using such other commercially reasonable manner of delivery of the Shares (which other manner of delivery will be deemed the Clearance System for the purposes of delivery of the relevant Shares); or
- 4.2.2 if the Calculation Agent determines that the Shares cannot be delivered in any other commercially reasonable manner, then delivery of the Number of Shares comprised in the Exchange Amount will be postponed until such day as the Calculation Agent determines that it can be effected through the Clearance System or in any other commercially reasonable manner.
- 4.3 **Manner of delivery:** For the avoidance of doubt, the Issuer makes no representation that the Shares will be deliverable in any particular manner or to any particular Noteholder. Furthermore, the Issuer will not be obliged to procure the issue of new Shares for the purposes of satisfying the obligations of the Issuer under this paragraph 4 (*Settlement*).
5. **Exchange**
- 5.1 **Procedure for exchange:** If Physical Settlement applies, in order to receive the Exchange Amount to which it is entitled each Noteholder must promptly:
- 5.1.1 complete, execute and deposit at the Noteholder's own expense during normal business hours at the Calculation Agent's Specified Office any documents which may be required by any of (a) the jurisdiction in which the Calculation Agent's Specified Office is then located or (b) the jurisdiction in which the Company with the Worst Performing Shares is incorporated to effect delivery of the Exchange Amount to, or to the order of, the Noteholder;

- 5.1.2 transfer its Notes together with any amount to be paid by the Noteholder pursuant to this paragraph 5 (*Exchange*) and/or under paragraph 6 (*Expenses and taxes*) to the account of the Calculation Agent with Euroclear and/or Clearstream, Luxembourg;
- 5.1.3 provide to the Calculation Agent and the Issuer in writing details of the accounts with the Clearance System to which the Issuer is to deliver the Exchange Amount and/or any other details which may be necessary in order to effect delivery of the relevant Shares and cash; and
- 5.1.4 represent in writing, delivered to the Calculation Agent, that at the time of exercising their Exchange Right and further at the time of complying with paragraphs 5.1.1 to 5.1.3 such Noteholder or, the person who has the beneficial interest in that Note, is not in the United States (within the meaning of Regulation S under the United States Securities Act of 1933 ("**Regulation S**")) and it, or such person, purchased such Note, or the beneficial interest therein, in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S.
- 5.2 **Failure to give U.S. certification:** If the Noteholder is unable or otherwise fails to satisfy paragraph 5.1.4, the Noteholder may transfer its Note or, the holder of a beneficial interest therein may transfer the beneficial interest therein, subject to compliance with all applicable selling restrictions (as described in the Information Memorandum and/or elsewhere in these Final Terms) and with any applicable laws.
- 5.3 **Failure to satisfy conditions for exchange:** If:
- 5.3.1 Physical Settlement applies; and
- 5.3.2 a Noteholder fails to take any of the actions referred to in paragraphs 5.1.1 to 5.1.4 within 20 Exchange Business Days after and including the Valuation Date,
- then the Issuer shall be entitled to sell those Shares which it otherwise would have been obliged to deliver, and to pay the proceeds from such sale (calculated in accordance with paragraph 5.4 (*Exchange - Proceeds of sale*)) to the Noteholder.
- 5.4 **Proceeds of sale:** For the purposes of paragraph 5.3 (*Exchange - Failure to satisfy conditions for exchange*), the proceeds of sale of any Shares shall be the amount which the Issuer or the Calculation Agent on its behalf actually receives as consideration for the sale of the relevant Shares together with any amounts paid by the relevant Noteholder pursuant to paragraph 5.1.2 and/or pursuant to paragraph 6 (*Expenses and taxes*), *provided that* the Issuer shall not be obliged to pay to the Noteholder any amount, calculated by the Calculation Agent, which is in excess of the amount for which such Shares could have been sold on the Exchange Date (together with any amounts paid by the relevant Noteholder pursuant to paragraph 5.1.2 and/or pursuant to paragraph 6 (*Expenses and taxes*)), but after deduction of the expenses and taxes in respect of such sale).

## 6. **Expenses and taxes**

As conditions precedent to exchange of any Note, the relevant Noteholder must pay to the Calculation Agent all stamp, issue, registration, transfer or other taxes and duties, including withholding taxes (if any) arising on exchange which may be determined by the Calculation Agent to be payable:

6.1.1 in the country in which the Calculation Agent's Specified Office is situated; or

6.1.2 in any other jurisdiction as a result of the issue or delivery of Shares or any other property or cash upon exchange to or to the order of the exchanging Noteholder.

## 7. **Disrupted Days and Postponement**

7.1 **Valuation Date:** If any Valuation Date is a Disrupted Day, then such Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:

7.1.1 that eighth Scheduled Trading Day shall be deemed to be the Valuation Date notwithstanding the fact that such day is a Disrupted Day; and

7.1.2 the Calculation Agent shall determine its good faith estimate of the value for the Shares as of the Valuation Time on that eighth Scheduled Trading Day.

7.2 **Delayed valuation:** If, by reason of any Disrupted Days the Valuation Date would fall on or after the Maturity Date or less than one Business Day before the Maturity Date, payment of principal and interest (if any) on the Notes otherwise due on the Maturity Date and delivery of the Exchange Amount (if any) shall be postponed until the Valuation Date has been ascertained and the Issuer has had a reasonable opportunity to effect any such payment or delivery.

7.3 **Risk of any postponement:** The risk of any postponement of payment of the principal and/or interest (if any) and delivery of the Exchange Amount (if any) as described in this paragraph 7 (*Disrupted Days and Postponement*) shall be borne by the Noteholders, and no Noteholder shall be entitled to any payment or compensation whatsoever, in respect of such postponement or of any loss suffered or incurred by such Noteholder by reason of such postponement.

## 8. **Rights Arising on Exchange**

8.1 **Dividends:** Shares issued on exchange of a Note will be fully paid up and will rank pari passu in all respects with all other fully paid Shares outstanding on the Exchange Date, subject as provided in paragraph 8.2 (*Rights Arising on Exchange - Pre-Exchange Date Dividends*) and paragraph 8.3 (*Rights Arising on Exchange - Voting rights*), will be entitled to all rights, distributions or payments in respect of such Shares with effect from and including the Exchange Date.

8.2 **Pre-Exchange Date dividends:** The exchanging Noteholder will not be entitled to receive any dividend or other distribution declared, paid or made, or any rights granted,

on any Shares if the date on which the Shares are first traded on the Exchange ex such dividend, distribution or rights falls on or before the Exchange Date.

8.3 **Voting rights:** The exchanging Noteholder will not be entitled to any voting rights accruing to Shareholders for which the record date for determining entitlement to voting rights precedes the Exchange Date.

9. **Extraordinary Events:**

9.1 **Definitions:** In this paragraph 9 (*Extraordinary Events*) and paragraph 10 (*Notification of Amount, Disrupted Days, Potential Adjustment Events and Extraordinary Events*):

"**Additional Disruption Event**" means any of a Change in Law, Failure to Deliver, an Insolvency Filing, Hedging Disruption and Increased Cost of Hedging occurs with respect to any Share;

"**Cancellation Amount**" means the amount:

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

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

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

same type used by the Calculation Agent in the regular course of its business for the valuation of similar transactions;

**"Change in Law"** means that on or after the Trade Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of any of the Shares, or (ii) the Issuer will incur a materially increased cost in performing its obligations under these Conditions (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

**"Combined Consideration"** means New Shares in combination with Other Consideration.

**"Commercially Reasonable Procedures"** means procedures which may include the following:

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

**"Delisting"** means that the Exchange announces that pursuant to the rules of such Exchange, the any of the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

**"Extraordinary Dividend"** means a dividend or portion thereof characterised as such by the Calculation Agent;

**"Extraordinary Event"** means, with respect to any of the Shares, an Additional Disruption Event, a Delisting, an Insolvency, a Merger Event, a Nationalisation or a Tender Offer;

**"Failure to Deliver"** means the failure of the Issuer to deliver, when due, any of the Shares where such failure to deliver is due to illiquidity in the market for such Shares;

**"Hedging Disruption"** means that the Hedging Party is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the Notes or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"Hedging Party"** means the Issuer, any affiliate or subsidiary of the Issuer or any other entity acting as hedging party on behalf of the Issuer;

**"Increased Cost of Hedging"** means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the Notes or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), *provided that* any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increased Cost of Hedging;

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceedings affecting the applicable Company (i) all the Shares of the applicable Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of the applicable Company become legally prohibited from transferring them;

**"Insolvency Filing"** means that the applicable Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, or it has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by a creditor and such proceeding is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof;

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

**"Merger Event"** means, in respect of any of the Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the applicable Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the applicable Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the applicable Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the applicable

Company or its subsidiaries with or into another entity in which the applicable Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a "**Reverse Merger**"), in each case if the Merger Date is on or before the Exchange Date;

"**Nationalisation**" means that all the Shares or all or substantially all the assets of the applicable Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

"**New Shares**" means ordinary or common shares, whether of the entity or person (other than the applicable Company) involved in the Merger Event or the making of the Tender Offer or a third party, that are, or that as of the Merger Date or Tender Offer Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations;

"**Other Consideration**" means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the applicable Company) involved in the Merger Event or the making of the Tender Offer or a third party);

"**Potential Adjustment Event**" means any of the following:

- (1) a subdivision, consolidation or reclassification of any of the Shares (unless resulting in a Merger Event) or, a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue;
- (2) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the applicable Company equally or proportionately with such payments to holders of the relevant Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the applicable Company as a result of a spin-off or other similar transaction, or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (3) an Extraordinary Dividend;
- (4) a call by the applicable Company in respect of the relevant Shares which are not fully paid;
- (5) a repurchase by the applicable Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;



- (6) in respect of the applicable Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the applicable Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, *provided that* any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (7) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares;

**"Share-for-Combined"** means, in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists of Combined Consideration;

**"Share-for-Other"** means, in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists solely of Other Consideration;

**"Share-for-Share"** means, (i) in respect of a Merger Event or Tender Offer, that the consideration for the relevant Shares consists (or, at the option of the holder of such Shares, will consist) solely of New Shares and (ii) a Reverse Merger;

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the applicable Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

**"Tender Offer Date"** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

- 9.2 **Potential Adjustment Events:** Following the declaration by the applicable Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, the Calculation Agent will determine the adjustment(s), if any, to be made to the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (including but not limited to adjustment(s) to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and determine the effective date(s) of that adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

9.3 **Merger Event or Tender Offer:** If a Merger Event or Tender Offer occurs, the Calculation Agent will take, in the case of a Merger Event, one of the actions described in paragraphs 9.3.1 to 9.3.3 or, in the case of a Tender Offer, one of the actions described in paragraphs 9.3.2 or 9.3.3:

9.3.1 (a) in respect of each Share-for-Share Merger Event, on or after the relevant Merger Date make such adjustment(s) to these Conditions as the Calculation Agent considers appropriate to reflect the number of New Shares to which a holder of one Share of the applicable Underlying Selected Securities immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event and the New Shares will be deemed to be Shares and the issuer thereof will be deemed the applicable Company, respectively, and, if necessary, the Calculation Agent will adjust any other relevant provisions of these Conditions including but not limited to adjustment(s) to account solely for changes in volatility, expected dividends, stock loan or liquidity relevant to the Shares;

(b) in respect of each Share-for-Other Merger Event, on or after the relevant Merger Date, the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of a Share of the applicable Underlying Selected Security would be entitled upon consummation of the Merger Event will be applied by the Calculation Agent to determine such adjustment(s) to these Conditions as the Calculation Agent considers appropriate in respect of such Share, and, if necessary, the Calculation Agent will adjust any other relevant terms including but not limited to adjustment(s) to account solely for changes in volatility, expected dividends, stock loan or liquidity relevant to the Shares; or

(c) in respect of each Share-for-Combined Merger Event, on or after the Merger Date, the number of New Shares and the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of a Share of the applicable Underlying Selected Security would be entitled upon consummation of the Merger Event will be applied by the Calculation Agent to determine such adjustment(s) to these Conditions as the Calculation Agent considers appropriate with respect to the affected Shares and the issuer of such New Shares and, if necessary, the Calculation Agent will adjust any other relevant terms including but not limited to adjustment(s) to account solely for changes in volatility, expected dividends, stock loan or liquidity relevant to the Shares;

9.3.2 on or after the relevant Merger Date or Tender Offer Date (A) make such adjustment(s) to these Conditions as the Calculation Agent considers appropriate to account for the economic effect of such Merger Event or Tender Offer (including but not limited to adjustments to account solely for changes in

volatility, expected dividends, stock loan rate or liquidity relevant to the applicable Underlying Selected Security), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange and (B) determine the effective date(s) of such adjustment(s); or

- 9.3.3 cancel the Notes in which case the Issuer shall thereupon become obliged to pay the Cancellation Amount (if any) in respect of each Note on such day as the Calculation Agent determines.
- 9.4 **Merger Date or Tender Offer Date post Maturity:** Without prejudice to paragraph 7 (*Disrupted Days and Postponement*), if a Merger Date or Tender Offer Date is scheduled to be after the Valuation Date and/or Maturity Date, the Calculation Agent shall determine, with respect to the theoretical value of the Notes, the economic effect of the announcement of a potential Merger Event or Tender Offer (including, without limitation, any change in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares) from the announcement date to such Valuation Date and/or Maturity Date, as applicable. If such economic effect is material, the Calculation Agent shall make such adjustment(s) to these Conditions as the Calculation Agent considers appropriate to reflect such economic effect.
- 9.5 **Nationalisation, Insolvency and Delisting:** If a Nationalisation, Insolvency or Delisting occurs, the Calculation Agent shall:
- 9.5.1 either make such adjustment(s) (if any) to the terms of the Conditions or such determination as the Calculation Agent considers appropriate; or
- 9.5.2 cancel the Notes in which case the Issuer shall thereupon become obliged to pay the Cancellation Amount (if any) in respect of each Note on such day as the Calculation Agent determines;
- 9.6 **Additional Disruption Events:** If an Additional Disruption Event occurs, the Calculation Agent shall make such adjustment(s) to the terms of the Conditions or such determination as the Calculation Agent considers appropriate to account for the Additional Disruption Event.
10. **Notification of Amount, Disrupted Days, Potential Adjustment Events and Extraordinary Events**
- 10.1 **Disrupted Days and Exchange Date:** The Calculation Agent shall as soon as reasonably practicable notify the Issuer (and the Issuer shall promptly give notice to the Noteholders in accordance with Condition 15 (*Notices*)) of the existence or occurrence of a Disrupted Day on any day which but for such Disrupted Day would have been the Valuation Date or of the occurrence of any Settlement Disruption Event on any day which but for such Settlement Disruption Event would have been the Exchange Date.
- 10.2 **Potential Adjustment Event or Extraordinary Event:** Upon the occurrence of a Potential Adjustment Event or Extraordinary Event, the Calculation Agent shall give notice as soon as practicable to the Issuer stating the occurrence of the Potential

Adjustment Event, or Extraordinary Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- 10.3 **Adjustments binding:** 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.

## 11. **The Calculation Agent**

- 11.1 **Independence:** In performing its duties pursuant to the terms of this Annex, the Calculation Agent shall act independently and not as an agent of the Issuer or the Noteholders and all estimates, calculations or determinations which it is required or permitted to make shall be made by it in its sole and absolute discretion.

- 11.2 **Determinations final and conclusive:** All estimates, calculations or determinations made by the Calculation Agent hereunder shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive, and the Calculation Agent shall have no liability to the Issuer, the Guarantor, the Noteholders or any third party in relation to such estimates, calculations or determinations except in the case of its wilful default or bad faith.

- 11.3 **Transactions by the Calculation Agent:** Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transaction, including without limitation any swap or hedging transactions with the Issuer, the Guarantor (or any of their respective affiliates) or any holder of the Notes (or any of its affiliates).

## 12. **Note to Noteholders**

If you purchase our Notes offered hereby, by accepting delivery of this Final Terms, you will be deemed to have represented and agreed as follows:

You understand and will expect that confirmations, agreements, term sheets, prospectuses, private placement memoranda and other offering materials, as well as other documents and information relative to investments that you may consider or make will be drafted in English. These documents may contain the terms of a proposed offering or transaction, discussions of applicable laws and requirements, representations that you must make, and disclosures of risks, potential events, conditions and information which could affect the value, performance, term, return or other characteristics of your investment. You represent that you **or your agents acting on your behalf are** competent to read, write, speak and comprehend English with the requisite degree of proficiency to understand such concepts and documents unless you have disclosed otherwise in writing to Lehman Brothers prior to entering into a specific transaction. You understand that by making any investment or entering into any transaction pursuant to an offering document, contract, confirmation or other document that is in English, you represent to Lehman Brothers that you have been able to read and

understand that document **and waive any claim that you are unable to understand the documentation due to language differences.** You further understand that it is your responsibility to ask any questions that you may have about any transaction or related documentation, and to be satisfied that those questions are answered to your satisfaction and the satisfaction of your advisors.

Si usted compra nuestros títulos de deuda ofrecidos por medio de la presente, al aceptar envío de este memorándum de oferta, se considerará que usted habrá declarado y acordado lo siguiente:

Usted entiende y espera que las confirmaciones, acuerdos, términos y condiciones, prospectos, memorándums de colocaciones privadas y otros folletos de oferta, así como documentos e información relativa a inversiones que usted pudiera considerar o efectuar serán redactados en inglés. Estos documentos pueden contener los términos de una oferta o transacción propuesta, discusiones sobre leyes y requerimientos aplicables, declaraciones que usted debe efectuar y exposición de riesgos, eventos potenciales, condiciones e información que podrían afectar el valor, rendimiento, plazos, retornos u otras características de su inversión. **Usted declara que, tanto usted como los representantes que actúen en su nombre,** son capaces de leer, escribir, hablar y comprender el idioma inglés con el grado de habilidad requerido para entender ese tipo de conceptos y documentos salvo que usted hubiera expresado lo contrario por escrito a Lehman Brothers antes de entrar en una transacción específica. Usted entiende que al hacer cualquier inversión o entrar en cualquier transacción de acuerdo con una oferta mediante un documento, contrato, confirmación u otro documento que esté en inglés, usted está declarando a Lehman Brothers que ha podido leer y comprender ese documento **y desiste de efectuar cualquier reclamo por diferencias idiomáticas, ya que usted declara estar capacitado para comprender la documentación.** Asimismo, entiende que es su responsabilidad plantear todas las preguntas que pudiera tener acerca de cualquier transacción o documentación relativa a la misma y estar conforme con que esas preguntas sean respondidas a su satisfacción y la satisfacción de sus consejeros.

Em caso de compra de nossos títulos de dívida oferecidos por meio do presente, ao aceitar o recebimento desse memorando de oferta, você terá prestado as seguintes declarações e assumido as seguintes obrigações:

V. Sa. reconhece e espera que que todas as confirmações, acordos, sumário de termos e condições, prospectos, memorandos de colocação privada e outros materiais relacionados à oferta, bem como outros documentos e informações relacionados ao investimento que V. Sa. Possa avaliar ou realizar sejam elaborados em língua inglesa. Tais documentos podem conter os termos de uma oferta ou operação proposta, discussões legais, requisitos e declarações exigidos de V.Sa. e divulgação de riscos, eventos possíveis, condições e informações que podem afetar a avaliação, valor, performance, prazo, retorno ou outras características do seu investimento. V.Sa. declara que V.Sa. **ou os seus representantes, agindo em seu nome,** são aptos a ler, escrever, falar e compreender inglês em nível suficiente para a compreensão de tais conceitos e documentos a menos que V.Sa. tenha se manifestado em sentido contrário por escrito ao Lehman Brothers anteriormente à celebração de uma determinada operação. V.Sa. compreende que, ao fazer qualquer investimento ou celebrar qualquer operação nos

termos de um documento de oferta, contrato, confirmação ou outro documento em inglês, V.Sa. declara ao Lehman Brothers que V.Sa. foi capaz de ler e compreender o documento e renúncia qualquer direito de ação com base em alegação de que V.Sa. era incapaz de compreender a documentação em razão de diferenças de idioma. V.Sa. reconhece, ainda, que é sua responsabilidade levantar quaisquer questões que V.Sa. possa ter com relação a qualquer das operações ou documentos relacionados, e considerar-se satisfeito que as resposta a tais questões satisfazem as suas necessidades ou as necessidades de seus consultores.

### **License Agreement**

iShares® is a registered mark of BGI. BGI has licensed certain trademarks and trade names of BGI to Lehman Brothers. The Notes are not sponsored, endorsed, sold, or promoted by BGI, its affiliates, BGFA, or the iShares® Funds. Neither BGI, BGFA, nor the iShares® Funds make any representations or warranties to the owner of the Notes or any member of the public regarding the advisability of investing in the Notes. Neither BGI, BGFA, nor the iShares® Funds shall have any obligation or liability in connection with the registration, operation, marketing, trading, or sale of the Notes or in connection with our use of information about the iShares® Funds.

## Annex C

### Shares i, Exchange, Related Exchange, Strike Price, Number of Shares and Kick-in Strike

I	Bloomberg Ticker	Share i	Exchange	Related Exchange	Strike Price i	Number of Sharesi	Kick-In Strike i
1	AMX US	America Movil SAB de C.V.	New York Stock Exchange	CBOE	65.42	15.2858	52.336
2	EWZ US	iShares MSCI Brazil Index Fund	New York Stock Exchange	CBOE	87.77	11.3934	70.216

\* The Strike Price for each share i will be equal to the volume-weighted average price per Share that an affiliate of the Issuer will pay to hedge the Issuer's obligations under the Notes plus two cents.

\*\* The Number of Shares for each Share i will be equal to the Specified Denomination divided by the Strike Price for each Share i.

\*\*\*The Kick-In Strike will equal 80% of the Strike Price for each Share i.

## ANNEX D

### INFORMATION ON THE UNDERLYING

**The Underlying Selected Securities are not particularly described in these Final Terms. The information contained in this Supplement relating to the Company and the Underlying Selected Securities consists only of extracts from or summaries of information which is publicly available. The information in this section was gathered from Bloomberg Financial Markets without independent verification. Neither the Issuer nor the Guarantor has independently verified any such information, and neither accepts any responsibility for error or omission. The Underlying Selected Securities are publicly listed and investors may acquire such further information as they deem necessary in relation to the Underlying Selected Securities and the Company from such publicly available information as they deem appropriate. Investors should make their own investment, hedging and trading decisions (including decisions regarding the suitability of this investment), based upon their own judgement and upon advice from such advisers as such investors deem necessary and not upon any view expressed by the Issuer or the Guarantor.**

The Underlying Selected Securities are registered under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Companies with securities registered under Exchange Act are required to file periodically certain financial and other information specified by the U.S. Securities and Exchange Commission (the "Commission"). Information provided to or filed with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of such material can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, information provided to or filed with the Commission electronically can be accessed through a website maintained by the Commission. The address of the Commission's website is <http://www.sec.gov>. In addition, information regarding the Underlying Selected Securities may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of such information.

#### **America Movil S.A.B. de C.V.**

America Movil, S.A.B de C.V., through its subsidiaries, provides wireless and fixed communications services in Latin America. It provides fixed-line, wireless, and cellular telecommunications service under the brand names Telcel, Claro, CTI M , Comcel, Codetel, PRT, and Porta brand names. The company offers voice services under various rate plans; data services, including short message services, multimedia messaging services, content services, Internet, and data transmission services; push-to-talk services; and handsets and accessories, such as chargers, headsets, belt clips, and batteries. It also engages in the sale and distribution of prepaid wireless services and wireless phones. As of June 30, 2007, the company had approximately 141.0 million subscribers in Mexico,



Brazil, Argentina, Paraguay, Uruguay, Chile, Colombia, Ecuador, Peru, Guatemala, El Salvador, Nicaragua, the Caribbean, the United States, the Dominican Republic, and Puerto Rico. America Movil was founded in 2000 and is headquartered in Mexico City, Mexico.

**Share prices USD (Quarterly high, low and closing levels)**

<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Close</b>
<b>2005</b>			
First Quarter	19.63	15.96	17.20
Second Quarter	20.39	16.15	19.87
Third Quarter	26.32	19.85	26.32
Fourth Quarter	30.99	22.90	29.26
<b>2006</b>			
First Quarter	35.73	31.15	34.26
Second Quarter	41.07	27.80	33.26
Third Quarter	39.37	31.29	39.37
Fourth Quarter	45.71	38.61	45.22
<b>2007</b>			
First Quarter	48.50	42.10	47.79
Second Quarter	64.46	49.74	61.93
Third Quarter	66.14	53.61	64.00
Fourth Quarter	68.90	55.85	61.39
<b>2008</b>			
First Quarter	64.18	52.70	63.69
Second Quarter (through 17 April)	66.75	62.48	65.86

**Total Annual Dividends (net per share, in USD)**

<b>Year</b>	<b>Aggregate Dividends (USD)</b>
2005	0.8358
2006	0.2150
2007	2.2298
2008 (through 17 April)	0.00

3 for 1 stock split, 3<sup>rd</sup> quarter 2005.

## **iShares MSCI Brazil Index Fund**

### **Activities**

iShares MSCI Brazil Index Fund is an exchange-traded fund in the USA. The Fund's objective is to provide investment results that correspond to the performance of publicly traded securities in the Brazilian market, as measured by the MSCI Brazil (Free) Index. The Fund invests in a representative sample of index stocks using a "portfolio sampling" technique.

### **Share prices USD (Quarterly high, low and closing prices)**

<b>Date</b>	<b>1. High</b>	<b>2. Low</b>	<b>3. Close</b>
<b>2005</b>			
First Quarter	25.54	19.80	22.78
Second Quarter	25.02	21.17	24.82
Third Quarter	33.45	23.65	33.32
Fourth Quarter	36.02	29.02	33.37
<b>2006</b>			
First Quarter	43.14	34.83	39.95
Second Quarter	46.98	31.92	39.12
Third Quarter	40.88	36.11	38.47
Fourth Quarter	46.85	38.09	46.85
<b>2007</b>			
First Quarter	49.32	42.70	49.22
Second Quarter	62.92	49.58	61.42
Third Quarter	74.58	51.28	73.55
Fourth Quarter	86.15	72.50	80.70
<b>2008</b>			
First Quarter	88.23	69.26	77.03
Second Quarter (through 17 April)	87.79	79.88	87.79

### **Total Annual Dividends (net per share, in USD)**

<b>Year</b>	<b>Aggregate Dividends (USD)</b>
2005	0.5857
2006	0.9399
2007	1.2031
2008 (through 17 April)	0.00