

Announcement

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the warrants described below.

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Investors are warned that the price of the warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the warrants and carefully study the risk factors set out in our base listing document and our supplement listing document (when available) and, where necessary, seek professional advice, before they invest in the warrants.

ANNOUNCEMENT IN RESPECT OF HONG KONG LISTED DERIVATIVE WARRANTS ISSUED BY

LEHMAN BROTHERS HOLDINGS INC.

(Incorporated in the State of Delaware)

As stated in our announcement on 15 September, Lehman Brothers Holdings Inc. ("**LBHI**") filed a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York ("**Chapter 11**"). The Board of Directors of LBHI authorized the filing of the Chapter 11 petition in order to protect its assets and maximize value.

Chapter 11 is generally a reorganization proceeding, typically for corporations or partnerships. In Chapter 11, the debtor usually remains in possession of its assets and continues to operate any business, subject to the oversight of the bankruptcy court and a committee of the debtor's creditors. The debtor generally proposes a Chapter 11 plan which, upon acceptance by a majority of its creditors, is confirmed by the bankruptcy court and binds both the debtor and the creditors to its terms of repayment. Under the Chapter 11 rules, the obligations of LBHI may be accelerated by the bankruptcy court (which means that they are treated as if a termination of the contract has occurred and all payment obligations are calculated which are yet to be determined by the bankruptcy court) and stayed (which means that LBHI will not be allowed during the Chapter 11 proceeding to make any payments in respect of its contracts), and creditors of LBHI are not allowed to require, or sue for, performance of LBHI's obligations until the bankruptcy court approves a Chapter 11 plan. A Chapter 11 plan can call for repayment out of future profits, sales of some or all of the assets, a merger or recapitalization or the liquidation of the assets.

The bankruptcy court will authorize the sending of a "Notice" to creditors of the debtor stating that the case has been filed. Ordinarily, this Notice will advise creditors about the commencement of the Chapter 11 case and the time and place for the first meeting of creditors (if scheduled). The Notice, which is expected to be sent soon, may include

information on when the claims period will begin, on the claims bar date and on when and how to file claims or will inform creditors that they will receive further notice regarding such information.

In order to be paid in a bankruptcy proceeding, a creditor usually must file a “proof of claim” form or the debtor must have scheduled the creditor’s claim correctly and have determined that the creditor’s claim is currently in existence and not otherwise dependent on other facts becoming true, and that the creditor’s claim is not in dispute. The proof of claim sets forth the creditor’s statement of what LBHI owes the creditor and whether the amount owed to the creditor is secured by collateral or unsecured, and in what order the creditor has the right to be paid among all of LBHI’s classes of creditors. Any amounts owed in respect of a creditor’s derivative warrants will be unsecured claims that will be paid, if at all, only after secured claims have been paid in the amounts allowed by the U.S. bankruptcy law. The claims against LBHI that arise from the derivative warrants are legally held by HKSCC Nominees Limited (“HKSCCN”) the nominee company and a wholly owned subsidiary of the Hong Kong Securities Clearing Company Limited (“HKSCC”). HKSCC is the recognized clearing house in Hong Kong and the operator of the Central Clearing and Settlement System (“CCASS”), an automated central clearing and settlement system for the securities listed and traded on The Stock Exchange of Hong Kong Limited. HKSCCN will file the proof of claim in respect of all of LBHI’s derivative warrants held by the CCASS participants on behalf of their underlying clients. Because HKSCCN is the only registered holder of the derivative warrants, only HKSCCN (not the investors nor the clients of the CCASS participants) will have a claim against LBHI in respect of the derivative warrants. If HKSCCN recovers any payments from LBHI in respect of derivative warrants that the investors bought, HKSCCN will distribute to the CCASS participants on a pro rata basis any amounts to which they are entitled under the General Rules of CCASS and the CCASS Operational Procedures.

To determine if the investors can expect a share of any payments from LBHI, they will need to determine if LBHI owes any “Cash Settlement Amount” with respect to their investment in accordance with the Terms and Conditions of the derivative warrants that they own. The definition for determination of “Cash Settlement Amount” and other Terms and Conditions are contained in the Base Listing Document and Supplemental Listing Document for the derivative warrants. However the bankruptcy court in the United States may determine a different amount became due and payable when the contracts were accelerated. In the event that LBHI fails to fulfill any payment obligation for the Cash Settlement Amount, HKSCCN will have sole rights as an unsecured creditor of LBHI and the investors must await disposition of any payments by HKSCCN to the CCASS participants as described above.

The following table lists the batches of derivative warrants issued by LBHI that expire on 30 September 2008. All of the derivative warrants listed below have expired without any Cash Settlement Amount owing by LBHI to HKSCCN.

5417	4790	4830	4615
4784	4808	4596	4633

4774	7425	9032	1280
4865	7464	9034	1281
4875	7529	9035	5685
7460	7562	5997	5922
7490	7727	5998	6904
6673	9008	6902	6905
7354	9031	7458	

LBHI's Chapter 11 case is pending before the United States Bankruptcy Court in the Southern District of New York under case number 08-13555. Investors can get information on the bankruptcy case by looking at the website maintained by the servicing agent: <http://chapter11.epiqsystems.com/lehman>. Investors can also file a request to be added to the Master Service List in the case.

Lehman Brothers Holdings Inc.

30 September, 2008