



Information Circular 08-031

Date: March 25, 2008
To: ETP Holders
From: James C. Yong
Chief Regulatory Officer
Re: PPE TO BEGIN TRADING ON NSX

Pursuant to Regulatory Circular 08-005, we are issuing this Information Circular to advise you that the following security has been approved for trading on the National Stock Exchange, Inc. ("NSX" or the "Exchange") as a UTP Derivative Securities pursuant to Exchange Rule 15.9:

Security (the "Notes" or "Securities"): **Symbol:**

Opta Exchange-Traded Notes due February 25, 2038 linked to the S&P
Listed Private Equity Index[®] Net Return (U. S. dollar) **PPE**

Commencement of Trading: March 26, 2008

General Description of Underlying Instrument or Index¹: S&P Listed Private Equity Index[®]
Net Return (U.S. dollar)

Issuer: Lehman Brothers Holdings Inc.

Issuer Website: <http://www.optaetn.com>

Primary Listing Exchange: NYSE Arca

Primary Exchange Circular: RB-08-12 (February 12, 2008)

Issuer Registration Statement: No. 333 -134553

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Notes. For a more complete description of the Issuer, the Notes and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange (which as of the date hereof is set forth above as the "Primary

¹ As stated *supra*, for a more complete description, please see the "Issuer Disclosure Materials", as defined below.

Exchange Circular”). The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the “Issuer Disclosure Materials.”

The Primary Exchange Circular cited above contains the following information:

Background on the security

As more fully explained in the Registration Statement No. 333-134553 for the Opta Exchange-Traded Notes (“Securities” or “Notes”) linked to the performance of the S&P Listed Private Equity Index[®] Net Return (U.S. dollar) (Bloomberg Symbol: “SPLPEQNT”) (“Index”), the Notes are designed to provide tradable exposure to the leading publicly listed companies in the private equity sector. The purpose of this Information Circular is to outline various rules and policies that will be applicable to trading the Notes. The Notes are senior unsecured debt obligations that are linked to the performance of the Index. The Notes will initially be issued in denominations of \$50. For a more complete description of the Notes and the payment at maturity, early redemption provisions, early redemption mechanics, valuation, fees and risk factors, consult the prospectus (the “Prospectus”).

Description of the Index

The S&P Listed Private Equity Index Net Return (U. S. dollar) is comprised of the stocks of 30 leading listed private equity companies that meet size, liquidity, exposure and activity requirements (each an “Index Component” and, collectively, the “Index Components”). Index Component weights are driven by liquidity, with no single Index Component having a weight of more than 7.5% in the Index at the time of reconstitution. The Index is designed to provide tradable exposure to the leading publicly listed companies in the private equity sector. The Index includes private equity stocks from North America, Europe and the Asia Pacific region, which are trading on developed market exchanges.

Early Redemption

According to the Prospectus, the Notes may be redeemed prior to maturity. Upon early redemption of the Notes an investor will receive a cash payment in an amount equal to the applicable early redemption value, which will equal (1) the principal amount of your Notes times (2) the index factor on the applicable valuation date times (3) the fee factor on the applicable valuation date. At least 50,000 Notes must be presented to exercise an early redemption. In order to effect an early redemption of the Notes, a duly completed notice of early redemption must be submitted to Lehman Brothers Holdings Inc., via email, which must be received no later than 11:00 a.m., New York City time, no later than the business day prior to the desired valuation date specified in the notice of early redemption (the “notice deadline date”) as set forth in the Prospectus.

Indicative Value

According to the Prospectus, an intraday “indicative value” meant to approximate the intrinsic economic value of the Notes will be calculated and published by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., or a successor via the facilities of the Consolidated Tape Association under the ticker symbol “PPE.IV”. The term “indicative value”

refers to the value of the Notes at a given time determined based on the following equation:

$$\text{Indicative Value} = [\text{Principal Amount per Note} \times (\text{Current Index Level}/\text{Initial Index Level})] \times \text{Current Fee Factor}$$

where:

Principal Amount per Note = \$50;

Current Index Level = The most recent published level of the Index;

Initial Index Level = The closing level of Index on the inception date; and

Current Fee Factor = The most recent daily calculation of the fee factor with respect to your Notes.

No-Action Relief Under Federal Securities Regulations

The Securities and Exchange Commission (“SEC” or the “Commission”) has issued no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), regarding trading in Barclays iPath securities with structures similar to that of the Securities. See letter dated July 27, 2006, from James A. Brigagliano, Acting Associate Director, Office of Trading Practices and Processing, Division of Market Regulation (now known as Trading and Markets), to George H. White (the “Letter”). As what follows is only a summary of the relief outlined in the Letter, interested members are advised to consult the Letter, for more complete information regarding the matters covered therein.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits a “distribution participant” and the issuer or selling security holder, in connection with a distribution of securities, from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The Letter states that the SEC Division of Market Regulation will not recommend enforcement action under Rule 101 of Regulation M against persons who may be deemed to be participating in a distribution of the notes to bid for or purchase the notes during their participation in such distribution.

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder. Rule 100 of Regulation M defines “distribution” to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods.

The Letter states that the SEC Division of Market Regulation will not recommend enforcement action under Rule 102 of Regulation M against Barclays and its affiliated purchasers who bid for or purchase or redeem notes during the continuous offering of the notes.

Section 11(d)(1) of the Exchange Act; Exchange Act Rule 11d1 -2

Section 11(d)(1) of the Exchange Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he or she participated as a member of a selling syndicate or group within thirty days prior to such transaction.

The Letter states that the SEC Division of Market Regulation will not recommend enforcement action under Section 11 (d)(1) of the Exchange Act against broker-dealers who treat the notes, for purposes of Rule 11d1-2, as “securities issued by a registered . . . open-end investment company as defined in the Investment Company Act ” and thereby, extend credit or maintain or arrange for the extension or maintenance of credit on the notes that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

AS THE ABOVE IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN VARIOUS NO-ACTION LETTERS, INTERESTED PARTIES ARE ADVISED TO CONSULT THE NO-ACTION LETTERS CITED ABOVE FOR MORE COMPLETE INFORMATION REGARDING THE MATTERS COVERED THEREIN AND THE APPLICABILITY OF THE RELIEF GRANTED IN RESPECT OF TRADING IN SECURITIES, INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS FOR MORE INFORMATION.

Prospectus Delivery

ETP Holders are advised to consult the “Supplemental Plan of Distribution” in the Prospectus regarding prospectus delivery requirements.

INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS FOR MORE INFORMATION.

Exchange Rules Applicable to Trading in the Notes

The Notes are considered equity securities, thus rendering trading in the Notes subject to the Exchange's existing rules governing the trading of equity securities. The Notes are also a UTP Derivative Securities as specified in Exchange Rule 15.9, and as such are subject to the additional provisions specific to that Rule. In particular, ETP Holders are reminded of their obligations under the following NSX Rules:

1. Trading Hours: This product will trade during the regular trading hours of the Exchange (between 9:30 am to 4:00 pm Eastern Time (“ET”), during pre-market hours (8:00 am to 9:29:59 am ET) and during post-market hours (4:00:01 pm to 6:30 pm ET). Please note that trading in the Notes during the Exchange’s pre-market and post-market hours may result in additional trading risks which include: (1) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (2) higher volatility in the Opening or Late Trading Sessions may impact

pricing, (3) wider spreads may occur in the Opening or Late Trading Sessions. The minimum trading increment is in accordance with NSX Rule 11.3.

2. Recommendations To Customers: Rule 3.7 provides that the ETP Holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Notes or recommending a transaction in the Notes that an investment in the Notes is suitable for the customer.

3. Trading Halts. Rule 15.9B(4) provides that, in addition to the Exchange's authority to suspend or halt trading under Rules 11.20 (Trading Halts Due To Extraordinary Market Volatility), 12.11 (Trading Suspensions) and 15.7 (Suspension and/or Delisting By Exchange), if a temporary interruption occurs in the calculation or wide dissemination of the intraday indicative value (or similar value) or the value of the underlying index or instrument and the listing market halts trading in the product, the Exchange, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in that product on the Exchange. The Notes will be traded following a trading halt in accordance with Interpretations and Policy .03 of NSX Rule 11.20.

In addition, for a UTP Derivative Securities product where a net asset value is disseminated, if the Primary Listing Exchange notifies the Exchange that the net asset value is not being disseminated to all market participants at the same time, the Exchange will immediately halt trading in such security. The Exchange may resume trading in the UTP Derivative Security only when the net asset value is disseminated to all market participants at the same time or trading in the UTP Derivative Security resumes on the listing market.

THIS INFORMATION CIRCULAR IS NOT A STATUTORY PROSPECTUS. ETP HOLDERS SHOULD CONSULT THE ISSUER DISCLOSURE MATERIALS (AS DEFINED ABOVE) FOR ALL RELEVANT INFORMATION RESPECTING THE NOTES.

Inquiries regarding this Information Circular should be directed to James C. Yong, Chief Regulatory Officer, at (312) 786-8893.