

Pricing Supplement dated 19 August 2003

LEHMAN BROTHERS TREASURY CO. B.V.

ISSUE OF EUR 15,000,000 EURO INFLATION LINKED NOTES DUE MARCH 2011

WHICH WILL BECOME FUNGIBLE WITH THE EUR 50,000,000 EURO INFLATION LINKED NOTES DUE MARCH 2011 ISSUED ON 14 MARCH 2003 (THE "EXISTING NOTES")

Guaranteed by Lehman Brothers Holdings Inc.

Under the U.S.\$ 15,000,000,000 Euro Medium-Term Note Program

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 25 August, 2003. This Pricing Supplement must be read in conjunction with such Information Memorandum.

1. (i) Issuer: Lehman Brothers Treasury Co.
BV
(ii) Guarantor: Lehman Brothers Holdings Inc.
2. (i) Series Number: 1677
(ii)Tranche Number: 2

The Notes will become fungible with the Existing Notes on the day on which interests in the temporary global note representing the Notes are exchanged for interests in a permanent global note representing the Notes.
3. Specified Currency or Currencies: Euro (EUR)
4. Aggregate Nominal Amount:
(i)Series: EUR 65,000,000
(ii)Tranche: EUR 15,000,000
5. Issue Price: 100.50 per cent. of the Aggregate Nominal Amount, In addition Accrued Interest accruing at 6% from 14 March 2003.

A combined selling concession and a management and underwriting fee of 1.25% is

		payable to the Managers
6.	Specified Denomination:	EUR 1,000
7.	Issue Date:	29 August 2003
8.	Maturity Date:	14 March 2011
9.	Interest Basis:	Fixed Rate/Index Linked
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/Payment Basis:	Fixed Rate from and including the 14 March 2003 to but excluding the 14 March 2004 and Index Linked from and including the 14 March 2004 to but excluding the Maturity Date
12.	Put/Call Options:	Not Applicable
13.	Status of the Notes:	Senior Notes
14.	Listing:	Application has been made for the Notes to listed on the Luxembourg Stock Exchange
15.	Method of distribution:	Non Syndicated

**PROVISIONS RELATING TO INTEREST (IF ANY)
PAYABLE**

16.	Fixed Rate Note Provisions	Applicable
	(i) Fixed Rate of Interest:	6.00 per cent. per annum, from and including the 14 March 2003 to but excluding 14 March 2004
	(ii) Interest Payment Dates:	14 March 2004
	(iii) Fixed Coupon Amount:	EUR 60.00 per EUR 1,000 denominations
	(iv) Fixed Day Count Fraction:	Act/Act
	(v) Broken Amount:	In relation the first Interest Payment Date interest will accrue from 14 March 2003
	(vi) Other terms for calculating interest for Fixed Rate Notes:	Not Applicable
	(vii) Business Day Convention:	Modified Following Business Day Convention
	(viii) Additional Business Centre(s):	Not Applicable

17.	Floating Rate Note Provisions:	Not Applicable
18.	Zero Coupon Note Provisions:	Not Applicable
19.	Indexed-Linked Interest Note Provisions:	Applicable
	(i) Index/Formula:	See Annex 1
	(ii) Calculation Agent responsible for calculating the interest rate:	Lehman Brothers International (Europe)
	(iii) Provisions for determining Index Linked Coupon Rate where calculation by reference to Index and/or Formula is impossible or impracticable:	See Annex 1
	(iv) Interest Payment Dates:	14 March in each year commencing on 14 March 2005 up to and including the Maturity Date
	(v) Business Day Convention:	Modified Following Business Day Convention
	(vi) Additional Business Centres:	Not Applicable
	(vii) Minimum Interest Rate for interest accrual only (Condition 3(b)B):	2.00 per cent.
	(viii) Maximum Interest Rate:	Not Applicable
	(ix) Day Count Fraction:	Act/Act
20.	Dual Currency Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Call Option:	Not Applicable
22.	Put Option:	Not Applicable
23.	Final Redemption Amount:	Par
24.	Early Redemption Amount:	

Early Redemption Amount(s) 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 considering the reasonable cost to the Issuer of unwinding any related hedging arrangements all as calculated by the Calculation

Agent in its sole and absolute discretion

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|---|--|
| 25. | Form of Notes: | Interests in a temporary global Note in bearer form are exchangeable for interests in a permanent global Note in bearer form |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Not Applicable |
| 27. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 28. | Details relating to Instalment Notes: Instalment Amounts and Instalment Dates: | Not Applicable |
| 29. | Details relating to Extendible Notes: | Not Applicable |
| 30. | Details relating to Renewable Notes: | Not Applicable |
| 31. | Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 32. | Consolidation provisions: | Not Applicable |
| 33. | Other terms or special conditions: | As described in Annex 1 |

DISTRIBUTION

- | | | |
|-----|---------------------------------------|--|
| 34. | (i) If syndicated, names of Managers: | Lehman Brothers International (Europe) |
| | (ii) Stabilising Manager (if any): | Not Applicable |
| 35. | If non-syndicated, name of Dealer: | Not Applicable |
| 36. | Selling Restrictions: | |
| | (i) Dutch Selling Restrictions: | The Notes will not be offered in the Netherlands by the Managers |
| | (ii) Additional selling restrictions: | Republic of Italy:
The offering of the Notes has |

not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, each of the Managers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of the Information Memorandum or any other document relating to the Notes in the Republic of Italy except:

(i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph of CONSOB Regulation No. 11522 of 1st July, 1998, as amended, in compliance with the terms and procedures provided therein; or

(ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the "Financial Services Act") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended; or

(iii) to an Italian resident who submits an unsolicited offer to purchase the Notes.

Each Manager has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of the Information Memorandum or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to

conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993, as amended (the "Italian Banking Act"); and

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, pursuant to which the offer or sale of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics

OPERATIONAL INFORMATION

37. ISIN Code:

The temporary ISIN Code for the Notes is XS0173165167. The Notes will become fungible with the Existing Notes on the day on which interests in the temporary global note representing the Notes are exchanged for interests in a permanent global note representing the Notes, and on such day, the permanent ISIN Code for the Notes will become XS0163559841.

38. Common Code:

The temporary ISIN Code for the Notes is 17316516. The Notes will become fungible with the Existing Notes on the day on which interests in the temporary global note representing the Notes are exchanged for interests in a permanent global note representing the Notes, and on such day, the permanent ISIN Code for the Notes will become 16355984.

39. Any clearing system(s) other than Euroclear and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
40. Delivery: Delivery against payment
41. Additional Paying Agent(s) (if any): Not Applicable

RESPONSIBILITY

Except as indicated in Annex 2 below, which is provided for information only, the Issuer accepts responsibility for the information contained in this Pricing Supplement.

LEHMAN BROTHERS TREASURY CO. B.V. as Issuer

By: _____

Authorised Signatory

ANNEX 1

1. Definitions

For the purposes of this Annex:

“Index” means the Italian consumer price index for families and workers and employees (FOI) (excluding tobacco) as calculated by the Sponsor and published in the Italian Official Gazette;

“Interest Period” means the period from and including the 14 March of each year to but excluding the 14 March of the following year starting from the 14 March 2004 up to the Maturity Date as may be adjusted in accordance with the provisions set out by this Pricing Supplement; and

“Sponsor” means ISTAT and/or, as the context requires or permits, any successor sponsor accepted by the Calculation Agent.

2. Index Linked Coupon Rate

In respect of each Note, the Index Linked Coupon Rate payable on each Interest Payment Date with respect to each Interest Period shall be equal to:

$$1.50\% + \left(\frac{FOI_{Final} - FOI_{Initial}}{FOI_{Initial}} \right)$$

where:

FOI_{Final} means, in respect of an Interest Period, the Index for the month of November immediately prior to the end of the previous Interest Period (in the case of the first Interest Period, FOI_{Final} will be the Index published for the month of November 2003) published by the Sponsor according to Annex 2;

FOI_{Initial} means, in respect of an Interest Period, the Index for the month of November immediately prior to the start of the previous Interest Period (in the case of the first Interest Period, FOI_{Initial} will be the Index published for the month of November 2002 and in the case of the second Interest Period, FOI_{Initial} will be the Index published for the month of November 2003) published by the Sponsor according to Annex 2,

as determined by the Calculation Agent.

The minimum rate for the Index Linked Coupon Rate is equal to 2.00 per cent..

Example: Considering FOI_{Final} equal to 103;

Considering FOI_{Initial} equal to 100,

the Index Linked Coupon Rate formula applies as follows:

$$1.5\% + [(103-100)/100] = 1.5\% + 3\% = 4.5\%$$

The above merely represents an example in order to explain the formula for the calculation of the Index Linked Coupon Rate. The data used for the example do not reflect the value of the Index published by the Sponsor. The Calculation Agent remains the sole responsible at any time for the calculation of the Index Linked Coupon Rate.

3. Notification of the Index Linked Coupon Rate

As soon as reasonably practicable after calculating or otherwise determining each Index Linked Coupon Rate, but no later than 10 days prior to each Interest Payment Date, the Calculation Agent shall give notice of the relevant amount to the Issuer.

4. Adjustment to and Replacement of Index

- a) If the Index is (i) not calculated and announced by the Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by that successor sponsor or that successor index, as the case may be.
- b) If (i) on or prior to the publication of the Index to be used to calculate any Index Linked Coupon Rate, the Sponsor makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent prices or items and other routine events) or (ii) the Sponsor fails to calculate and announce the Index (and a) above doesn't apply) or the Index ceases to be published at all, then the Calculation Agent shall calculate the level of the Index using, in lieu of a published level for the Index, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure.

5. Correction of Index

Notwithstanding the fact that a published level of the Index is subsequently revised by the Sponsor, the Calculation Agent shall determine the amount that is payable using the level published prior to any such revision except where such revision is made in

order to correct a manifest error (as determined by the Calculation Agent), in which event the Calculation Agent shall use the level as so corrected.

6. Determinations by the Calculation Agent

All determinations, calculations or valuations made by the Calculation Agent under or pursuant to the terms of the Notes shall be made in its sole and absolute discretion and the Calculation Agent shall be solely responsible for the determination and calculation of any and all determinations, calculations or valuations in accordance with the terms of the Notes. All such determinations, calculations or valuations made by the Calculation Agent shall be conclusive and binding. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, any costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.

Nothing contained herein shall prevent the Calculation Agent from dealing in these Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer or any holder of Notes.

ANNEX 2

INFORMATION ON THE INDEX

The information contained in this Annex 2 relating to the Index consists of extracts from or summaries of information that is publicly available (unless otherwise stated). Neither the Issuer nor the Guarantor has independently verified any such information, and neither accepts any responsibility for error or omission, other than accepting responsibility for accurately reproducing and/or summarising the information relating to the Index. Investors may acquire such further information as they deem necessary in relation to the Index 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 judgment and upon advice from such advisers as such investors deem necessary and not upon any view expressed by the Issuer or the Guarantor.

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 indexes.

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.

Definition

Consumer prices index for families of workers and employees excluding Tobacco (FOI – *Indice dei prezzi al consumo per le famiglie di operai ed impiegati senza tabacchi*) is calculated by ISTAT – Istituto Nazionale di Statistica and refers to consumption of families of non-agricultural employees in the Republic of Italy.

Publication

The FOI is a key instrument for monitoring inflation in the Republic of Italy. Time-series for the FOI are available on a monthly basis as from January 1947. ISTAT publishes the FOI for each relevant month between the 16th and the 20th day of the following month. The FOI is published on a monthly basis on the Official Gazette of the Republic of Italy.

Composition and Calculation

The Index is composed of a basket of real prices of goods and services (classified according to the provisions of the European Union classification criteria COICOP '95 (Classification of Individual Consumption by Purpose) version Rev.1) available to the Italian families considered by the FOI (see above under “Definition”).

The FOI is calculated on the basis of the Laspeyres formula: the weight of each goods or service within the index is determined on the basis of the value of the expense for the consumption of such goods or service compared to the value of the total expense of the Italian families considered by the FOI (see above under “Definition”) in the reference period. As from February 1992 the FOI does not include the tobacco price.

Measures of Inflation

The annual rate measures the price change between the relevant month and the same month of the previous year.

FOI (index level, 1995=100)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Aver
1996	102,4	102,7	103,0	103,6	104,0	104,2	104,0	104,1	104,4	104,5	104,8	104,9	103,9
1997	105,1	105,2	105,3	105,4	105,7	105,7	105,7	105,7	105,9	106,2	106,5	106,5	105,7
1998	106,8	107,1	107,1	107,3	107,5	107,6	107,6	107,7	107,8	108,0	108,1	108,1	107,6
1999	108,2	108,4	108,6	109,0	109,2	109,2	109,4	109,4	109,7	109,9	110,3	110,4	109,3
2000	110,5	111,0	111,3	111,4	111,7	112,1	112,3	112,3	112,5	112,8	113,3	113,4	112,1
2001	113,9	114,3	114,4	114,8	115,1	115,3	115,3	115,3	115,4	115,7	115,9	116,0	115,1
2002	116,5	116,9	117,2	117,5	117,7	117,9	118,0	118,2	118,4	118,7	119,0	119,1	117,9
2003	119,6	119,8	120,2	120,4	120,5	120,6	120,9						

* Source: ISTAT

Annual FOI inflation rates (% y-to-y)**

November 1996	to November 1997	1.6 per cent.
November 1997	to November 1998	1.5 per cent.
November 1998	to November 1999	2.0 per cent.
November 1999	to November 2000	2.7 per cent.
November 2000	to November 2001	2.3 per cent.
November 2001	to November 2002	2.7 per cent.

** Source: ISTAT