

LEHMAN BROTHERS TREASURY CO. B.V.

Issue of EUR140,000,000 of Inflation Linked Multi-Tranche Notes
under the U.S.\$18,000,000,000
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 August 19, 2003. This Pricing Supplement must be read in conjunction with such Information Memorandum.

- | | | |
|-----|---|--|
| 1. | (i) Issuer: | Lehman Brothers Treasury Co. B.V. |
| | (ii) Guarantor: | Lehman Brothers Holdings, Inc. |
| 2. | Series Number: | 1890 |
| 3. | Specified Currency or Currencies: | Euro (EUR) |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR 140,000,000 |
| 5. | (i) Issue Price: | 100.75 per cent. of the Aggregate Nominal Amount. |
| | (ii) Net proceeds: | 99.25 per cent. of the Aggregate Nominal Amount. |
| 6. | Specified Denominations: | EUR 1,000 |
| 7. | (i) Issue Date: | 14 th January 2004 |
| | (ii) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | 14 th January 2014 |
| 9. | Interest Basis: | Fixed Rate and Index-Linked Interest (further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest or Redemption/Payment Basis: | As per Paragraph 9 (above) and Paragraphs 16 and 19 below. |
| 12. | Put/Call Options: | Not Applicable |

13. (i) Status of the Notes: Senior Notes
- (ii) Status of the Guarantee: Senior Guarantee
14. Listing: Application has been made to list the Notes on the Luxembourg Stock Exchange. The Issuer does not make any representation as to the approval of the Luxembourg Stock Exchange in listing the Notes.
15. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** Applicable with respect to payments of Interest up to and including the Interest Payment Date occurring on the 14th January 2006.
- (i) **Fixed Rate of Interest:** With respect to the First Fixed Interest Period (as defined in paragraph 16(vi) below), 7 per cent. per annum; and
- With respect to the Second Fixed Interest Period (as defined in paragraph 16(vi) below), 5 per cent. per annum.
- In each case Interest will be payable annually in arrear.
- (ii) **Interest Payment Date:** 14th January in each year from and including 14th January 2005 to and including 14th January 2006, provided that if such date does not fall on a Payment Business Day, it shall be adjusted in accordance with the Business Day Convention.
- (iii) **Fixed Coupon Amount(s):** (1) With respect to the First Fixed Interest Period: Euro 70.00 per Specified Denomination; and
- (2) With respect to the Second Fixed Interest Period: Euro 50.00 per Specified Denomination.
- (iv) **Fixed Day Count Fraction:** Other: Actual/Actual (ISMA).
- (v) **Broken Amount(s):** Not Applicable

(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	<p>“First Fixed Interest Period”: means the period from and including the Interest Commencement Date to and excluding the 14th January 2005 (unadjusted).</p> <p>“Second Fixed Interest Period”: means the period from and including 14th January 2005 to and excluding 14th January 2006 (unadjusted).</p>
(vii) Business Day Convention:	Following Business Day Convention.
17. Floating Rate Note Provisions	Not Applicable.
18. Zero Coupon Note Provisions	Not Applicable
19. Index-Linked Interest Note Provisions	Applicable with respect to each Interest Period commencing on and after 14 th January 2006.
(i) Index/Formula:	See Annex 1
(ii) Calculation Agent responsible for calculating the interest due:	Lehman Brothers International (Europe).
(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	As per Annex I hereto.
(iv) Interest Period(s)/Interest Payment Dates:	In relation to Inflation-Linked Interest Periods the Interest Payment Dates shall be 14 th January of each year, commencing on 14 th January 2007 to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention.
(v) Business Day Convention:	Following Business Day Convention
(vi) Additional Business Centre(s):	Not Applicable
(vii) Minimum Rate of Interest:	1.75%
(viii) Maximum Rate of Interest:	Not Applicable
(ix) Day Count Fraction:	Actual/Actual (ISMA)
(x) Interest Determination Date:	Amounts payable in respect of Index-Linked Coupon Rate shall be calculated one Business Day prior to

the commencement of each Index-Linked Interest Period.

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): An amount determined in accordance with the Conditions, provided the Unwind Costs (as defined in Annex I) are deducted when the Early Redemption Amount is calculated.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: Bearer Global 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)

- (Europe);
 Abax Bank;
 Promos SIM SpA; and
 Meliorbanca SpA.
- (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) Italian Selling Restrictions:
- (iii) Additional Selling Restrictions: Republic of Italy:
- The offering of the Notes has not been registered with the Commissione Nazionale per la Società e la Borsa (“CONSOB”) (the Italian securities exchange commission) pursuant to the Italian securities legislation and, accordingly, the Notes may not be offered, sold or delivered nor any copies of the Pricing Supplement (or any other document relating to the Notes) distributed, in the Republic of Italy (“Italy”) in a solicitation to the public at large (sollecitazione all’investimento), and the Notes shall only be offered or sold (as the case may be) in Italy if and to the extent that:
- (i) the Notes are offered or sold to professional investors (operatori qualificati), as defined in Article 31, second paragraph of CONSOB Regulation No 11522 of 1 July 1998 (the “Regulation No 11522”), as amended, and effected in compliance with the terms and procedures provided therein; or
- (ii) the Notes are offered or sold in

circumstances which are exempted from the rules of solicitation of investments pursuant to Article 100 of Legislative Decree No 58 of 24 February 1998 (the “Financial Services Act”) and Article 33, first paragraph, of CONSOB Regulation No 11971 of 14 May 1999 (the “Regulation No 11971”); or

- (iii) the Notes are sold to a person located in Italy who submits an unsolicited offer to purchase the Notes,

and such sale or offer (as the case may be) shall in any event be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

Moreover and subject to the foregoing, the Notes may not be offered, sold or delivered and neither the Pricing Supplement nor any other material relating to the Notes may be distributed or made available in Italy unless such offer, sale or delivery of Notes or distribution or availability of copies of the Pricing Supplement or any other material relating to the Notes in the Italy is:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No 385 of 1 September, 1993 (the “Italian Banking Act”), the Regulation No 11522, the Regulation No 11971 and any other applicable laws and regulations; and

(b) in compliance with Article 129 of the Italian Banking Act and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of debt securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption, depending inter alia on the amount of the issue and the characteristics of the securities, applies.

OPERATIONAL INFORMATION

- | | | |
|-----|--|---|
| 37. | ISIN Code: | XS0181945972 |
| 38. | Common Code: | 018194597 |
| 39. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Not Applicable |
| 40. | Delivery: | Syndicated |
| 41. | The Aggregate Nominal Amount of Notes issued has been translated into US Dollars at the rate of : | Not Applicable |
| 42. | Calculation Agent: | Lehman Brothers International (Europe). |

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.

Signed on behalf of the Issuer
LEHMAN BROTHERS TREASURY CO. B.V.

By:
Authorized Signatory

Date:

ANNEX I

1. Definitions

For the purposes of this Annex:

“**Reference Index**” means subject to the provisions of Clause 4 (Adjustment to and Replacement of Index) and clause 5 (Correction of Index) 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;

“**Index-Linked Interest Period**” means the period from and including, 14th January in one year to and excluding 14th January in the next year during the term of the Notes, commencing on and including 14th January 2006.

“**Sponsor**” means Istituto Nazionale di Statistica (“ISTAT”) or 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 Index-Linked Interest Period shall be equal to:

Year on Year Inflation +1.25%

subject to the minimum rate described below.

Where:

“**Year on Year Inflation**” means a percentage calculated in accordance with the following formula:

$$\left(\frac{FOI_{FINAL} - FOI_{INITIAL}}{FOI_{INITIAL}} \right)$$

“**FOI_{INITIAL}**” means in respect of each Index-Linked Interest Period, the Reference Index for the month of November prior to the start of the **previous** Index-Linked Interest Period (and in the case of the first such Index-Linked Interest Period FOI_{INITIAL} will be the Reference Index published for the month November 2004) published by the Sponsor; and

“**FOI_{FINAL}**” means in respect of each Index-Linked Interest Period, the Reference Index for the month of November prior to the end of the **previous** Index-Linked Interest Period (and in the case of the first such Index-Linked Interest Period FOI_{FINAL} will be the Reference Index published for the month November 2005) published by the Sponsor,

as determined by the Calculation Agent.

The minimum rate for the Index-Linked Coupon Rate is equal to 1.75 per cent.

Example: Considering FOI_{FINAL} equal to 103;
 Considering $FOI_{INITIAL}$ equal to 100,

The Index linked Coupon Rate formula applies as follows:

$$1.25\% + [(103-100)/100] = 1.25\% + 3\% = 4.25\%$$

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 Reference Index published by the Sponsor at any time. The Calculation Agent remains solely responsible at any time for the calculation of the Index Linked Coupon Rate.

3. Notification of 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 Reference 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 (as determined by the Calculation Agent in its sole discretion), then the Reference 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 Reference Index to be used to calculate any Rate of Interest in relation to the index-linked interest provisions of these Notes, the Sponsor makes a material change in the formula for or the method of calculating the Reference Index or in any other way materially modifies the Reference Index (other than a modification prescribed in that formula or method to maintain the Reference 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 Reference Index (and (a) above doesn't apply) or the Reference Index ceases to be published at all, then the Calculation Agent shall calculate the level of the Reference Index using, in lieu of a published level for the Reference Index, the level for the Reference Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Reference Index last in effect prior to that change or failure.

5. Correction of Reference Index

Notwithstanding the fact that the level of the Reference Index published in respect of such date is subsequently revised by the Sponsor the Coupon shall be determined 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 its sole and absolute discretion), 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 of 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 this 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 netting into any related transactions, including without limitation any swap or hedging transactions, with the Issuer or any holder of Notes.

7. Unwind Costs

Where used in connection with these Notes, "Unwind Costs" means the Euro value of any transfer or stamp tax costs, early redemption or termination cost, if any, borne by the Issuer or the Swap Counterparty, as determined by the Calculation Agent, in relation to any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer and/or such hedge counterparty.

Annex 2

INFORMATION ON THE REFERENCE INDEX

The information contained in this Annex 2 relating to the Reference 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 Reference Index. Investors may acquire such further information as they deem necessary in relation to the Reference 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 Reference 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	AUG	SEP	OCT	NOV	DEC
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
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
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
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
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
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
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
2003	119,6	119,8	120,2	120,4	120,5	120,6	120,9	121,1	121,4	121,5	121,8	

- Source: ISTAT

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

November 1996 –November 1997	1.62%
November 1997 –November 1998	1.50%
November 1998 –November 1999	2.03%
November 1999 –November 2000	2.72%
November 2000 –November 2001	2.29%
November 2001 –November 2002	2.67%
November 2002 –November 2003	2.35%

** Source: ISTAT (rounded to two decimal places)