

JANUARY 31, 2002

\$18,500,000

LEHMAN BROTHERS HOLDINGS INC.

S&P 500® Index SUNS®

(Stock Upside Note Securities®)

Due February 5, 2007

THE OFFERING

The S&P 500 Index SUNS allow investors to have 100% principal protection and to participate on a partial basis in the upside potential of the S&P 500 Index. The securities are senior unsecured debt securities of Lehman Brothers Holdings Inc. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

INVESTMENT HIGHLIGHTS

- Investment opportunity — SUNS provide investors an opportunity to participate on a partial basis in the potential growth of the S&P 500 Index while providing 100% principal protection (if held to maturity).
- Potential returns — The return on SUNS will be 66% of the percentage increase, if any, of the final index level over the initial index level.
- Diversification — SUNS are based on a basket of 500 stocks, rather than a single stock, and therefore provide an investor with greater diversification than what investors generally are able to achieve by purchasing individual securities.
- Minimum investment — Price per security is \$10, with a low minimum investment of \$1,000 (100 securities).

This brochure must be attached to, and read in conjunction with, the Prospectus Supplement and the accompanying Prospectus that provide a description of the securities, including details of the risks associated with an investment in the securities.

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KEY TERMS

Securities:	Senior unsecured debt securities of Lehman Brothers Holdings Inc.
Issuer Rating:	Long-term senior debt currently rated "A" by Standard & Poor's and "A2" by Moody's Investors Service
Public Offering Price:	\$10 per security
Interest:	No interest, dividend or other payments prior to maturity
Maturity:	Five years
Minimum Investment:	\$1,000 (100 securities)
Listing:	American Stock Exchange under symbol "SPJ"
Payment at Maturity:	<p>At maturity, each \$10 security pays the greater of (i) \$10 and (ii) the alternative redemption amount.</p> <p>The alternative redemption amount per \$10 security will equal the product of:</p> <p>(1) \$10; and</p> <p>(2) $1 + (0.66 \times \frac{\text{final index level} - \text{initial index level}}{\text{initial index level}})$</p> <p>The initial index level is 1,130.20.</p> <p>The final index level will generally be the closing level of the S&P 500 Index on the valuation date, which will normally be the third business day before the stated maturity date.</p>
Taxes:	U.S. taxpayers will have to include original issue discount in income currently at the comparable yield.
Offering Date:	January 31, 2002

UNDERLYING INDEX

The underlying index is the S&P 500 Index, a capitalization-weighted index of 500 stocks. The S&P 500 Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Standard & Poor's chooses companies for inclusion in the S&P 500 Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the New York Stock Exchange, which Standard & Poor's uses as an assumed model for the composition of the total market.

SPECIAL CONSIDERATIONS

Consult the attached Prospectus Supplement for a detailed description of the risks associated with an investment in SUNS®. The price an investor receives for SUNS upon sale prior to maturity may be more or less than the original cost, depending on interest rates, dividend rates, time remaining to maturity, the value and volatility of the S&P 500 Index and other factors described in the Prospectus Supplement.

\$18,500,000 SUNS®

LEHMAN BROTHERS HOLDINGS INC.

S&P 500® Index Stock Upside Note Securities® Due February 5, 2007

General:

- SUNS are senior unsecured debt securities of Lehman Brothers Holdings.
- Performance of the securities is linked to the S&P 500 Index, as calculated by Standard & Poor's, a division of McGraw-Hill, Inc.
- Minimum initial investment: \$1,000 (100 securities).
- Denominations: \$10 and whole multiples of \$10.
- Stated maturity date: February 5, 2007, subject to postponement if a market disruption event occurs.
- The securities have been approved for listing on the American Stock Exchange under the trading symbol "SPJ".

Payments:

- No interest or other payments will be made prior to maturity.
- On the stated maturity date, Lehman Brothers Holdings will pay to you, per \$10 security, the greater of:

- (1) \$10; and
- (2) the alternative redemption amount.

The alternative redemption amount per \$10 security will equal the product of:

- (1) \$10; and
- (2) $1 + (0.66 \times \frac{\text{final index level} - \text{initial index level}}{\text{initial index level}})$

The initial index level is 1,130.20.

The final index level will generally be the closing level of the S&P 500 Index on the valuation date, as described herein.

	Per Security	Total
Public offering price	100%	\$18,500,000
Underwriting discounts and commissions	3%	\$ 555,000
Proceeds, before expenses, to Lehman Brothers Holdings	97%	\$17,945,000

See "Risk Factors" on pages S-6 to S-8 for factors that should be considered before investing in the securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The securities are expected to be ready for delivery in book-entry form only through The Depository Trust Company on or about February 5, 2002.

Prudential Securities

Lehman Brothers

January 31, 2002

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