

SECURITIES AND EXCHANGE COMMISSION

FORM 424B2

Prospectus filed pursuant to Rule 424(b)(2)

Filing Date: **1994-03-01**
SEC Accession No. **0000912224-94-000011**

([HTML Version](#) on [secdatabase.com](#))

FILER

LEHMAN BROTHERS HOLDINGS INC

CIK: **806085** | IRS No.: **133216325** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **424B2** | Act: **33** | File No.: **033-65674** | Film No.: **94514057**
SIC: **6211** Security brokers, dealers & flotation companies

Mailing Address	Business Address
<i>AMERICAN EXPRESS TOWER WORLD FINANCIAL CENTER ATTN GEN COUNSEL NEW YORK NY 10283</i>	<i>AMERICAN EXPRESS TWR 3 WORLD FINANCIAL CNTR NEW YORK NY 10048 2122982000</i>

REGISTRATION NO. 33-65674

NASD File No. 930707011

Rule 424(b)(2)

PRICING SUPPLEMENT NO. 31

DATED FEBRUARY 25, 1994

(To Prospectus dated October 4, 1993 as supplemented by
a Prospectus Supplement dated October 4, 1993)

LEHMAN BROTHERS HOLDINGS INC.

Medium Term Notes, Series E

Due 9 Months or More from Date of Issue
(Floating Rate Notes)

Principal Amount: \$10,000,000. See
"Description of Floating Rate
Notes-Maturity Amount" below.

Stated Maturity: June 14, 1996

Issue Date: March 14, 1994

Issue Price: 100%

Agent's Commission: .25%

Interest Payment Dates: The 14th calendar day of each
March, June, September and
December (or, if any such day
is not a Business Day, the
next following Business Day),
commencing on June 14, 1994
and ending on the Stated
Maturity

Interest Reset Dates: Each Payment Date

Initial Interest Rate: To be determined on the
initial Interest
Determination Date. See
"Description of Floating Rate
Notes - Interest".

Interest Rate: On any Interest Determination

Date (a) 8.50% plus (b)
(LIBOR (with a designated
maturity of three months)
minus ITL CMS (with a
designated maturity of three
years)), but not less than
zero.

See "Description of Floating
Rate Notes-Interest" below.

Day Count Basis: 30/360

Spread: None

Spread Multiplier: None

Interest Determination

Dates: Second London Banking Day
preceding each of March 14,
1994 and each Interest
Payment Date thereafter

Calculation Agent: Lehman Brothers Special
Financing Inc.

Interest Payment Period: Quarterly

Interest Reset Period: Quarterly

Maturity Amount: See "Description of Floating
Rate Notes - Maturity
Amount."

Form of Note: Book-Entry Note

The aggregate principal amount of this offering is
\$10,000,000 and relates only to Pricing Supplement No.
31. Medium-Term Notes, Series E may be issued by the
Company in an aggregate principal amount of up to
\$2,500,000,000 and, to date, including this offering,
an aggregate of \$1,137,550,000 Medium-Term Notes,
Series E have been issued and are outstanding.

DESCRIPTION OF FLOATING RATE NOTES

I. GENERAL

The following description of the particular terms of
the Floating Rate Notes (as defined below) supplements,

and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Notes set forth in the accompanying Prospectus Supplement and the description of Debt Securities set forth in the accompanying Prospectus, to which descriptions reference is hereby made. All terms used herein but not otherwise defined herein and which are defined in the accompanying Prospectus or Prospectus Supplement shall have the meanings therein assigned to them.

II. INTEREST

Interest on the Floating Rate Notes in respect of an Interest Payment Period (as defined below) will be payable quarterly on the fourteenth calendar day of each March, June, September and December, or in the event that any such day is not a Business Day, then on the immediately following day that is a Business Day (each such day, an "Interest Payment Date"), beginning on June 14, 1994 and ending on the Stated Maturity. With respect to any Interest Payment Date, interest on the Floating Rate Notes will accrue on the principal amount thereof from and including the previous Interest Payment Date, or in the case of the first Interest Payment Date, March 14, 1994, through but excluding such Interest Payment Date (each, an "Interest Payment Period"), calculated on the basis of a 360-day year composed of 12 30-day months.

The Interest Rate for any Interest Payment Period shall equal (a) 8.50% plus (b) (LIBOR minus ITL CMS), but not less than zero.

For the purpose of calculating the Interest Rate for any Interest Payment Period, the following terms have the following meanings:

"LIBOR" with respect to any Interest Payment Period shall be determined as of the Interest Determination Date preceding such Interest Payment Period by the Calculation Agent in accordance with the procedures set for determining "LIBOR Telerate" for a period of three

months set forth in the accompanying Prospectus Supplement.

"ITL CMS" with respect to any Interest Payment Period shall be established by the Calculation Agent and shall equal the arithmetic mean of the bid and offered rates for Italian lira interest rate swaps for three years which appear on the Reuters Screen ICAS Page (as defined below) as of 11:00 A.M., London time, on the second London/Milan Banking Day prior to the first day of such Interest Payment Period; provided that if such rates do not appear on the Reuters Screen ICAS Page on such date, ITL CMS shall be determined on such date as described in the paragraph below. Reuters Screen ICAS Page means the display designated as page "ICAS" on the Reuter Monitor Money Rates Service (or such other page as may replace such page on that service, or such other service as may be nominated as the information vendor for the purpose of displaying Italian lira interest rate swap rates). "London/Milan Banking Day" is a day on which banking institutions in the City of London, England and Milan, Italy are not required or authorized by law to be closed.

If on such date such rates do not appear on Reuters Screen Page ICAS, the Calculation Agent will request of each of four major swap dealers of the highest credit rating that provide a market in Italian lira interest rate swaps, selected by the Calculation Agent (each, an "ITL CMS Reference Market-maker"), to provide the Calculation Agent with the arithmetic mean of its bid and offered quotations, on an annual, bond-equivalent basis, for Italian lira interest rates swaps of three years to counterparties of the highest credit rating as of 11:00 A.M., London time, on such date. If more than three quotations are provided, ITL CMS will be the arithmetic mean (rounded upwards, if necessary, to the nearest one-sixteenth of a percent) of the quotations, without regard to the quotations having the highest and lowest values. If exactly three quotations are provided, ITL CMS will be the quotation remaining after disregarding the highest and lowest quotations. If two ITL CMS Reference Market-makers provide the Calculation Agent with such quotations, ITL CMS on such date shall be the arithmetic mean (rounded upwards, if necessary, to the nearest one-sixteenth of a percent) of both such quotations. If on such date fewer than two of the ITL CMS Reference Market-makers provide the Calculation

Agent with quotations, ITL CMS on such date will be the ITL CMS applicable to the immediately preceding Interest Payment Period.

III. MATURITY AMOUNT

The amount payable at Maturity in respect of the principal amount of the Floating Rate Notes (the "Maturity Amount") will be equal to the product of (a) the principal amount of the Floating Rate Notes and (b) one (1) plus the product of (i) fifteen (15) and (ii) (5.30% minus FFr CMS), but in no event will the Maturity Amount be less than zero. For the purpose of calculating the Maturity Amount, "FFr CMS" shall be established by the Calculation Agent and shall equal the arithmetic mean of the bid and offered rates for French franc interest rate swaps for three years which appear on the Reuters Screen ICAT Page (as defined below) as of 11:00 A.M., London time, on the second London/Paris Banking Day prior to the Maturity Date; provided that if such rates do not appear on the Reuters Screen ICAT Page on such date, FFr CMS shall be determined on such date as described in the paragraph below. Reuters Screen ICAT Page means the display designated as page "ICAT" on the Reuter Monitor Money Rates Service (or such other page as may replace such page on that service, or such other service as may be nominated as the information vendor for the purpose of displaying French franc interest rate swap rates). "London/Paris Banking Day" is a day on which banking institutions in the City of London, England and Paris, France are not required or authorized by law to be closed.

If on such date such rates do not appear on Reuters Screen Page ICAT, the Calculation Agent will request of each of four major swap dealers of the highest credit rating that provide a market in French franc interest rate swaps, selected by the Calculation Agent (each, a "FFr CMS Reference Market-maker"), to provide the Calculation Agent with the arithmetic mean of its bid and offered quotations, on an annual, bond-equivalent basis, for French franc interest rates swaps of three years to counterparties of the highest credit rating as of 11:00 A.M., London time, on such date. If more than three quotations are provided, FFr CMS will be the arithmetic mean (rounded upwards, if necessary, to the nearest one-sixteenth of a percent) of the quotations,

without regard to the quotations having the highest and lowest values. If exactly three quotations are provided, FFr CMS will be the quotation remaining after disregarding the highest and lowest quotations. If two FFr CMS Reference Market-makers provide the Calculation Agent with such quotations, FFr CMS on such date shall be the arithmetic mean (rounded upwards, if necessary, to the nearest one-sixteenth of a percent) of both such quotations. If on such date fewer than two of the FFr CMS Reference Market-makers provide the Calculation Agent with quotations, FFr CMS on such date will be the FFr CMS applicable to the immediately preceding Interest Payment Period.

The Floating Rate Notes mature on June 14, 1996, and the Maturity Amount will be paid on such day (or if such day is not a Business Day, on the following Business Day).

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

Set forth below is a summary of certain United States federal income tax consequences resulting from the ownership of Floating Rate Notes. Such consequences are in addition to those summarized in the accompanying Prospectus Supplement under the heading "Certain United States Federal Income Tax Consequences."

Taxation of U.S. Investors

While the matter is not free from doubt, the Floating Rate Notes should constitute debt obligations of the Company for U.S. federal income tax purposes, and no portion of the issue price of the Floating Rate Notes should be separately allocated to the contingent feature of the Floating Rate Notes. The Internal Revenue Service, however, may argue that the Floating Rate Notes should be treated as creating, in whole or in part, something other than a debt obligation. For example, all or a portion of a Holder's rights under the Floating Rate Notes could be characterized as a cash-settled forward contract with respect to the level of FFr CMS.

If the Floating Rate Notes are treated as indebtedness of the Company for federal income tax purposes, the appropriate tax accounting is not entirely clear. The Floating Rate Notes may be treated as consisting of a debt obligation paying a fixed principal amount, and a forward contract settled in cash with the proceeds from the principal payment at maturity. The interest payments, including any interest payment made on the Stated Maturity, may be treated as ordinary interest income as such amounts are determined. Under this approach, a Holder would recognize a gain or loss, which may be capital, to the extent the Maturity Amount differs from a Holder's basis in the Floating Rate Notes.

The Internal Revenue Service, however, has issued proposed regulations under the original issue discount provisions of the Internal Revenue Code for debt instruments providing for contingent payments which would provide significantly different treatment of the Floating Rate Notes. Although the proposed regulations are not at present effective, they are proposed to be retroactively effective once adopted in final form. These regulations have been criticized and the IRS recently released draft proposed regulations which would have revoked the outstanding proposed regulations and provided substantially revised rules. Prior to issuance, however, these draft proposed regulations were withdrawn. The IRS has indicated that it may replace the proposed regulations with a rule that requires some minimum amount of interest income to be accrued on all contingent payment debt instruments. It is impossible to predict whether, or in what manner, the proposed regulations may be modified and whether any modifications would apply to the Floating Rate Notes or whether any such proposed regulations would become final regulations.

Taxation of Certain Foreign Investors

Amounts paid to a nonresident alien individual, foreign corporation, foreign partnership or foreign estate or trust will be exempt from U.S. withholding tax.

Backup Withholding

See the discussion of "Certain United States Federal Income Tax Consequences-- Backup Withholding and Information Reporting" in the accompanying Prospectus Supplement.

OTHER CONSIDERATIONS

RISKS ASSOCIATED WITH PAYMENTS OF INTEREST ON THE FLOATING RATE NOTES AND THE MATURITY AMOUNT

Pursuant to the formula employed in determining the Interest Rate, the amount of interest payments on the Floating Rate Notes may vary substantially from Interest Payment Period to Interest Payment Period. Investors in the Floating Rate Notes will receive interest at a rate less than 8.50% per annum to the extent that the 3-year Italian lira interest rate swap rate exceeds the 3-month LIBOR rate and consequently may receive no interest payment in respect of one or more Interest Payment Periods.

Pursuant to the formula employed in determining the Maturity Amount, an investor in the Floating Rate Notes will receive a payment in respect of the Maturity Amount that is less than par if the 3-year French franc interest swap rate immediately prior to the Maturity Date exceeds 5.30%. For each 1% that the 3-year French franc interest swap rate immediately prior to the Maturity Date exceeds 5.30%, the payment received by the investor in respect of the Maturity Amount will be reduced by 15%. Such formula does not ensure any minimum payment in respect of the Maturity Amount.