

# SECURITIES AND EXCHANGE COMMISSION

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### FILER

#### LEHMAN BROTHERS HOLDINGS INC

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**Product supplement no. 800-I**

*To prospectus dated May 30, 2006 and  
prospectus supplement dated May 30, 2006*

**Registration Statement no. 333-134553**

**Dated December 10, 2007**

**Rule 424(b)(2)**

**LEHMAN BROTHERS HOLDINGS INC.**

***100% Principal Protection Autocallable Absolute Return Barrier Notes Linked to an Index***

**General**

Lehman Brothers Holdings Inc. may from time to time offer and sell 100% Principal Protection Autocallable Absolute Return Barrier Notes Linked to an Index from time to time. This product supplement no. 800-I describes terms that will apply generally to these notes, and supplements the terms described in the accompanying base prospectus and MTN prospectus supplement. A separate underlying supplement and a separate term sheet or pricing supplement, as the case may be, will describe the Index and the terms that apply specifically to the notes, including any changes to the terms specified below. We refer to the term sheets and pricing supplements generally as terms supplements. If the terms described in the relevant terms supplements are inconsistent with those described herein or in the accompanying base prospectus and MTN prospectus supplement, the terms described in the relevant terms supplements shall control.

The notes are the senior unsecured obligations of Lehman Brothers Holdings Inc.

Payment is linked to an index, as described below (the "Index").

Full principal protection if the notes are held to maturity.

Unless otherwise specified in the relevant terms supplements, if the notes are not automatically called, cash payment at maturity of the principal amount plus an Additional Amount, which may be zero.

The Additional Amount will depend on the Absolute Index Return and the specific terms of the notes as set forth in the relevant terms supplements.

If the Index closes either above the Upper Index Barrier or below the Lower Index Barrier on any trading day during the Observation Period, the notes will be automatically called and you will receive your initial investment.

If the Index never closes either above the Upper Index Barrier or below the Lower Index Barrier on any single day during the Observation Period, you will receive, at maturity, in addition to your initial investment of \$10 per note, an amount per \$10 principal amount note equal to \$10.00 times the Absolute Index Return (the "Additional Amount"); provided, however, that in no event will the Additional Amount be less than zero.

For important information about tax consequences, see “Certain U.S. Federal Income Tax Consequences” beginning on page SS-14.

Minimum denominations of \$10, unless otherwise specified in the relevant terms supplements.

The minimum initial investment, if different from the minimum denomination, will be specified in the relevant terms supplements.

The notes will not be listed on any securities exchange, unless otherwise specified in the relevant terms supplements.

**Investing in the 100% Principal Protection Autocallable Absolute Return Barrier Notes Linked to an Index involves a number of risks. See “[Risk Factors](#)” beginning on page SS-1 in this product supplement no. 800-I and “Risk Factors” beginning on page US-1 in the relevant underlying supplement.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this product supplement no. 800-I, the accompanying base prospectus, MTN prospectus supplement, the relevant underlying supplement, the relevant terms supplements or any other related prospectus supplements. Any representation to the contrary is a criminal offense.

**LEHMAN BROTHERS**

December 10, 2007

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**Key Terms**

Index:	The index to which the notes are linked (the “Index”), as specified in the relevant terms supplements.
Principal Protection:	100%
Automatic Call:	If the Index closing level on any trading day during the Observation Period is above the Upper Index Barrier or below the Lower Index Barrier, the Notes will be automatically called for their principal amount.
Payment Upon Automatic Call:	Unless otherwise specified in the relevant terms supplements, if the Index closes either above the Upper Index Barrier or below the Lower Index Barrier on any trading day during the Observation Period, the notes will be automatically called and you will receive: \$10.00 (your initial investment). Such payment shall be made as specified in the relevant terms supplement.
Payment at Maturity:	Unless otherwise specified in the relevant terms supplements, at maturity you will receive a cash payment per \$10 principal amount of your notes, the amount of which payment will depend upon the performance of the Index:  If the Index never closes above the Upper Index Barrier or below the Lower Index Barrier on any trading day during the Observation Period, you will receive your initial investment of \$10 per note plus the Additional Amount. You will therefore receive:  $\$10.00 \text{ (your initial investment)} + (\$10.00 \times \text{Absolute Index Return});$ provided, however, that in no event will the Additional Amount be less than zero.
Absolute Return Barrier:	A percentage, as specified in the relevant terms supplements.
Upper Index Barrier:	$\text{Index Starting Level} \times (1 + \text{Absolute Return Barrier})$
Lower Index Barrier:	$\text{Index Starting Level} \times (1 - \text{Absolute Return Barrier})$
Absolute Index Return:	Unless otherwise specified in the relevant terms supplements, the absolute value of:  $\frac{\text{Index Ending Level} - \text{Index Starting Level}}{\text{Index Starting Level}}$

Index Starting Level:	The Index closing level on the Trade Date, or such other date or dates, as specified in the relevant terms supplements.
Index Ending Level:	The Index closing level on the Final Valuation Date, or such other date or dates, as specified in the relevant terms supplements.
Final Valuation Date:	As specified in the relevant terms supplement. The Final Valuation Date is subject to postponement in the event of certain market disruption events and as described under “Description of Notes–Automatic Call.”
Maturity Date:	As specified in the relevant terms supplements. The Maturity Date of the notes is subject to postponement in the event of certain market disruption events and as described under “Description of Notes–Payment at Maturity.”
Settlement Date:	As specified in the relevant terms supplements.
Trade Date:	As specified in the relevant terms supplements.
Observation Period:	The period starting on the Trade Date and ending on, and including, the Final Valuation Date.

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The relevant terms supplement, this product supplement no. 800-I, the relevant underlying supplement and the accompanying base prospectus and MTN prospectus supplement contain the terms of the notes. In making your investment decision, you should rely only on the information contained or incorporated by reference in the relevant terms supplement, the relevant underlying supplement, this product supplement no. 800-I and the accompanying base prospectus and MTN prospectus supplement with respect to the notes offered and with respect to Lehman Brothers Holdings Inc. We have not authorized anyone to give you any additional or different information. The information in the relevant terms supplements, the relevant underlying supplement, this product supplement no. 800-I and the accompanying base prospectus and MTN prospectus supplement may be accurate only as of the dates of each of these documents, respectively.

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The notes described in the relevant terms supplements, the relevant underlying supplement and this product supplement no. 800-I are not appropriate for all investors, and involve important legal and tax consequences and investment risks, which should be discussed with your professional advisors. You should be aware that the regulations of Financial Industry Regulatory Authority (“FINRA”) and the laws of certain jurisdictions (including regulations and laws that require brokers to ensure that investments are suitable for their customers) may limit the availability of the notes. The relevant terms supplements, the relevant underlying supplement, this product supplement no. 800-I and the accompanying base prospectus and MTN prospectus supplement do not constitute an offer to sell or a solicitation of an offer to buy the notes in any circumstances in which such offer or solicitation is unlawful.

In this product supplement no. 800-I, the relevant underlying supplement, the relevant terms supplements and the accompanying base prospectus and MTN prospectus supplement, “we,” “us” and “our” refer to Lehman Brothers Holdings Inc., unless the context requires otherwise.

**We are offering to sell, and are seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. Neither this product supplement no. 800-I nor the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplement constitutes an offer to sell, or a solicitation of an offer to buy, any notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this product supplement no. 800-I nor the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplement nor any sale made hereunder implies that there has been no change in our affairs or that the information in this product supplement no. 800-I and accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplement is correct as of any date after the date hereof.**

**You must (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this product supplement no. 800-I and the accompanying base prospectus, MTN prospectus supplement, underlying supplement and any applicable terms supplement, and the purchase, offer or sale of the notes and (ii) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we nor the agents shall have any responsibility therefor.**

## RISK FACTORS

*Your investment in the notes will involve certain risks. Investing in the notes is not equivalent to investing directly in the Index or any of the stocks or futures contracts, as applicable, underlying the Index. In addition, your investment in the notes entails other risks not associated with an investment in conventional debt securities. **You should consider carefully the following discussion of risks as well as the other information contained in this product supplement, the accompanying MTN prospectus supplement and base prospectus and the documents incorporated in the base prospectus by reference before you decide that an investment in the notes is suitable for you. In addition, you should consider carefully the discussion of risks set forth in the relevant terms supplement and underlying supplement before you decide that an investment in the notes linked to the Index is suitable for you.** You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the notes in light of your particular circumstances.*

### **The notes differ from conventional debt securities.**

The terms of the notes differ from those of conventional debt securities in that we will not pay interest on the notes. If the Index closing level is above the Upper Index Barrier or below the Lower Index Barrier on any trading day during the Observation Period, the notes will be automatically called and you will receive, on the call settlement date specified in the related terms supplements, only \$10 for each \$10 principal amount note, unless otherwise specified in the relevant terms supplements. If the notes are not called, at maturity you will receive a cash payment, for each \$10 principal amount Note, that equals the sum of (i) \$10 and (ii) the product of \$10 and the Absolute Index Return. Because the notes may provide a return that is less than the interest rate payable for other debt securities issued by us with a comparable term, the return on your investment in the notes may be less than the amount that would be paid on a conventional debt security issued by us with a comparable term. The return of only the \$10 principal amount of each note at maturity or upon automatic call would not compensate you for any loss in value due to inflation and other factors relating to the value of money over time.

### **The notes may not pay more than the principal amount.**

If the Index Ending Level is equal to the Index Starting Level on the Final Valuation Date or if the Index closing level is above the Upper Index Barrier or below the Lower Index Barrier during the Observation Period, you will receive only \$10 for each \$10 principal amount note held by you. Because the notes may provide a return that is less than the interest rate payable for other debt securities issued by us with a comparable term, the return on your investment in the notes may be less than the amount that would be paid on a conventional debt security issued by us with a comparable term. This return may not compensate you for any loss in value due to inflation and other factors relating to the value of money over time.

### **The appreciation potential of the notes will be limited by the Absolute Return Barrier, and the notes are subject to an automatic early call.**

The appreciation potential of the notes is limited because the return will equal no more than a certain amount determinable by applying the Absolute Return Barrier. If the Index closing level is above the Upper Index Barrier or below the Lower Index Barrier on any trading day during the Observation Period, your notes will be automatically called and you will receive only \$10 for each \$10 principal amount note held by you. Accordingly, the appreciation potential of the notes is limited by the Upper Index Barrier. Therefore, you may not receive a return at all and you may receive less than you would have otherwise received if you had invested directly in the Index, the stocks or futures contracts, as applicable, underlying the Index or contracts relating to the Index for which there is an active secondary market. In addition, the automatic call feature of the notes may shorten the term of your investment.

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### **You should be willing to hold your notes to maturity.**

The notes are not designed to be short-term trading instruments. The price at which you will be able to sell your notes prior to maturity, if at all, may be at a substantial discount from the principal amount of the notes, even in cases where the Index has appreciated since the Trade Date. Any potential return described in any terms supplements assumes that your notes are held to maturity or until automatic call.

### **Our affiliates' compensation may serve as an incentive to sell you these notes.**

We and our affiliates act in various capacities with respect to the notes. Lehman Brothers Inc. and other of our affiliates may act as a principal, agent or dealer in connection with the notes. Such affiliates, including the sales representatives, may derive compensation from the distribution of the notes and such compensation may serve as an incentive to sell these notes instead of other investments.

### **The inclusion in the original issue price of each agent' s commission and the cost of hedging our obligations under the notes through one or more of our affiliates is likely to adversely affect the value of the notes prior to maturity.**

While the Payment at Maturity will be based on the full principal amount of your notes as described in the relevant terms supplements, the original issue price of the notes includes each agent' s commission and the cost of hedging our obligations under the notes through one or more of our affiliates. Such cost includes our affiliates' expected cost of providing such hedge, as well as the profit our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which Lehman Brothers Inc. will be willing to purchase notes from you in secondary market transactions, if at all, will likely be lower than the original issue price. In addition, any such prices may differ from values determined by pricing models used by Lehman Brothers Inc., as a result of dealer discounts, mark-ups and other transaction costs.

### **Secondary trading may be limited.**

Unless otherwise specified in the relevant terms supplements, the notes will not be listed on a securities exchange. There may be little or no secondary market for the notes. Even if there is a secondary market for the notes, it may not provide enough liquidity to allow you to trade or sell the notes easily.

Lehman Brothers Inc. may act as a market maker for the notes, but is not required to do so. Because we do not expect that other market makers will participate significantly in the secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which Lehman Brothers Inc. is willing to buy the notes. If at any time Lehman Brothers Inc. or another agent does not act as a market maker, it is likely that there would be little or no secondary market for the notes.

### **Prior to maturity, the value of the notes will be influenced by many unpredictable factors.**

Many economic and market factors will influence the value of the notes. We expect that, generally, the level of the Index on any day will affect the value of the notes more than any other single factor. However, you should not expect the value of the notes in the secondary market to vary in proportion to changes in the level of the Index. The value of the notes will be affected by a number of other factors that may either offset or magnify each other, including:

the volatility or expected volatility in the Index;

the time to maturity of the notes;



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the market price of and the dividend rate on the stocks underlying the Index;

interest and yield rates in the market generally as well as, in the case of notes linked to a stock index, in the markets of the stocks underlying the Index;

economic, financial, political, geographical, agricultural, meteorological, regulatory or judicial events that affect the stocks or futures contracts, as applicable, underlying the Index or markets generally and which may affect the Index closing level on the Final Valuation Date;

our creditworthiness, including actual or anticipated downgrades in our credit ratings;

the composition of the Index and changes in the stocks underlying the Index; and

the possibility that the notes may be automatically called.

### **Historical performance of the Index is not an indication of future performance**

You cannot predict the future performance of the Index based on its historical performance. The Index closing level may move above the Upper Index Barrier or below the Lower Index Barrier such that your notes will be automatically called and you will receive only your initial investment.

### **Market disruptions may adversely affect your return.**

The calculation agent may, in its sole discretion, determine that the markets have been affected in a manner that prevents it from properly valuing the Index closing level during the Observation Period and, if the notes are not automatically called, prevents it from determining the Absolute Index Return on the Final Valuation Date and calculating the Payment at Maturity that we are required to pay you. These events may include disruptions or suspensions of trading in the markets as a whole. If the calculation agent, in its sole discretion, determines that such an event has occurred, it is possible that the Final Valuation Dates and the Maturity Date will be postponed and your return will be adversely affected. See “Description of Notes–Market Disruption Events” in this product supplement.

### **If a market disruption event occurs on a day that would otherwise be the Final Valuation Date, there will be a delay in settlement of the notes.**

If a market disruption event occurs on a day that would otherwise be the Final Valuation Date, settlement of the notes will be delayed, depending on the circumstances surrounding the market disruption event, for a number of trading days (up to a maximum of eight days) following the Maturity Date.

### **If the term of the notes is more than one year, the notes will be contingent payment debt instruments for U.S. federal income tax purposes.**

For United States federal income tax purposes, if the term of the notes is more than one year, the notes will be classified as contingent payment debt instruments. As a result, they will be considered to be issued with original issue discount. You will be required to include in income the amount of original issue discount during your ownership of such notes, subject to some adjustments, based on the “comparable yield” of the notes, which will generally be the rate at which Lehman Brothers Holdings Inc. could issue a fixed rate debt instrument with terms and conditions similar to the notes. Additionally, you will generally be required to recognize ordinary income on the gain, if any, realized on a sale (including pursuant to an automatic call of the notes), upon maturity, or other disposition of such notes. See “Certain U.S. Federal Income Tax Consequences” in this product supplement no. 800-I.

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### **If the term of the notes is not more than one year, the notes will be treated as short-term debt instruments for U.S. federal income tax purposes.**

If the term of the notes is not more than one year (including the last possible date that the notes could be outstanding), the notes will be treated as “short-term” debt instruments for United States federal income tax purposes. No statutory, judicial or administrative authority directly addresses the treatment of the notes or instruments similar to the notes for United States federal income tax purposes, and no ruling is being requested from the Internal Revenue Service with respect to the notes. As a result, certain aspects of the tax treatment of an investment in the notes are uncertain. Neither Lehman Brothers Holdings Inc. nor any of its affiliates provide tax advice. You are urged to review carefully the section entitled “Certain U.S. Federal Income Tax Consequences” in this product supplement no. 800-I and consult your tax advisor regarding your particular circumstances.

### **Lehman Brothers Holdings Inc. employees holding the notes must comply with policies that limit their ability to trade the notes and may affect the value of their notes.**

If you are an employee of Lehman Brothers Holdings Inc. or one of its affiliates, you may only acquire the notes in compliance with all of our internal policies and procedures. Because these policies and procedures limit the dates and times that you may transact in the notes, you may not be able to purchase any notes described in the relevant terms supplements from us and your ability to trade or sell any such notes in the secondary market may be limited.

### **Your return on the notes will not reflect dividends on the common stocks or other equity securities of the companies included in the Index.**

Your return on the notes will not reflect the return you would realize if you actually owned the stocks of the companies included in the Index and received the dividends paid on those stocks. This is because, assuming the notes are not called, the calculation agent will calculate the amount payable to you at maturity of the notes by reference to the Index Ending Level. The calculation agent will also determine whether the notes are callable by reference to the Index closing level at any time during the Observation Period. The Index closing level reflects the prices of the stocks as calculated in the Index without taking into consideration the value of dividends paid on those stocks. If the notes are called, you will receive, on the call settlement date specified in the related terms supplements, only the amount of your initial investment.

### **Certain of our, or our affiliates’, activities may adversely affect the value of your notes.**

Lehman Brothers Inc. and other affiliates of ours trade the stocks underlying the Index and other financial instruments related to the Index and its component stocks on a regular basis, for their accounts and for other accounts under their management. Lehman Brothers Inc. and these affiliates may also issue or underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments linked to the Index. To the extent that we or one of our affiliates serves as issuer, agent or underwriter for such securities or financial instruments, our or their interests with respect to such products may be adverse to those of the holders of the notes. Any of these trading activities could potentially affect the level of the Index and, accordingly, could affect the value of the notes and the amount, if any, payable to you at maturity.

In addition, we or one of our affiliates may serve as issuer, agent or underwriter for additional issuances of notes with returns linked or related to changes in the level of the Index or the stocks that compose the Index. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the value of the notes.

On or prior to the date of the relevant terms supplements, we, through our affiliates or others, may hedge some or all of our anticipated exposure in connection with the notes by taking positions in the Index or the stocks underlying the Index, or instruments whose value is derived from the Index or its underlying stocks.

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While we cannot predict an outcome, such hedging activity or other hedging or investment activity of ours could potentially increase the level of the Index as well as the Index Starting Level, and, therefore, effectively establish a higher level that the Index must achieve for you to obtain a return on your investment. From time to time, prior to maturity of the notes, we may pursue a dynamic hedging strategy which may involve taking long or short positions in the Index or the stocks underlying the Index, or instruments whose value is derived from the Index or its underlying stocks. We cannot assure you that any of these activities will not have a material impact on the level of the Index or the value of the notes.

### **An affiliate of ours may act as a calculation agent on the notes, creating a potential conflict of interest between you and us.**

Lehman Brothers Inc., one of our affiliates, will act as the calculation agent. The calculation agent will determine, among other things, the Index Starting Level, the Index Ending Level, the Absolute Index Return, the Additional Amount and the Payment at Maturity as well as whether the Index closing level is greater than the Upper Index Barrier or if the Index closing level is less than the Lower Index Barrier during the Observation Period of the notes, as specified in the applicable terms supplements. The calculation agent will also be responsible for determining whether a market disruption event has occurred, whether the Index has been discontinued and whether there has been a material change in the method of calculation of the Index. In performing these duties, Lehman Brothers Inc. may have interests adverse to the interests of the holders of the notes, which may affect your return on the notes, particularly where Lehman Brothers Inc., as the calculation agent, is entitled to exercise discretion.

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## USE OF PROCEEDS; HEDGING

Unless otherwise specified in the relevant terms supplements, the net proceeds we receive from the sale of the notes will be used, in whole or in part, by us or by one or more of our affiliates in connection with hedging our obligations under the notes. The balance of the proceeds, if any, will be used for general corporate purposes.

On or prior to the date of the relevant terms supplements, we, through our affiliates or others, may hedge some or all of our anticipated exposure in connection with the notes by taking positions in the Index, the stocks or futures contracts, as applicable, underlying the Index, or instruments whose value is derived from the Index or the stocks or futures contracts, as applicable, underlying the Index. While we cannot predict an outcome, such hedging activity could potentially increase the level of the Index as well as the Index Starting Level, and, therefore, effectively establish a higher level that the Index must achieve for you to receive at maturity of the notes more than the applicable principal amount of your notes. From time to time, prior to maturity of the notes, we may pursue a dynamic hedging strategy which may involve taking long or short positions in the Index, the stocks or futures contracts, as applicable, underlying the Index, or instruments whose value is derived from the Index or the stocks or futures contracts, as applicable, underlying the Index. Although we have no reason to believe that any of these activities will have a material impact on the level of the Index or the value of the notes, we cannot assure you that these activities will not have such an effect. See “Risk Factors—Certain of our, or our affiliates’ , activities may adversely affect the value of your notes.”

We have no obligation to engage in any manner of hedging activity and will do so solely at our discretion and for our own account. No note holder shall have any rights or interest in our hedging activity or any positions we may take in connection with our hedging activity.

## DESCRIPTION OF NOTES

*The following description of the terms of the notes supplements the description of the general terms of the notes set forth under “Description of the Notes” in the accompanying MTN prospectus supplement and “Description of Debt Securities” in the accompanying base prospectus. A separate underlying supplement and terms supplements will describe the Index and the terms that apply specifically to the notes, including any changes to the terms specified below. Capitalized terms used but not defined in this product supplement no. 800-I have the meanings assigned in the accompanying base prospectus, MTN prospectus supplement, underlying supplement prospectus and the relevant terms supplements. The term “note” refers to each \$10 principal amount of our 100% Principal Protection Autocallable Absolute Return Barrier Notes Linked to an Index.*

### General

The 100% Principal Protection Autocallable Absolute Return Barrier Notes Linked to an Index are senior unsecured obligations of Lehman Brothers Holdings Inc. that are linked to the index specified in the relevant terms supplements (the “Index”). The notes are a series of securities referred to in the accompanying base prospectus and MTN prospectus supplement. The notes will be issued by Lehman Brothers Holdings Inc. under an indenture dated September 1, 1987, as amended or supplemented from time to time, between us and Citibank, N.A., as trustee. We may, without the consent of the holders of the notes, create and issue additional notes ranking equally with the notes and otherwise similar in all respects so that such further notes shall be consolidated and form a single series with the notes. No additional notes can be issued if an event of default has occurred with respect to the notes.

The notes will not pay interest at, or prior to, maturity. Instead, you will receive a payment in cash, the timing and amount of which will vary depending on the performance of the Index and whether the notes are automatically called prior to maturity. The payment you receive at maturity, if the notes are not called prior thereto, will be calculated in accordance with the applicable formula as set out below. We will pay you at maturity at least the principal amount of \$10 for each \$10 principal amount note.

The notes are our unsecured and unsubordinated obligations and will rank *pari passu* with all of our other unsecured and unsubordinated obligations.

The notes will be issued in denominations of \$10 and integral multiples thereof, unless otherwise specified in the relevant terms supplements. The principal amount and issue price of each note is \$10, unless otherwise specified in the relevant terms supplements. The notes will be represented by one or more permanent global notes registered in the name of DTC or its nominee, as described under “Description of Notes—Forms of Notes” in the MTN prospectus supplement and “Description of Debt Securities—Information in the Prospectus Supplement” in the base prospectus.

The specific terms of the notes will be described in the relevant terms supplements accompanying this product supplement no. 800-I and the relevant underlying supplement. The terms described in those documents supplement those described herein and in the accompanying base prospectus and MTN prospectus supplement. If the terms described in the relevant terms supplements are inconsistent with those described herein or in the accompanying base prospectus or MTN prospectus supplement, the terms described in the relevant terms supplements shall control.

### Automatic Call

The notes will be automatically called and subject to mandatory redemption if the Index closing level on any trading day during the Observation Period is either above the Upper Index Barrier or below the Lower Index Barrier. If the notes are automatically called, you will receive a cash payment of \$10 for every \$10 principal amount note.

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If the notes are automatically called, then, unless otherwise specified in the relevant terms supplement, we will redeem each note and pay you the amount of your initial investment on the third business day after the applicable automatic call date, subject to postponement as described below. If the notes are automatically called on the Final Valuation Date, then, unless otherwise specified in the relevant terms supplement, we will redeem each note and pay you the amount of your initial investment on the Maturity Date, subject to postponement as described below.

### **Payment at Maturity**

The Maturity Date for the notes will be set forth in the relevant terms supplements and is subject to adjustment if such day is not a business day or if the Final Valuation Date is postponed as described below. We will specify, in each case, the Absolute Return Barrier, Upper Index Barrier and Lower Index Barrier and the applicable terms of any such payment terms in the relevant terms supplements.

Your return on the notes will be linked to the performance of the Index during the Observation Period.

If the Index closes either above the Upper Index Barrier or below the Lower Index Barrier on any trading day during the Observation Period, the notes will be automatically called and you will receive:

\$10.00 (your initial investment) for every the principal amount note held by you.

If the Index never closes either above the Upper Index Barrier or below the Lower Index Barrier on any trading day during the Observation Period, you will receive, at maturity, your initial investment of \$10 per note plus the Additional Amount. You will therefore receive:

\$10.00 (your initial investment) + (\$10.00 × Absolute Index Return),  
provided, however, that in no event will the Additional Amount be less than zero.

The “Absolute Return Barrier” will be a percentage, as specified in the relevant terms supplements.

The “Upper Index Barrier” will equal the Index Starting Level × (1 + Absolute Return Barrier).

The “Lower Index Barrier” will equal the Index Starting Level × (1 - Absolute Return Barrier).

Unless otherwise specified in the relevant terms supplements, the “Absolute Index Return,” as calculated by the calculation agent, is the percentage change in the Index closing level calculated by comparing the Index closing level on the Final Valuation Date, or such other date or dates, as specified in the applicable terms supplements, to the Index closing level on the Trade Date, or such other date or dates, as specified in the applicable terms supplements. The relevant terms supplements will specify the Index Starting Level and the manner in which the Index Ending Level is determined. The Absolute Index Return, unless otherwise specified in the relevant terms supplements, is calculated as follows:

$$\text{Absolute Index Return} = \text{The absolute value of the } \frac{\text{Index Ending Level} - \text{Index Starting Level}}{\text{Index Starting Level}}$$

The “Index Starting Level” will be the Index closing level on the Trade Date, or such other date or dates, as specified in the relevant terms supplements.

The “Index Ending Level” is the Index closing level on the Final Valuation Date, or such other date or dates, as specified in the relevant terms supplements.

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The “Index closing level” during the Observation Period will equal the closing level of the Index or any successor index (as defined in the relevant underlying supplement) or alternative calculation of the Index described in the relevant terms supplements at the regular official weekday close of the principal trading session of the relevant exchange or market for the Index or the successor index.

A “trading day” is, unless otherwise specified in the relevant terms supplements, a day, as determined by the calculation agent, on which trading is generally conducted on (i) the relevant exchanges (as defined under “Description of Notes–Market Disruption Events–Stock Index”) for stocks underlying the Index and (ii) the exchanges on which futures or options contracts related to the Index are traded, other than a day on which trading on such relevant exchange or exchange on which such stocks, futures or options contracts are traded is scheduled to close prior to its scheduled weekday closing time.

The Final Valuation Date will be specified in the relevant terms supplements and is subject to adjustment as described below.

In the case of notes linked to a stock index, if the Final Valuation Date is not a trading day or if there is a market disruption event on such day, the Final Valuation Date will be postponed to the immediately succeeding trading day during which no market disruption event shall have occurred or is continuing; *provided* that the Index closing level for the Final Valuation Date will not be determined on a date later than the eighth scheduled trading day after the Final Valuation Date, and if such day is not a trading day, or if there is a market disruption event on such date, the calculation agent will determine the Index closing level for the Final Valuation Date on such date in accordance with the formula for and method of calculating the Index closing level last in effect prior to commencement of the market disruption event (or prior to the non-trading day), using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the calculation agent’s good faith estimate of the closing price that would have prevailed but for such suspension or limitation or non-trading day) on such eighth scheduled trading day of each security most recently constituting the Index. See “Notes with a maturity of more than one year” and “Notes with a maturity of not more than one year.”

The Maturity Date will be specified in the relevant terms supplements. If the scheduled Maturity Date (as specified in the relevant terms supplements) is not a business day, then any payment on the notes that would otherwise be due on the scheduled Maturity Date will instead be due on the next succeeding business day following such scheduled Maturity Date, with the same force and effect as if paid on the scheduled Maturity Date, and no interest will accrue as a result of the delayed payment. If, due to a non-trading day or a market disruption event, the Final Valuation Date is postponed so that it falls fewer than three business days prior to the scheduled Maturity Date, the Maturity Date will be the third business day following the Final Valuation Date, as postponed, unless otherwise specified in the relevant terms supplements. We describe market disruption events under “Description of Notes–Market Disruption Events.”

### **Notes with a maturity of more than one year**

If the Final Valuation Date is not a trading day or if there is a market disruption event on such day, the Final Valuation Date will be postponed to the immediately succeeding trading day during which no market disruption event shall have occurred or is continuing; *provided* that the Index closing level will not be determined on a date later than the eighth scheduled trading day after the originally scheduled Final Valuation Date, and if such day is not a trading day, or if there is a market disruption event on such date, the calculation agent will determine the Index closing level on such date in accordance with the formula for and method of calculating the Index closing level last in effect prior to commencement of the market disruption event (or prior to the non-trading day), using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the calculation agent’s good faith estimate of the closing price that would have prevailed but for such suspension or limitation or non-trading day) on such eighth scheduled trading day of each security most recently constituting the Index.

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### **Notes with a maturity of not more than one year**

The Final Valuation Date will be the third scheduled trading day prior to the Maturity Date, unless the calculation agent determines that a market disruption event occurred or is continuing on that day. In that event, the Final Valuation Date will be the first succeeding trading day on which the calculation agent determines that a market disruption event has not occurred and is not continuing. In no event, however, shall the Final Valuation Date be postponed more than eight business days, *provided* that the Final Valuation Date, as postponed, does not produce a Maturity Date (including the issue date but not the Maturity Date) more than one year after the issue date (any such date, the “Final Disrupted Valuation Date”). If the Final Valuation Date has been postponed to the Final Disrupted Valuation Date, and such Final Disrupted Valuation Date is not a trading day, or if there is a market disruption event on such Final Disrupted Valuation Date, the calculation agent will determine the Index closing level on such Final Disrupted Valuation Date in accordance with the formula for and method of calculating the Index last in effect prior to commencement of the market disruption event, using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, its good faith estimate of the closing price that would have prevailed but for such suspension or limitation or non-trading day) on the business day immediately preceding such Final Disrupted Valuation Date of each security most recently constituting the Index.

### **Other Payment Terms**

We will irrevocably deposit with The Depository Trust Company (“DTC”) no later than the opening of business on the applicable date or dates funds sufficient to make payments of the amount payable, if any, with respect to the notes on such date. We will give DTC irrevocable instructions and authority to pay such amount to the holders of the notes entitled thereto.

If any day on which a payment on the Notes is due is not a business day, the payment will be made on the next succeeding business day with the same force and effect as if paid on the date such amount was due, and no interest will accrue as a result of the delayed payment. A “business day” is, unless otherwise specified in the relevant terms supplements, any day that is not a Saturday or Sunday and that is not a day on which banking institutions in The City of New York are authorized or obligated by law to close.

Subject to the foregoing and to applicable law (including, without limitation, United States federal laws), we or our affiliates may, at any time and from time to time, purchase outstanding notes by tender, in open market or by private agreement.

### **Calculation Agent**

Lehman Brothers Inc. will act as the calculation agent. The calculation agent will determine, among other things, the Index Starting Level, the Index Ending Level, the Absolute Index Return, the Additional Amount, if any, and the Payment at Maturity that we will pay you at maturity of the notes, as well as whether the Index closing level is above the Upper Index Barrier or below the Lower Index Barrier during the Observation Period, as specified in the applicable terms supplements. In addition, the calculation agent will determine whether there has been a market disruption event or a discontinuation of the Index, whether there has been a material change in the method of calculation of the Index. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on us. We may appoint a different calculation agent from time to time after the date of the relevant terms supplements without your consent and without notifying you.

The calculation agent will provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, of the amount to be paid at maturity on or prior to 11:00 a.m. on the business day preceding the Maturity Date.

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All calculations with respect to the Index Starting Level, the Index Ending Level, the Absolute Index Return or any Index closing level will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., .876545 would be rounded to .87655); all dollar amounts related to determination of the Payment at Maturity will be rounded to the nearest ten-thousandth, with five one hundred-thousandths rounded upward (e.g., .76545 would be rounded up to .7655); and all dollar amounts paid on the aggregate principal amount of notes per holder will be rounded to the nearest cent, with one-half cent rounded upward.

### **Market Disruption Events**

Certain events may prevent the calculation agent from calculating the Index closing level on the Final Valuation Date and, consequently, the Absolute Index Return and the Payment at Maturity. These events may include disruptions or suspensions of trading on the markets as a whole. We refer to these events individually as a “market disruption event.” Unless otherwise specified in the relevant terms supplements, a “market disruption event” means:

a suspension, absence or material limitation of trading of stocks then constituting 20% or more of the level of the Index (or the relevant successor index) on the relevant exchanges (as defined below) for such securities at any time during the one hour period preceding the close of the principal trading session on such relevant exchange;

a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for stocks then constituting 20% or more of the level of the Index (or the relevant successor index) at any time during the one hour period preceding the close of the principal trading session on such relevant exchange are materially inaccurate;

a suspension, absence or material limitation of trading on any major securities exchange for trading in futures or options contracts or exchange traded funds related to the Index (or the relevant successor index) at any time during the one hour period preceding the close of the principal trading session on such exchange; or

a decision to permanently discontinue trading in the relevant futures or options contracts or exchange traded funds;

in each case as determined by the calculation agent in its sole discretion.

For the purpose of determining whether a market disruption event exists at any time, if trading in a security included in the Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of:

the portion of the level of the Index attributable to that security relative to

the overall level of the Index,

in each case immediately before that suspension or limitation.

For purposes of determining whether a market disruption event has occurred, unless otherwise specified in the relevant terms supplements:

a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange or market;

limitations pursuant to the rules of any relevant exchange similar to NYSE Rule 80B (or any applicable rule or regulation enacted or promulgated by any other self-regulatory organization or any government agency of scope similar to NYSE Rule 80B as determined by the calculation agent in its sole discretion) on trading during significant market fluctuations will constitute a suspension, absence or material limitation of trading;

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a suspension of trading in futures or options contracts on the Index by the primary securities market trading in such contracts by reason of:

- a price change exceeding limits set by such exchange or market,
- an imbalance of orders relating to such contracts, or
- a disparity in bid and ask quotes relating to such contracts

will, in each such case, constitute a suspension, absence or material limitation of trading in futures or options contracts related to the Index; and

a “suspension, absence or material limitation of trading” on any relevant exchange or on the primary market on which futures or options contracts related to the Index are traded will not include any time when such market is itself closed for trading under ordinary circumstances.

“Relevant exchange” means the primary exchange or market of trading for any security (or any combination thereof) then included in the Index or any successor index.

### **Events of Default and Acceleration**

Unless otherwise specified in the relevant terms supplements, in case an event of default with respect to the notes shall have occurred and be continuing, the amount declared due and payable per \$10 principal amount note upon any acceleration of the notes will be equal to \$10 plus the Additional Amount, which will be calculated as if the date of acceleration were the Maturity Date and a date preceding the date of acceleration were the Final Valuation Date, with such date set to equal the number of business days between the original Final Valuation Date and the original Maturity Date. See “Description of Debt Securities–Defaults” in the accompanying base prospectus.

If the maturity of the notes is accelerated because of an event of default as described above, we shall, or shall cause the calculation agent to, provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, and to DTC of the cash amount due with respect to the notes as promptly as possible and in no event later than two business days after the date of acceleration.

### **Modification**

Under the heading “Description of Debt Securities–Modification of the Indentures” in the accompanying base prospectus is a description of when the consent of each affected holder of debt securities is required to modify the indenture.

### **Defeasance**

The provisions described in the accompanying base prospectus under the heading “Description of Debt Securities–Defeasance” are not applicable to the notes, unless otherwise specified in the relevant terms supplements.

## Listing

The notes will not be listed on any securities exchange, unless otherwise specified in the relevant terms supplements.

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## **Book-Entry Only Issuance—The Depository Trust Company**

The Depository Trust Company, or DTC, will act as securities depository for the notes. The notes will be issued only as fully registered securities registered in the name of Cede & Co. (DTC's nominee). One or more fully registered global notes certificates, representing the total aggregate principal amount of the notes, will be issued and will be deposited with DTC. See the description contained in the accompanying MTN prospectus supplement under the heading "Description of Notes—Forms of Notes."

## **Registrar, Transfer Agent and Paying Agent**

Payment of amounts due at maturity on the notes will be payable and the transfer of the notes will be registrable at the principal corporate trust office of Citibank, N.A. ("Citibank") in The City of New York.

Citibank or one of its affiliates will act as registrar and transfer agent for the notes. Citibank will also act as paying agent and may designate additional paying agents.

Registration of transfers of the notes will be effected without charge by or on behalf of Citibank, but upon payment (with the giving of such indemnity as Citibank may require) in respect of any tax or other governmental charges that may be imposed in relation to it.

## **Governing Law**

The notes will be governed by and construed in accordance with the law of the State of New York.

## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

*The following is a summary of the material United States federal income tax consequences of the purchase, ownership and disposition of the notes as of the date of this product supplement no. 800-I. If any information in the MTN prospectus supplement or the base prospectus is inconsistent with this product supplement no 800-I, you should rely on the information in this product supplement no. 800-I. If any information in the relevant terms supplements is inconsistent with this product supplement no. 800-I, you should rely on the information in the relevant terms supplements. The relevant terms supplements may also add, update or change information contained in this product supplement no. 800-I.*

Except where noted, this summary deals only with a note held as a capital asset by a United States holder (as defined below) who purchases the note on original issue at its initial offering price, and it does not deal with special situations. For example, except where noted, this summary does not address:

tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, pass-through entities, tax-exempt entities or insurance companies;

tax consequences to persons holding notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;

tax consequences to holders of notes whose “functional currency” is not the U.S. dollar;

alternative minimum tax consequences, if any; or

any state, local or foreign tax consequences.

If a partnership holds our notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our notes, you should consult your own tax advisors.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date of this product supplement no. 800-I. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those discussed below.

Certain aspects of the United States federal income tax treatment of securities such as the notes are not clear. If you are considering the purchase of notes, you should consult your own tax advisors concerning the United States federal income tax consequences of investing in the notes in light of your particular situation and any consequences arising under the laws of any other taxing jurisdiction.

### United States holders

The following discussion is a summary of certain United States federal income tax consequences that will apply to you if you are a United States holder of notes.

For purposes of this discussion, a United States holder is a beneficial owner of a note that is for United States federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any State thereof, or the District of Columbia;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

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a trust if (1) it is subject to the primary supervision of a court within the United States and one or more United States persons has the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

A non-United States holder is a beneficial owner (other than a partnership) of notes that is not a United States holder.

### **Notes with a Term of Not More Than One Year**

If the term of the notes (including the issue date but not the Maturity Date) from issuance to maturity (including the last possible date that the notes could be outstanding) is not more than one year, the following discussion applies. No statutory, judicial or administrative authority directly addresses the treatment of such notes or instruments similar thereto for United States federal income tax purposes and no ruling will be requested from the Internal Revenue Service with respect to short-term notes. As a result, certain aspects of the United States federal income tax consequences of an investment in such notes are uncertain. Any differing treatment could affect the amount, timing and character of income with respect to short-term notes.

In general, you will be taxed on discount on short-term notes. Individuals and certain other cash method holders of short-term notes generally are not required to include accrued discount in their income currently unless they elect to do so. Holders that report income for United States federal income tax purposes on the accrual method and certain other holders are generally required to accrue discount on short-term notes (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. If a holder is not required, and does not elect, to include discount in income currently, any gain a holder realizes on the sale (including pursuant to an automatic call of the note), exchange or retirement of a short-term note will generally be ordinary income to the extent of the discount accrued by the holder through the date of sale (including pursuant to an automatic call of the note), exchange or retirement.

Because the amount payable upon maturity of the notes is not fixed, it is not clear to what extent holders generally required to accrue discount under the short-term note rules would be required to accrue income with respect to the notes or the extent to which any gain realized by holders on the sale (including pursuant to an automatic call of the note), exchange or maturity of the notes would be treated as capital gain or ordinary interest income. Gain realized by a holder who has held the notes during their entire term to maturity is likely to be treated as ordinary interest income. Any loss realized by such holder upon maturity would likely be treated as capital loss, except possibly to the extent of amounts, if any, previously included in income. You should consult your tax advisors regarding the proper treatment of amounts paid in respect of the notes.

If you do not elect to currently include accrued discount in income you may be required to defer deductions for a portion of your interest expense with respect to any indebtedness attributable to the short-term notes.

### **Notes with a Term of More Than One Year**

If the term of the notes (including the issue date but not the Maturity Date) from issuance to maturity (including the last possible date that the notes could be outstanding) is more than one year, the following discussion applies.

#### ***Accrual of interest***

The Treasury regulations that apply to contingent payment debt obligations are expected to apply to the notes. All payments on the notes will be taken into account under these Treasury regulations. As discussed more fully below, the effect of these Treasury regulations will be to:

require you, regardless of your usual method of tax accounting, to use the accrual method with respect to the notes;



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result in the accrual of original issue discount by you based on the “comparable yield” of the notes; and

generally result in ordinary rather than capital treatment of any gain, and to some extent loss, on the sale (including pursuant to an automatic call of the notes), exchange or other disposition of the notes.

Under the contingent payment debt rules, you will be required to include original issue discount in income each year, regardless of your usual method of tax accounting, based on the “comparable yield” of the notes, which will generally be the rate at which Lehman Brothers Holdings Inc. could issue a fixed rate debt instrument with terms and conditions similar to the notes.

Lehman Brothers Holdings Inc. is required to provide the comparable yield to you and, solely for tax purposes, is also required to provide a projected payment schedule that includes the fixed payments on the notes and estimates the amount and timing of the contingent payments on the notes. You can obtain the comparable yield of the notes and the projected payment schedule by submitting a written request for them to Lehman Brothers Holdings Inc. at the following address:

Controller' s Office  
Lehman Brothers Holdings Inc.  
745 Seventh Avenue  
New York, New York 10019  
(212) 526-7000

Lehman Brothers Holdings Inc. agrees and, by purchasing a note, you agree, for United States federal income tax purposes, to be bound by Lehman Brothers Holdings Inc.' s determination of the comparable yield and projected payment schedule. As a consequence, for United States federal income tax purposes, you must use the comparable yield determined by Lehman Brothers Holdings Inc. and the projected payments set forth in the projected payment schedule prepared by Lehman Brothers Holdings Inc. in determining your interest accruals, and the adjustments thereto, in respect of the notes.

***The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of your interest accruals and adjustments thereof in respect of the notes and do not constitute a representation regarding the actual amount of the payment on a note.***

The amount of original issue discount on a note for each accrual period is determined by multiplying the comparable yield of the note, adjusted for the length of the accrual period, by the note' s adjusted issue price at the beginning of the accrual period, determined in accordance with the rules set forth in the contingent payment debt regulations. The amount of original issue discount so determined is then allocated on a ratable basis to each day in the accrual period that you held the note. Lehman Brothers Holdings Inc. is required to provide information returns stating the amount of original issue discount accrued on notes held of record by persons other than corporations and other exempt owners.

If an actual contingent payment made on the notes differs from the projected contingent payment, an adjustment will be made for the difference. A positive adjustment, for the amount by which an actual payment exceeds the projected contingent payment, will be treated as additional original issue discount in the current year. A negative adjustment, for the amount by which a projected contingent payment exceeds an actual payment, will:

first, reduce the amount of original issue discount required to be accrued in the current year; and

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second, any negative adjustments that exceed the amount of original issue discount accrued in the current year will be treated as ordinary loss to the extent of your total prior original issue discount inclusions with respect to the note.

### ***Sale, exchange, redemption, repurchase or other disposition of notes***

Upon the sale (including pursuant to an automatic call of the note), exchange or other disposition of a note, you will recognize gain or loss equal to the difference between your amount realized and your adjusted tax basis in the note. Such gain on a note generally will be treated as ordinary income. Loss from the disposition of a note will be treated as ordinary loss to the extent of your prior net original issue discount inclusions with respect to the note. Any loss in excess of that amount will be treated as capital loss. Special rules apply in determining the tax basis of a note. Your adjusted tax basis in a note is generally increased by original issue discount you previously accrued on the note and decreased by the amount of any projected payments previously scheduled to have been made on the note.

### **Non-United States holders**

The following discussion is a summary of certain United States federal tax consequences that will apply to you if you are a non-United States holder of notes. We will not attempt to ascertain whether any stock underlying the Index would be treated as a United States real property interest within the meaning of Section 897(c)(1) of the Code. If one or more stocks underlying the Index were so treated, certain adverse United States federal income tax consequences could possibly apply to a non-United States holder upon the sale (including pursuant to an automatic call of the notes), exchange or other disposition of the notes. You should refer to information filed with the SEC by such issuers of stocks underlying the Index and consult your tax advisor regarding the possible consequences to you, if any, if an issuer of stock underlying the Index is or becomes a United States real property holding corporation.

Special rules may apply to you if you are a controlled foreign corporation, passive foreign investment company, a corporation that accumulates earnings to avoid United States federal income tax, or an individual who is a United States expatriate and therefore subject to special treatment under the Code. You should consult your own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to you.

### **United States federal withholding tax**

The 30% United States federal withholding tax will not apply to any payment, including original issue discount, on a note under the portfolio interest rule provided that:

interest paid on the note is not effectively connected with your conduct of a trade or business in the United States;

you do not actually, or constructively, own 10% or more of the total combined voting power of all classes of Lehman Brothers Holdings Inc.'s voting stock within the meaning of the Code and the Treasury regulations;

you are not a controlled foreign corporation that is related to Lehman Brothers Holdings Inc. through stock ownership;

you are not a bank whose receipt of interest on a note is described in Section 881(c)(3)(A) of the Code;

any stocks underlying the Index remain actively traded on an established financial market within the meaning of Section 871(h)(4)(c)(v)(i) of the Code; and

(1) you provide your name and address on an Internal Revenue Service Form W-8BEN and certify, under penalties of perjury, that you are not a United States holder or (2) you hold your notes through certain foreign intermediaries and you satisfy the certification requirements of applicable Treasury regulations.

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Special certification rules apply to holders that are pass-through entities rather than individuals.

If the requirements described above are not satisfied, payments made to you will be subject to a 30% United States federal withholding tax, unless you provide Lehman Brothers Holdings Inc. with a properly executed (1) IRS Form W-8BEN (or other applicable form) claiming an exemption from, or reduction in, withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI stating that interest paid on a note is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States (as described below under “United States federal income tax”). Alternative documentation may be applicable in certain situations.

### **United States federal income tax**

Any gain or income on a note will generally be subject to United States federal income tax if you are engaged in a trade or business in the United States, and gain or income on the notes is effectively connected with the conduct of that trade or business. In such case, you will be subject to United States federal income tax on such gain or income on a net income basis (although exempt from the 30% withholding tax, provided you comply with certain certification and disclosure requirements discussed above in “United States federal withholding tax”) in the same manner as if you were a United States holder. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30%, or lower applicable income tax treaty rate, of your earnings and profits for the taxable year, subject to adjustments, that are effectively connected with the conduct by you of a trade or business in the United States.

### **United States federal estate tax**

Your estate will not be subject to United States federal estate tax on notes beneficially owned by you at the time of your death, provided that any payment to you on a note would be eligible for exemption from the 30% withholding tax under the rules described in the bullet points under the heading “–United States federal withholding tax,” without regard to the certification requirements of the sixth bullet point.

### **Information reporting and backup withholding**

If you are a United States holder of notes, information reporting requirements will generally apply to all payments Lehman Brothers Holdings Inc. makes to you and the proceeds from the sale (including pursuant to an automatic call of the note) of a note paid to you, unless you are an exempt recipient such as a corporation. Backup withholding tax will apply to those payments if you fail to provide a taxpayer identification number, a certification of exempt status, or if you fail to report in full interest income.

If you are a non-United States holder of notes, Lehman Brothers Holdings Inc. must generally report annually to the Internal Revenue Service and to you the amount of payments Lehman Brothers Holdings Inc. makes to you and the tax withheld with respect to such payments, regardless of whether withholding was required. Copies of the information returns reporting such payments and withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty. In general, you will not be subject to backup withholding regarding payments Lehman Brothers Holdings Inc. makes to you provided that Lehman Brothers Holdings Inc. does not have actual knowledge or reason to know that you are a United States holder and Lehman Brothers Holdings Inc. has received from you the statement described above under “–Non-United States holders–United States federal withholding tax.” In addition, you will be subject to information reporting and, depending on the circumstances, backup withholding regarding the proceeds of the sale (including pursuant to an automatic call of the note) of a note made within the United States or conducted through United States-related intermediaries, unless the payor receives the statement described above and does not have actual knowledge or reason to know that you are a United States holder, or you otherwise establish an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your United States federal income tax liability provided the required information is furnished to the Internal Revenue Service.



## UNDERWRITING

The notes are being offered by us through Lehman Brothers Inc., as principal or agent. We and Lehman Brothers Inc. entered into a distribution agreement with respect to the notes. We may sell notes at a discount to the agent, as principal for its own account or for resale to one or more purchasers at varying prices related to prevailing market prices or at a fixed public offering price. Unless otherwise specified in the relevant terms supplements, any note purchased by the agent as principal will be purchased at 100% of the principal amount less a percentage specified in the relevant terms supplements. In addition, the agent may offer and sell notes purchased by it as principal to other dealers. These notes may be sold at a discount which, unless otherwise specified in the relevant terms supplements, will not exceed the discount to be received by the agent. After any initial public offering of notes to be resold to purchasers at a fixed public offering price, the public offering price and any concession or discount may be changed.

Lehman Brothers Inc., as agent, has agreed to use its reasonable best efforts to solicit orders to purchase notes. We will have the sole right to accept orders to purchase notes and may reject proposed purchases in whole or in part. Lehman Brothers Inc., as agent, will have the right to reject any proposed purchase in whole or in part. We will generally pay the agent a commission of up to 0.625% of the principal amount of notes sold through it as agent, depending on the stated maturity.

We own, directly or indirectly, all of the outstanding equity securities of Lehman Brothers Inc. The underwriting arrangements for this offering comply with the requirements of Rule 2720 of the Conduct Rules of the NASD regarding a FINRA member firm's underwriting of securities of an affiliate. In accordance with Rule 2720, no underwriter may make sales in this offering to any discretionary account without the prior approval of the customer.

We may appoint other agents (either as principal or agent), other than or in addition to Lehman Brothers Inc., with respect to any issue of notes. Any other agents will be named in the relevant terms supplements and those agents will enter into the distribution agreement referred to above with respect to that issue of notes. The other agents may be our affiliates or our customers and may engage in transactions with and perform services for us in the ordinary course of business. Lehman Brothers Inc. may resell notes to or through another of our affiliates, as selling agent.

Lehman Brothers Inc. or another agent may act as principal or agent in connection with offers and sales of the notes in the secondary market. Secondary market offers and sales will be made at prices related to market prices at the time of such offer or sale; accordingly, the agents or a dealer may change the public offering price, concession and discount after the offering has been completed.

In order to facilitate the offering of the notes, Lehman Brothers Inc. may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, Lehman Brothers Inc. may sell more notes than it is obligated to purchase in connection with the offering, creating a naked short position in the notes for its own account. Lehman Brothers Inc. must close out any naked short position by purchasing the notes in the open market. A naked short position is more likely to be created if Lehman Brothers Inc. is concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, Lehman Brothers Inc. may bid for, and purchase, notes in the open market to stabilize the price of the notes. Any of these activities may raise or maintain the market price of the notes above independent market levels or prevent or retard a decline in the market price of the notes. Lehman Brothers Inc. is not required to engage in these activities, and may end any of these activities at any time.

No action has been or will be taken by us, Lehman Brothers Inc. or any dealer that would permit a public offering of the notes or possession or distribution of this product supplement no. 800-I or the accompanying base prospectus, MTN prospectus supplement, the relevant underlying supplement or the relevant terms supplements, other than in the United States, where action for that purpose is required. No offers, sales or deliveries of the notes, or distribution of this product supplement no. 800-I or the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplements or any other offering

material relating to the notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on us, the agents or any dealer.

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Each agent has represented and agreed, and each dealer through which we may offer the notes has represented and agreed, that it, to the best of its knowledge after due inquiry (i) will comply with all applicable laws and regulations in force in any jurisdiction in which it offers or sells the notes or possesses or distributes this product supplement no. 800-I and the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplements and (ii) will obtain any consent, approval or permission required by it for the offer or sale by it of the notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers or sales. We shall not have responsibility for any Agent' s or any dealer' s compliance with the applicable laws and regulations or obtaining any required consent, approval or permission.

The notes are not and will not be authorized by the Comisión Nacional de Valores for public offer in Argentina and may thus not be offered or sold to the public at large or to sectors or specific groups thereof by any means, including but not limited to personal offerings, written materials, advertisements or the media, in circumstances which constitute a public offering of securities under Argentine Law No. 17,811, as amended.

The notes have not been and will not be registered with the “Comissão de Valores Mobiliários” – the Brazilian Securities and Exchange Commission (“CVM”) and accordingly, the notes may not be sold, promised to be sold, offered, solicited, advertised and/or marketed within the Federative Republic of Brazil in an offering that can be construed as a public offering under CVM Instruction n°400, dated December 29, 2003, as amended from time to time.

The notes have not been registered with the Superintendencia de Valores y Seguros in Chile and may not be offered or sold publicly in Chile. No offer, sales or deliveries of the notes, or distribution of this product supplement no. 800-I or the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplements may be made in or from Chile except in circumstances which will result in compliance with any applicable Chilean laws and regulations.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), the agent has represented and agreed, and each underwriter agrees, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of the notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or

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- (d) at any time in any other circumstances which do not require the publication by Lehman Brothers Holdings Inc. of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of the notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The notes have not been, and will not be, registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission nor with the Mexican Stock Exchange and may not be offered or sold publicly in the United Mexican States. This product supplement no. 800-I and the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplements may not be publicly distributed in the United Mexican States.

Neither this product supplement no. 800-I nor the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplements have been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this product supplement no. 800-I, the accompanying base prospectus, MTN prospectus supplement, underlying supplement or terms supplements, and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The Notes may not be publicly offered in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations. Neither this product supplement no. 800-I, the accompanying base prospectus, MTN prospectus supplement or terms supplement nor any of the documents related to the Notes constitute a prospectus in the sense of article 652a or 1156 of the Swiss Code of Obligations.

In addition, Notes that fall within the scope of the Swiss Investment Fund Act may not be offered and distributed by means of public advertising in or from Switzerland, as such term is defined or interpreted under the Swiss Investment Fund Act. Such Notes will not be registered with the Swiss Federal Banking Commission under the Swiss Investment Fund Act and the corresponding Swiss Investment Fund Ordinance and investors will, therefore, not benefit from protection under the Swiss Investment Fund Act or supervision by the Swiss Federal Banking Commission.

The notes may not be offered or sold in Hong Kong, by means of any document, other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or in circumstances that do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. Each Agent has not issued and will not issue any advertisement, invitation or document relating to the notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

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The agent has represented and agreed that:

- (a) in relation to any notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by such agent;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to Lehman Brothers Holdings Inc.; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any notes in, from or otherwise involving the United Kingdom.

This offering is extraterritorial (non-Venezuelan), directed exclusively to clients of the underwriters and as such, no registrations or authorizations will be required from the Comisión Nacional de Valores.

Unless otherwise specified in the relevant terms supplements, the settlement date for the notes will be the third business day following the Trade Date (which is referred to as a “T+3” settlement cycle).

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## BENEFIT PLAN INVESTOR CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including entities such as collective investment funds, partnerships and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) should consider the fiduciary standards of ERISA in the context of the ERISA Plans’ particular circumstances before authorizing an investment in the notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as individual retirement accounts, Keogh plans and other arrangements subject to Section 4975 of the Code (together with ERISA Plans, “Plans”), from engaging in certain transactions involving “plan assets” with persons who are “parties in interest” under ERISA or “disqualified persons” under the Code (“Parties in Interest”) with respect to such Plans. As a result of our business, we are a Party in Interest with respect to many Plans. Where we are a Party in Interest with respect to a Plan (either directly or by reason of ownership of our subsidiaries), the purchase and holding of the notes by or on behalf of the Plan would be a prohibited transaction under Section 406(a)(1) of ERISA and Section 4975(c)(1) of the Code, unless exemptive relief were available under an applicable class, statutory or administrative exemption (as described below) or there was some other basis on which the transaction was not prohibited.

Accordingly, the notes may not be purchased or held by any Plan, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “Plan Asset Entity”) or any person investing “plan assets” of any Plan, unless such purchaser or holder is eligible for the exemptive relief available under Prohibited Transaction Class Exemption (“PTCE”) 96-23, 95-60, 91-38, 90-1 or 84-14 issued by the U.S. Department of Labor or there is some other basis on which the purchase and holding of the notes is not prohibited, such as the exemption for certain transactions involving non-fiduciary service providers under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (the “Service Provider Exemption”). Each purchaser or holder of the notes or any interest therein, and each person making the decision to purchase or hold the notes on behalf of any such purchaser or holder will be deemed to have represented and warranted in both its individual capacity and its representative capacity (if any), that on each day from the date on which the purchaser acquires its interest in the notes. to the date on which the purchaser disposes of its interest in the note, that such purchaser, by its purchase or holding of the notes or any interest therein that (a) its purchase and holding of the notes is not made on behalf of or with “plan assets” of any Plan or Plan Asset Entity or (b) its purchase and holding of the notes will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and neither Lehman Brothers Holdings Inc. nor any of its affiliates is acting as a fiduciary (within the meaning of Section 3(21)) of ERISA in connection with the purchase or holding of the notes and has not provided any advice that has formed or may form a primary basis for any investment decision concerning the purchase or holding of the notes.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to these “prohibited transaction” rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or documents (“Similar Laws”). Accordingly, each purchaser or holder of the notes or any interest therein will be deemed to have represented and warranted by its purchase or holding of the notes or any interest therein that such purchase and holding does not violate any applicable Similar Laws or rules.

Due to the complexity of the applicable rules, it is particularly important that fiduciaries or other persons considering purchasing the notes on behalf of or with “plan assets” of any plan consult with their counsel regarding the relevant provisions of ERISA, the Code or any Similar Laws and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, the Service Provider Exemption, or some other basis on which the acquisition and holding is not prohibited.

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Each purchaser and holder of the notes has exclusive responsibility for ensuring that its purchase and holding of the notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Laws. The sale of any notes to any plan is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan.

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