

Press Release

For Immediate Release

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Lehman Brothers Suspends Wholesale and Correspondent U.S. Residential Mortgage Origination Activities

NEW YORK, January 17, 2008 — Lehman Brothers announced today that it will substantially reduce its resources and capacity in the U.S. residential mortgage origination space in light of the dislocation in the mortgage markets. As a result, the Firm is suspending its Wholesale and Correspondent lending activities at its Aurora Loan Services subsidiary. Aurora will continue to originate loans through its direct lending channel, and will maintain its servicing business.

This action affects approximately 1,300 employees and will result in the closure of Aurora's regional operations centers in Lake Forest, CA, Sunrise, FL, and Florham Park, NJ. Aurora's Colorado operations will be consolidated at its Littleton office. In connection with the suspension of its Wholesale and Correspondent U.S. residential mortgage activities, the Firm will record a one-time, after-tax charge of approximately \$40 million for severance, technology and facilities exit costs.

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“While it was necessary for us to structure our mortgage origination businesses in the U.S. to reflect the change in industry dynamics, we deeply regret the impact this action has on our people,” said Ted Janulis, global head of Mortgage Capital for Lehman Brothers. “We will continue to make technology and infrastructure investments in this space, as we reposition the business to reflect the changing industry.”

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