

Press Release

For Immediate Release

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LEHMAN BROTHERS ANNOUNCES CLOSURE OF BNC MORTGAGE

NEW YORK, August 22, 2007 — Lehman Brothers announced today that market conditions have necessitated a substantial reduction in its resources and capacity in the subprime space. As a result, the Firm is closing its BNC Mortgage LLC subsidiary. The Firm continues to originate mortgages in the U.S. through its Aurora Loan Services LLC platform.

The closure affects approximately 1,200 employees in 23 U.S. locations. In connection with the closure, the Firm will record all related after-tax charges, including severance, real estate and technology costs, of approximately \$25 million, and a 100% after-tax goodwill write-down of approximately \$27 million.

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