

Press Releases

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OTS 99-43 - Lehman Brothers' Acquisition of Delaware Savings Approved

Office of Thrift Supervision

News Release

FOR RELEASE at 8:30 A.M. EDT

For further information

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Lehman Brothers' Acquisition Of Delaware Savings Approved

WASHINGTON, D.C., July 1, 1999 - Lehman Brothers Holdings Inc., New York City, received approval today to acquire troubled Delaware Savings Bank, F.S.B., Wilmington, Del. Lehman, through its new subsidiary, Lehman Brothers Bancorp Inc., will infuse sufficient capital into Delaware Savings to bring it to well capitalized status.

The acquisition was expedited under provisions of the statutory prompt corrective action (PCA), because Delaware Savings was "critically undercapitalized." The savings bank, which originates and purchases conventional and nonconventional residential mortgage loans, is being renamed Lehman Brothers Bank, FSB. Both Lehman Brothers Holdings and Lehman Brothers Bancorp become unitary thrift holding companies.

The Lehman Brothers firm, founded in 1850, is involved in the financing, capital markets and securities businesses and participates in the residential mortgage market through originations and purchases from other originators. The thrift charter will enable Lehman to expand its participation in the U.S. housing finance market. The company also has a trust operation in New York regulated by that state, but it is not considered a bank for purposes of the Bank Holding Company Act.

By Jan. 1, 2000, the savings bank is to have in place a team of senior executives who are not dual employees of the holding companies or any subsidiaries, and OTS has to review any changes in the senior staff over the first three years of operation. At least 40 percent of the thrift's directors are to be individuals who are not officers or employees of the holding companies or affiliates, and at least one member must be independent of the thrift, holding companies and affiliates. Officers and directors have to adhere to OTS regulations pertaining to conflicts of interest, corporate opportunity and self-dealing.

Any major change in its business plan requires OTS approval, including any change in its capital status, which is to be maintained at no less than 6 percent core and 9 percent risk-based. The institution must fulfill the local and national lending commitments contained in its

CRA compliance plan and abide by interagency guidelines on the sale of insured and noninsured products and Year 2000 readiness.

Lehman Brothers' Approval Order

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at <http://www.ots.treas.gov>.