From: Goodman, Jeffrey <jeffrey.goodman@lehman.com>
Sent: Friday, June 22, 2007 8:40 PM (GMT)
To: Sherr, David <dsherr@lehman.com>; Krugel, Robert J <rkrugel@lehman.com>
Subject: Applebee's risk bullets

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* Applebee's International, Inc.
* $2.15bn acquisition financing for IHOP's purchase of Applebees, total transaction value is $2.4bn
* Lehman is committing to 100% of the financing package, which is a bridge to a whole business securitization ("WBS") and consists of a $1.95 bn 1st lien facility, $200mm 2nd lien facility and a revolver of $50mm. Consolidated leverage is 7.1x adjusted debt/EBITDAR. In addition to our financing, IHOP is raising 275mm of new equity
* Transaction is expected to sign and be announced on July 3 and is subject to shareholder vote so closing is expected in 3-4 months
* takeout will be $1.675mm AAA WBS for Applebee's assets (wrapped by FGIC, XL and Assured), $100mm AAA VFN for Applebee's assets (also monoline wrapped), $175mm BBs and $25mm single Bs for Applebee's assets plus $175mm AAA wrapped WBS for IHOP's assets.
* It is likely we can fund directly into the permanent financing and not have to fund the bridge but we may syndicate a portion of the 1st lien bridge commitment

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