

Confidential

Big LBO Update

July 3, 2007

LEHMAN BROTHERS

Sponsor M&A League Tables

GLOBAL M&A

2006

Rank	Institution	Deal Value (\$ bn)	Number of Deals	% Market Share
1	Goldman Sachs	\$352	129	39%
2	Morgan Stanley	\$321	96	36%
3	Citigroup	\$267	110	30%
4	Credit Suisse	\$260	107	29%
5	JP Morgan	\$260	115	29%
6	Deutsche Bank	\$239	76	27%
7	Merrill Lynch	\$188	83	21%
8	UBS	\$172	131	19%
9	Banc of America	\$171	39	19%
10	Lehman Brothers	\$146	78	16%

2007 YTD

Rank	Institution	Deal Value (\$ bn)	Number of Deals	% Market Share
1	Citi	\$287	52	42%
2	Goldman Sachs	\$190	47	28%
3	Lehman Brothers	\$152	37	22%
4	JP Morgan	\$145	34	21%
5	Deutsche Bank	\$133	22	19%
6	Merrill Lynch	\$125	33	18%
7	Credit Suisse	\$95	36	14%
8	Morgan Stanley	\$89	34	13%
9	Banc of America	\$78	12	11%
10	TD Securities Inc	\$52	3	8%

US M&A

2006

Rank	Institution	Deal Value (\$ bn)	Number of Deals	% Market Share
1	Goldman Sachs	\$267	78	53%
2	Morgan Stanley	\$212	43	42%
3	Credit Suisse	\$192	73	38%
4	Citigroup	\$186	44	37%
5	JP Morgan	\$182	52	36%
6	Banc of America	\$161	37	32%
7	Deutsche Bank	\$148	29	30%
8	Merrill Lynch	\$147	42	29%
9	UBS	\$112	69	22%
10	Lehman Brothers	\$99	45	20%

2007 YTD

Rank	Institution	Deal Value (\$ bn)	Number of Deals	% Market Share
1	Citi	\$187	28	49%
2	Goldman Sachs	\$135	24	36%
3	Lehman Brothers	\$127	24	33%
4	JP Morgan	\$114	25	30%
5	Morgan Stanley	\$78	19	21%
6	Banc of America	\$77	10	20%
7	Merrill Lynch	\$76	18	20%
8	Deutsche Bank	\$69	12	18%
9	Credit Suisse	\$67	25	18%
10	HSBC	\$28	1	7%

Source: Dealogic. Based on announced M&A volume. 2007 YTD reflects data through 7/3/07.

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Big LBO Initiative – Report Card as of 7/3/07

2007 Report Card

- ◆ Industry groups identified 457 Big LBO Opportunities in the original report (dated 12/21/06)
 - Of these, 41 deals were announced (24 LBOs, 16 Strategic deals, 1 Spin-off)
 - Lehman was involved in 17 out of the 41 deals (7 Buyside, 8 Sellside, 1 Spin-off, 1 Financing)
- ◆ There were thirteen \$5bn+ LBOs that were announced which were not on the Big LBO list
 - Lehman was involved in four of these opportunities (Extended Stay America, Cablevision, CDW and HD Supply)

Industry	Big LBO Opportunities (as of 12/21/06) ⁽¹⁾	Big LBO Announced Deals		Lehman Role			Other \$5bn+ LBOs ⁽³⁾	
		Lehman	Total	Buy	Sell	Other ⁽²⁾	Lehman	Total
Communications	15	-	1	-	-	-	-	2
Consumer	38	1	1	-	-	1	-	-
Financial Institutions	85	2	5	1	1	-	-	-
Healthcare	29	1	5	-	1	-	-	-
Industrials	44	1	3	1	-	-	1	5
Media	43	-	4	-	-	-	1	1
Natural Resources / Chemicals	67	4	8	-	4	-	-	-
Power	32	1	2	1	-	-	-	-
Real Estate / Gaming	32	1	4	1	-	-	1	2
Retail	29	3	3	1	1	1	-	1
Technology	43	3	5	2	1	-	1	2
Total	457	17	41	7	8	2	4	13

1. Number of Big LBO opportunities that were identified by each industry group in the original report (dated 12/21/06). Does not take into account opportunities that were added or deleted since then.

2. Includes spin-off of Kraft Foods and financing for Claire's Stores (no M&A credit).

3. Represents large LBO transactions (\$5bn+ transaction value) that were announced but were not listed as a Big LBO opportunity. Includes \$27.9bn Alltel deal (acquired by TPG Capital and GS Capital), \$20.0bn Cablevision deal (acquired by Charles and James Dolan; Lehman is Special Committee advisor), \$16.4bn Intelsat deal (acquired by BC Partners), \$10.3bn Home Depot Supply deal (acquired by Bain, Carlye and CD&R; Lehman is M&A advisor and providing financing), \$8.0bn Extended Stay America deal (acquired by Lightstone Group; Lehman is M&A advisor and providing financing), \$7.4bn Chrysler deal (acquired by Cerberus), \$7.1bn US Foodservice deal (acquired by CD&R and KKR), \$7.0bn CDW deal (acquired by MDP; Lehman is M&A advisor and providing financing), \$5.6bn Allison Transmission deal (acquired by Carlyle and Onex), \$5.2bn Pegasus Aviation deal (acquired by Terra Firma), \$5.2bn ServiceMaster deal (acquired by CD&R; Lehman was conflicted with strategic buyer), \$5.2bn Ceridian deal (acquired by TH Lee and Fidelity) and \$5.0bn Beacon Capital Partners deal (acquired by Broadway Real Estate Partners).

Announced \$5bn+ US M&A Deals (12/1/06 – 2007YTD)

Date Announced	Deal Size (\$bil)	Target	Acquiror	Industry	Big LBO	
					Init.	LB Role
6/29/2007	\$48.5	BCE Inc	Providence, Ontario Teachers, MDP	Communications	Y	-
1/31/2007	46.2	Kraft Foods Inc	Shareholders	Consumer	Y	Spin-off Advisor
2/26/2007	43.8	TXU Corp	KKR, TPG, GS, MS, Citi, LB	Power	Y	Buyside
5/7/2007	33.5	Alcan Inc	Alcoa Inc	Industrials	-	Buyside
5/21/2007	27.9	ALLTEL Corp	TPG Capital, GS Capital	Communications	-	-
4/2/2007	27.9	First Data Corp	KKR	Technology	Y	Buyside
4/16/2007	25.6	SLM Corp	BOA, JPM, JC Flowers, Friedman Fleischer	Financial Institutions	Y	Losing Buyside
4/23/2007	21.0	LaSalle Bank Corp	Bank of America Corp	Financial Institutions	-	Sellside
5/29/2007	20.6	Archstone-Smith Trust	Tishman Speyer Properties, LB	Real Estate	Y	Buyside
5/2/2007	20.0	Cablevision Systems Corp	Charles and James Dolan	Media	-	Sellside
12/4/2006	16.5	Mellon Financial Corp	Bank of New York Co Inc	Financial Institutions	-	-
6/19/2007	16.4	Intelsat	BC Partners	Communications	-	-
4/23/2007	14.9	MedImmune Inc	AstraZeneca plc	Healthcare	-	Losing Buyside
4/2/2007	13.4	Tribune Co	Sam Zell, ESOP	Media	Y	-
12/22/2006	11.8	DIRECTV Group Inc	Liberty Media Interactive	Media	Y	-
5/21/2007	11.6	GE Plastics	Saudi Basic Industries Corp - SABIC	Chemicals	-	Sellside
12/18/2006	10.9	Biomet Inc	Blackstone, GS Capital, KKR, TPG	Healthcare	Y	-
6/19/2007	10.3	Home Depot Supply	Bain, Carlyle and CD&R	Industrials	-	Sellside
2/16/2007	9.6	Compass Bancshares Inc	Banco Bilbao Vizcaya Argentaria SA	Financial Institutions	-	Buyside
6/26/2007	9.6	Huntsman Corp	Access Industries	Chemicals	Y	-

Source: Dealogic, Thomson SDC and Bloomberg.

Note: Shading indicates Financial Sponsor transactions. Lehman clients are in bold. YTD through 7/3/07.

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Announced \$5bn+ US M&A Deals (12/1/06 – 2007YTD)

Date Announced	Deal Size (\$bil)	Target	Acquiror	Industry	Big LBO	
					Init.	LB Role
5/3/2007	\$8.9	IPSCO Inc	SSAB Svenskt Stal AB	Industrials	-	-
2/5/2007	8.8	Mills Corp	Simon Property, Farallon Capital	Real Estate	Y	-
6/15/2007	8.5	Penn National Gaming Inc	Fortress, Centerbridge	Real Estate	Y	-
3/20/2007	8.3	Affiliated Computer Services Inc	Darwin Deason, Cerberus	Technology	Y	-
1/18/2007	8.1	Abbott Laboratories (Diagnostic businesses)	General Electric Co	Healthcare	-	-
4/17/2007	8.0	Extended Stay America	Lightstone Group	Real Estate	-	Buyside
4/26/2007	8.0	Harman International Industries Inc	KKR, GS	Industrials	Y	Buyside
6/4/2007	7.9	Avaya Inc	Silver Lake, TPG Capital	Technology	Y	-
5/11/2007	7.8	Thomson Corp (Education Assets)	OMERS Capital Partners, Apax	Media	Y	-
5/17/2007	7.6	Alliance Data Systems Corp	Blackstone	Technology	Y	Sellside
12/4/2006	7.6	Station Casinos Inc	Colony Capital, Fertitta Colony Partners	Real Estate	Y	-
5/14/2007	7.4	Chrysler Holding LLC	Cerberus	Industrials	-	-
3/12/2007	7.3	Dollar General Corp	KKR	Retail	Y	Sellside
5/2/2007	7.1	US Foodservice	KKR, CD&R	Retail	-	-
5/29/2007	7.0	CDW Corp	MDP	Technology	-	Buyside
2/9/2007	7.0	Equity Office Properties Trust (8 NY Buildings)	Macklowe Properties Inc	Real Estate	-	-
5/31/2007	6.8	AG Edwards & Sons	Wachovia Corp	Financial Institutions	Y	-
2/20/2007	6.1	XM Satellite Radio Holdings Inc	Sirius Satellite Radio Inc	Media	-	-
7/2/2007	6.1	Manor Care Inc	Carlyle	Healthcare	Y	-
3/19/2007	6.0	Triad Hospitals Inc ⁽¹⁾	Community Health Systems Inc	Healthcare	Y	Sellside

Source: Dealogic, Thomson SDC and Bloomberg.

Note: Shading indicates Financial Sponsor transactions. Lehman clients are in bold. YTD through 7/3/07.

1. Triad Hospitals is considered an LBO transaction for purposes of this analysis. CCMP and GS Capital announced the acquisition of Triad on 2/5/07. Subsequent to CCMP and GS Capital's announcement, Community Health Systems announced acquisition on 3/19/07.

Announced \$5bn+ US M&A Deals (12/1/06 – 2007YTD)

Date Announced	Deal Size (\$bil)	Target	Acquiror	Industry	Big LBO	
					Init.	LB Role
6/20/2007	\$6.0	Nuveen Investments	MDP	Financial Institutions	Y	-
5/18/2007	5.9	aQuantive Inc	Microsoft Corp	Technology	-	-
12/21/2006	5.8	Sky Financial Group Inc	Huntington Bancshares Inc	Financial Institutions	-	Buyside
5/21/2007	5.7	Cytec Corp	Hologic Inc	Healthcare	-	-
2/7/2007	5.7	Novelis Inc	Hindalco Industries Ltd	Industrials	Y	-
6/28/2007	5.6	Allison Transmission	Carlyle, Onex	Industrials	-	-
4/12/2007	5.5	Gerber Products Co	Nestle SA	Consumer	-	-
5/1/2007	5.5	Dow Jones	News Corp	Media	Y	-
2/6/2007	5.4	Radian Group Inc	MGIC Investment Corp	Financial Institutions	Y	Sellside
5/11/2007	5.2	Pegasus Aviation Inc	Terra Firma Capital Partners Ltd	Industrials	-	-
3/19/2007	5.2	ServiceMaster Co	CD&R	Industrials	-	-
5/30/2007	5.2	Ceridian Corp	TH Lee, Fidelity	Technology	-	-
2/27/2007	5.0	New Plan Excel Realty Trust Inc	Centro Properties Group	Real Estate	-	-
3/19/2007	5.0	Property Portfolio (Park Avenue Atrium and 100 Wall St)	Broadway Partners	Real Estate	-	-
3/14/2007	5.0	Beacon Capital Partners III LLC	Broadway Real Estate Partners	Real Estate	-	-

Source: Dealogic, Thomson SDC and Bloomberg.

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Other “Big LBO” Announced Transactions (under \$5Bil)

Date Announced	Deal Size (\$bil)	Target	Acquiror	Industry	Big LBO	
					Init.	LB Role
4/30/2007	\$4.8	Dominion Resources-Offshore E&P assets	ENI SpA	Natural Resources	Y	Sellside
6/4/2007	4.0	Dominion Resources-Onshore E&P assets	Loews Corp	Natural Resources	Y	Sellside
5/16/2007	4.4	Bausch & Lomb Inc	Warburg Pincus LLC	Healthcare	Y	-
2/5/2007	3.4	Hanover Compressor Co	Universal Compression Holdings Inc	Natural Resources	Y	-
1/25/2007	3.3	Cardinal Health Inc (Pharm. Technologies and Services)	Blackstone	Healthcare	Y	-
3/20/2007	3.0	Claire's Stores Inc ⁽¹⁾	Apollo	Retail	Y	Financing
12/22/2006	2.7	ADESA Inc	Kelso, GS Capital, ValueAct, Parthenon, Insurance Auto Auctions	Industrials	Y	-
6/4/2007	2.5	Dominion Resources-Onshore E&P assets	XTO Energy Inc	Natural Resources	Y	Sellside
3/19/2007	2.4	TODCO Inc	Hercules Offshore Inc	Natural Resources	Y	-
2/12/2007	2.3	Hydril Co	Tenaris SA	Natural Resources	Y	-
6/27/2007	2.1	Guitar Center	Bain Capital	Retail	Y	Buyside
3/15/2007	1.8	PHH Corp	General Electric Co	Financial Institutions	Y	Buyside
1/7/2007	1.6	Houston Exploration Co	Forest Oil Corp	Natural Resources	Y	Sellside
5/21/2007	1.2	DTE Energy Co	Atlas Energy Resources LLC	Power	Y	-
3/2/2007	1.0	Aeroflex Inc	General Atlantic, Francisco Partners	Technology	Y	Buyside

Source: Dealogic, Thomson SDC and Bloomberg.

Note: Shading indicates Financial Sponsor transactions. Lehman clients are in bold. YTD through 7/3/07.

1. While Lehman did not receive M&A league table credit, we are co-lead arranger and documentation agent on the \$1.65 billion senior credit facilities and joint bookrunner on the \$537 million senior unsecured notes and \$400 million senior sub notes.