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Cc: LBO Initiative <LBO_Initiative@lehman.com>
Subject: Big LBO initiative - status update as of 7/3/07
Attach: Big LBO Update - 7.3.07.ppt;LotReport.pdf;LotReportDetail.pdf

Attached please find the following Big LBO initiative update reports:

(1) Status update as of 7/3/07 - includes Sponsor M&A league tables (2006 vs. 2007 YTD) and "report card" which tracks the progress of this initiative since 12/1/06

(2) Summary of "Top LBO" opportunities by industry group (ie, "Skip List" report)

(3) Detailed listing of Big LBO initiative opportunities by industry group

Few things to highlight:

* 55 deals over \$5bn have been announced since 12/1/06; 32 of these deals were LBOs and Lehman was involved in 11 of the 32 deals (6 buy-side / 5 sell-side) [Note: these stats differ from the attached Big LBO "report card" which keeps track of the opportunities identified by each industry group and includes opportunities under \$5bn]

* There are currently 29 engagements in the system (13 buy-side / 12 sell-side / 4 other); however, some of these may not be active situations [Note: "Other" includes strategic buy-side engagements (e.g., Alcoa - acquisition of Alcan) or IPO engagements (e.g., IPO carve-out of VMWare from EMC)]

* Big LBO initiative has been uploaded into eBanker and the attached PDF documents were generated from the eBanker system. Most of the financial information (market cap, ent value, EBITDA, etc) is being pulled automatically from an outside data vendor; however, there are several issues that are being worked through and metrics for several companies are not available at this time.

Please let us know if there are any questions.

Sincerely,
The Big LBO team

<<Big LBO Update - 7.3.07.ppt>> <<LotReport.pdf>>
<<LotReportDetail.pdf>>