May 20, 2004

North America
Consumer
Airlines

Delta Air Lines (DAL - $4.92) 1-Overweight

Recommendation Change

Upgrade on Risk-Reward Basis

Investment conclusion

- With an expected value of $10 (and scenarios where the shares could be worth much more), Delta shares have reached a price where we find them very compelling.

Summary

- At current prices, we find Delta shares compelling, but only in a probabilistic sense. Our expected value for the shares is $10.
- Our call contingent on a pilot deal that buys time the company needs to address other issues. No pilot deal, no time, no choice but Chapter 11 and a $0 share price (recent warnings are NOT just posturing). Pilot situation likely thorny, but the case is strong for a deal and pilots likely worse off in Chapter 11.
- Market polarizing the issues too much. Pilots the focus, but costs have escalated elsewhere inside the company; there is much work to do at Delta. Pilot deal adds value, but high return scenarios must include material non-labor cost reduction.
- This call is EXTREMELY risky ($0 downside). We see value in the shares, but they could easily go lower before things improve.

EPS (FY Dec)

	2003	2004			2005			% Change	
	Actual	Old	New	St. Est.	Old	New	St. Est.	2004	2005
1Q	-3.49A	-3.12A	-3.12A	-3.12A	N/A	N/A	0.00E	11%	N/A
2Q	-1.95A	-1.50E	-1.50E	-1.13E	N/A	N/A	0.00E	23%	N/A
3Q	-1.43A	-1.45E	-1.45E	-0.92E	N/A	N/A	0.00E	-1%	N/A
4Q	-1.71A	-1.75E	-1.75E	-1.24E	N/A	N/A	0.00E	-2%	N/A
Year	-8.58A	-7.73E	-7.73E	-6.20E	-1.40E	-1.40E	-1.18E	10%	82%
P/E			N/A			N/A			

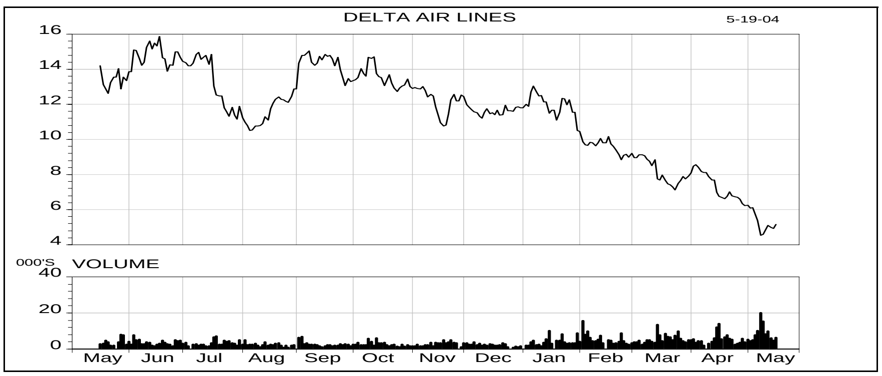
Market Data

Market Cap	0.37B
Shares Outstanding (Mil)	75.00
Float	0.00
Dividend Yield	0.00
Convertible	Yes
52 wk Range	16.05 - 4.53

Financial Summary

Revenue FY04	N/A
Five-Year EPS CAGR	6.00%
Return on Equity	N/A
Current BVPS	45.43
Debt To Capital	33.18%

Stock Overview



Stock Rating:

New: 1-Overweight
Old: 2-Equal weight

Target:

New: 10.00
Old: 9.00

Sector View: 1-Positive

A COMPELLING RISK-REWARD; BUT RISKS ARE EXTREME

At current levels, we believe Delta shares represent a compelling risk-reward, at least relative to other network airlines. We believe that the company needs to buy itself time by achieving lower pilot costs and then we believe the company must address its revenue and non-labor cost woes. With a 30% reduction in pilot costs (what the company is currently requesting), and assuming 33% equity dilution, we believe the shares would be worth as much as $8. If the company could also drive its non-labor costs down to levels that it achieved in 2000 (other network airlines have done it), again assuming 33% equity dilution, the shares could be worth as much as $20. While the company may have the opportunity to drive its costs lower, we do not believe the company has the luxury of time. Only a reduction in pilot pay can buy enough time to address Delta's non-labor cost issues. If the company fails to negotiate concessions from its pilots, we believe the company will head quickly to the courthouse, recent liquidity warnings are not posturing on the part of the company. In fact, we believe that the time frame in which Delta will face a liquidity crisis is much sooner than most believe. We believe a filing will be necessary by Winter, 2005 at the latest, and probably as soon as the fall of 2004.

IF DELTA CAN ACHIEVE PILOT CONCESSIONS, THE SHARES MIGHT LOOK VERY COMPELLING; OPTIONALITY ON NON-LABOR SAVINGS GREATLY ENHANCES RETURN POTENTIAL

Our analysis suggests that Delta's cost position (historically the lowest among the majors) has deteriorated significantly in the last several years. Pilot cost increases are clearly a major contributor to the problem, but equally important, at least according to our analysis is increases in non-labor costs where other network airlines have driven reductions or have managed to stay flat (Despite the erosion Delta maintains the lowest non-labor costs among the majors). We elaborate on these issues in a section below. Therefore, we believe that a pilot deal creates value for investors in two ways. First, pilot cost reductions would enhance earnings and valuation (Figure 1). More importantly from our perspective, however, is the optionality that a pilot deal would create in allowing Delta the time required to address its non-labor costs. The combination of pilot cost reduction and non-labor savings significantly expands return potential in Delta shares in our view (Figure 2). Without non-labor cost savings, the shares probably are not worth buying at current levels.

Figure 1 – Pilot Deal Would Buy Delta Time and Add to Earnings Potential

Delta Air Lines Valuation Analysis - Pro Forma for Pilot Concessions

Pilot Cost	2005 EV / EBITDAR		2005 P / E		12-Mo Px Target		
Reduction	Current	Pro Forma	Current	Pro Forma	Current	Pro Forma	Comments
15%	7.2 x	7.2 x	NM	NM	$9	$3	Current pilot offer is 15%, we have 15% modeled.
25%	7.2 x	6.9 x	NM	NM	$9	$6	Would bring Delta closer to Continental and others.
30%	7.2 x	6.3 x	NM	NM	$9	$8	Delta's current offer / request.
35%	7.2 x	6.0 x	NM	8.5 x	$9	$10	Would restore Delta's pilot CASM to 2000 levels.

Source: Lehman Brothers estimates.
* Payoffs assume 33% equity dilution in exchange for concessions.

Figure 2 – But the Combination of Pilot and Non-Labor Savings Potential Creates Significant Opportunity

Delta Air Lines Valuation Analysis - Pro Forma for Pilot Concessions and Non-Labor Reductions

Pilot Cost	Non-Labor Reduction 4% - 2005			Non-Labor Reduction 8% - 2005		
Reduction	EV/EBITDAR	P/E	Px Target	EV/EBITDAR	P/E	Px Target
15%	6.2 x	27.5 x	$6	5.4 x	3.2 x	$9
25%	5.8 x	5.7 x	$9	5.1 x	2.4 x	$14
30%	5.5 x	3.4 x	$11	4.8 x	1.8 x	$20
35%	5.3 x	2.7 x	$15	4.7 x	1.6 x	$21

Source: Lehman Brothers estimates.
* Payoffs assume 33% equity dilution in exchange for concessions.

By assigning illustrative probabilities to the above referenced scenarios, we derive a probability-weighted price target (expected value) of $10 (Figure 3). Given an expected value that is nearly double the current share price, we find the shares compelling, but highly risky. If we have cause to re-visit any of the key assumptions in Figure 3 below at any time, our opinion on the shares could change meaningfully.

Figure 3 – Probability-Weighted Expected Value is Nearly Twice the Current Share Price

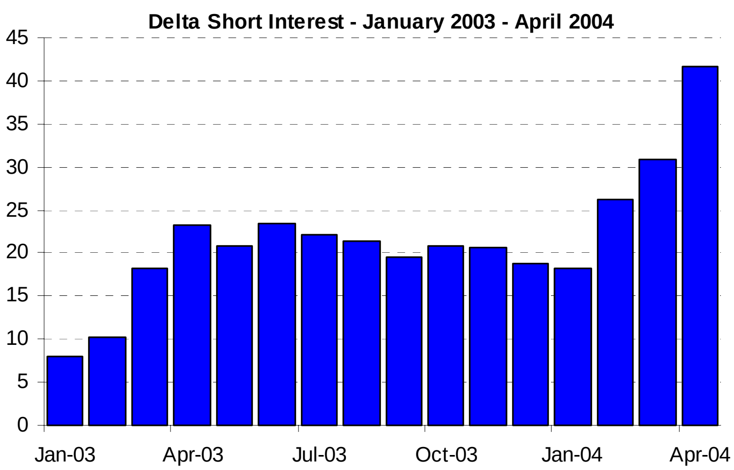
Delta Air Lines - Probability-Weighted Valuation analysis						
	--- Payoffs ---			--- Probabilities ---		
Pilot	Non-Labor Savings			Non-Labor Savings		
Savings	0%	4%	8%	0%	4%	8%
0%	$0	$0	$0	5.0%	5.0%	5.0%
15%	$0	$6	$9	5.0%	2.0%	2.0%
25%	$6	$9	$14	10.0%	10.0%	10.0%
30%	$8	$11	$20	10.0%	11.0%	10.0%
35%	$10	$15	$21	5.0%	5.0%	5.0%
Probability-Weighted Expected Value						**$10**

Source: Lehman Brothers estimates.

Risks to This Call Are Enormous; Shares Could Easily Head Lower Before They Head Higher

We see value in Delta shares, but this call is clearly not for the faint of heart. If Delta cannot achieve a concessionary deal of some significance with its pilots, the company will likely file for bankruptcy protection. We also cannot predict with any accuracy the timing of any potential pilot agreement, and there are few definitive milestones we can point to in the negotiations process (those we can point to really are not significant). At any given moment, news could move the shares materially lower without much warning. With the slightest hint of good news, however, the shares could rise substantially, especially given a large and growing short interest position (Figure 4). That short position could also mitigate the downside in a disastrous outcome (bankruptcy), although we have assumed a $0 payoff in the event of bankruptcy.

Figure 4 – Large Short Position Could Cause Rapid Price Improvement at the Slightest Hint of Good News and Could Support the Shares in a Dire Outcome

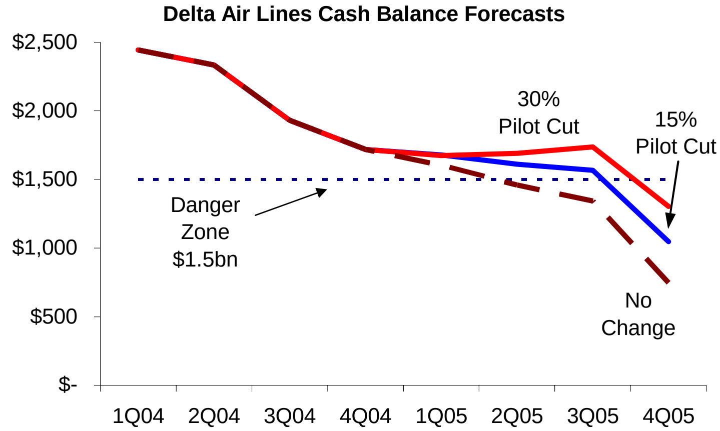


Source: Bloomberg.

A PILOT DEAL WOULD BUY DELTA MUCH NEEDED TIME; MARKET MAY OVERESTIMATE THE TIME DELTA HAS TO STRIKE AN AGREEMENT

A pilot deal is absolutely essential to our upgrade of Delta shares. A deal is essential not just because Delta has pilot costs that are well in excess of industry averages, but principally because we believe Delta will face an imminent liquidity crisis in the absence of meaningful cost reductions from pilots. If Delta is to achieve any material non-labor savings, we believe those savings would not come quickly enough to avert a liquidity crisis. In essence, the Delta story is one of optionality. Without the benefit of time that a pilot deal would create, Delta will have to address its woes in bankruptcy. We have modeled a 15% pilot pay reduction for 2005 (consistent with current offers from the pilots). Despite 15% pilot savings, however, we forecast that Delta will end 2005 with just over $1bn in cash (Figure 5), and we are assuming $25 fuel prices. Even with a 30% reduction, Delta should end 2005 with just over $1.3bn in cash, uncomfortably below what we consider to be the company's danger zone ($1.5bn), but we believe a pilot deal would open the capital markets to the company allowing Delta to maintain a small cash cushion while it works through its problems. With no change to the contract, we estimate that Delta will fall below the $1.5bn line in the first quarter of 2005.

Figure 5 – We Believe Delta Faces an Imminent Liquidity Crisis in the Absence of a Pilot Deal



Source: Lehman Brothers estimates.

In light of the above, we believe that some are underestimating the extent of the crisis facing Delta and overestimating the amount of time the company has to address its cost issues. Many believe Delta has a window of opportunity that lasts well into 2005. We disagree. We believe that Delta and Jerry Grinstein see the "writing on the wall". In our view, the company will give its pilots an ultimatum before the end of 2005, unless negotiations are moving briskly. In fact, we believe the company could take a final stand with the pilots as early as the end of the peak summer season when it faces the harsh reality of substantial winter cash outflows. If Delta does not show meaningful progress with the pilots in that time frame, we will begin to worry.

DELTA HAS A CLEAR CASE FOR PILOT CONCESSIONS, BUT THERE ARE NO GUARANTEES IN THE NEGOTIATIONS PROCESS

At present, Delta has pilot wage rates that are well above industry averages (Figure 6), especially those prevailing at carriers with recently amended contracts, like American, United, and US Airways. Delta is, to an extent, the victim of poor timing, having negotiated a whopping pay increase for its pilots in May of 2001. That pay increase could only have been supported in the context of an equally whopping United contract signed just a few quarters earlier. Of course, that United contract has subsequently been reduced substantially as have rates of pay at other carriers like American and US Airways, leaving Delta as a significant outlier in pilot compensation. Given productivity that is not materially different from other major airlines, Delta's pilot pay rates have obviously put the company in a position where its unit pilot costs have grown tremendously in absolute terms and even more in relative context. We believe Delta has moved from one of the lowest pilot unit costs to by far the highest (Figure 7).

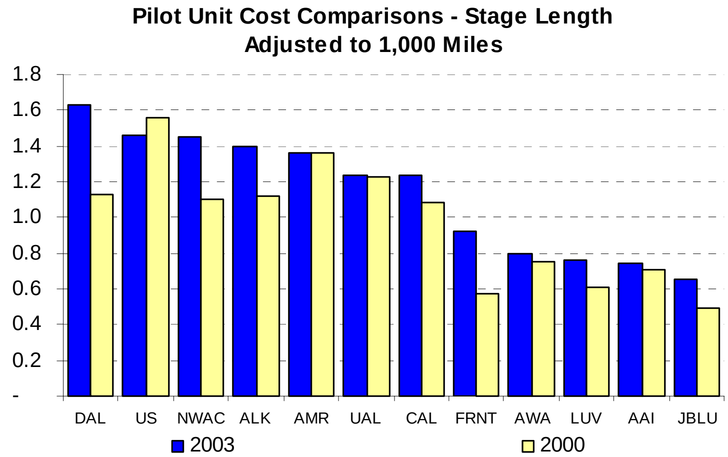
Figure 6 – Current Delta Pay Rates Well Above Industry Averages for Pilots

Total Pilot Wage Rates by Aircraft Type

Aircraft Type	AAI	ALK	AWA	AMR	CAL	DAL	LUV	NWAC	UAIR	UAL
Narrowbodies										
Small 1	195	249	217	236	254	**328**	265	299	261	244
Medium 2	-	249	217	256	285	**343**	-	299	261	259
Large 3	-	283	217	277	285	**379**	-	310	291	271
Widebodies										
Small 4	-	-	-	279	325	**379**	-	-	308	271
Medium 5	-	-	-	326	325	**440**	-	-	-	324
Large 6	-	-	-		-	**-**	-	385	-	359

Source: AIR, Inc.

Figure 7 –Delta Pilot Unit Costs From Among the Lowest to Highest Since 2000



Source: Company Reports, Lehman Brothers Estimates.

Negotiations May Not Have Any Meaningful Milestones; Section 6 Opener Not as Important as it May Sound

Delta's pilot contract will not be amendable until May of 2005, but the current contract has a provision that forces opening talks on all issues on August 3rd, 2004. While August 3rd may seem like a date of some significance, we caution investors not to read too much into that contractual provision. The Railway Labor Act is very cumbersome and there are few firm milestones we can look to. A contractual provision requiring that negotiations open in advance of the amendable date is preferable to not having such a provision (in this case anyway), but the existence of that provision does not, at least in our opinion, bring Delta materially closer to a deal.

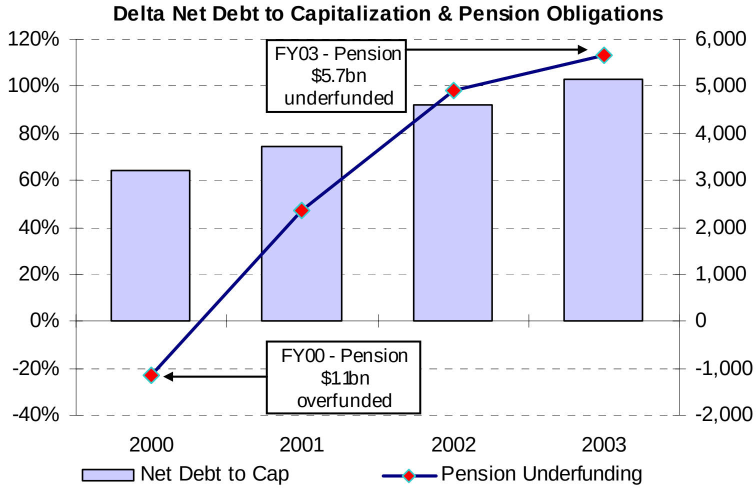
The only thing that we believe will allow Delta to get to a deal is a realization on the part of the pilots that bankruptcy is inevitable without material concessions and a simultaneous realization that a pilot contract negotiated in bankruptcy (which might substantially reduce or eliminate defined benefit pensions) will likely be worse from the pilots' perspective than the one Delta is currently offering. We believe both of these factors will become apparent in the months ahead, and we believe both are entirely independent of the formal process of negotiations as dictated by Delta's current contract.

The good news for Delta is that it is negotiating with only one union (AMR had to negotiate simultaneously with several). The bad news is that any negotiation of this nature is inherently risky. In order to achieve a complete deal with enough concessions to avert Chapter 11, Delta may need to resort to brinksmanship. Brinksmanship can be effective as a negotiating tool, but is also very risky. We hope that logic rather than emotion will prevail, but we cannot be sure of a favorable outcome.

MARKET MAY BE POLARIZING THE ISSUE TOO MUCH; PILOT DEAL ONLY THE BEGINNING; THERE IS MUCH WORK TO BE DONE AT DELTA

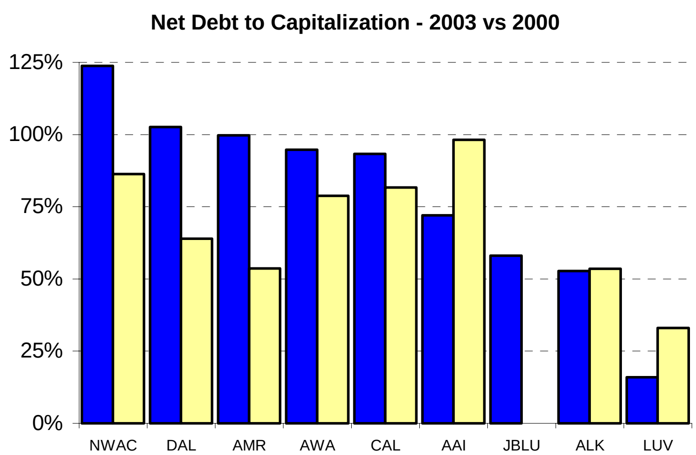
We believe the market may be polarizing the pilot issue at Delta too much. While a pilot deal is crucial for Delta's survival (outside of bankruptcy anyway), we believe the case for material equity upside (enough to compensate for the enormous risks investors would take in owning Delta shares in the face of bankruptcy risk) requires that the company accomplish more than a pilot deal. We believe Delta has suffered cost escalation across its entire operation over the last several years. Pilot costs are a major contributor, but they are not the only cause of the escalation. While Delta's competitive position has eroded, the company's financial position has deteriorated markedly (Figure 8). That erosion in competitive position has added enough debt to Delta's balance sheet (principally in the form of operating losses) that the company has seen its financial position deteriorate from one of the best in the industry to one of the worst (Figure 9) in just a few years.

Figure 8 – Delta's Financial Position Has Eroded Substantially



Source: Company Reports.

Figure 9 – Delta's Balance Sheet Has Moved from One of the Best to One of the Worst in the Industry

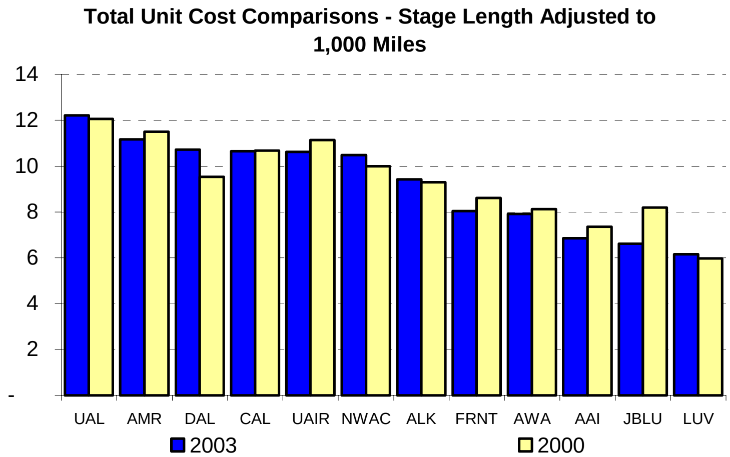


Source: Company Reports.

While Delta Remains a Low Cost Operator Among Network Airlines, Its Cost Advantage Has Diminished; Historical Revenue Disadvantages Mean Delta Must Regain its Cost Leadership Among Network Airlines

According to our calculations, Delta remains a relatively low cost operator among network airlines. However, the company's relative cost advantage has diminished over the last several years (Figure 10). For the first time, our calculations (in this case for full-year 2003) suggest that Delta's unit costs are above certain other network airlines. While the differences are small, the change is significant given that Delta has historically enjoyed a material advantage relative to the other major airlines (Delta's relative cost position in 2003 vs. 2000 is alarming).

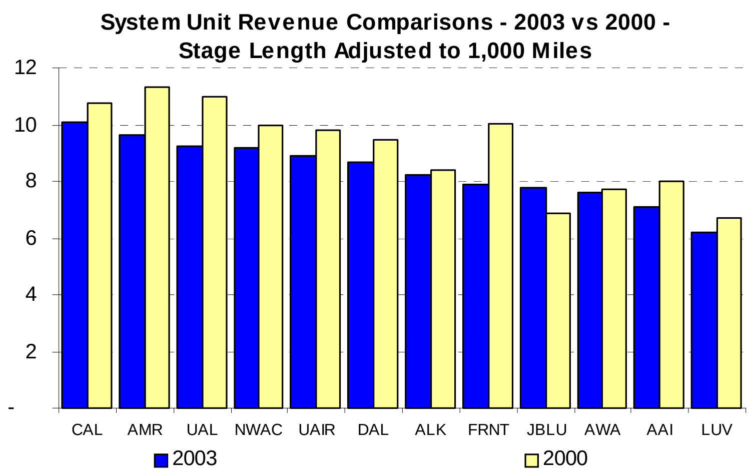
Figure 10 – Delta's Cost Advantage Has Diminished Over the Last Several Years



Source: Company reports, Form 41, Lehman Brothers estimates.

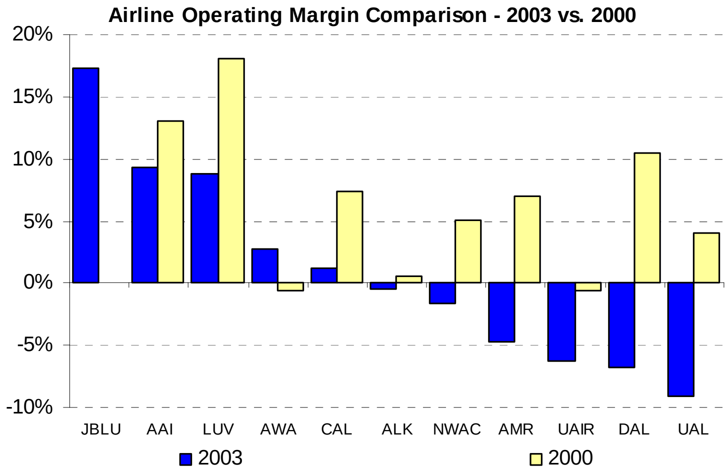
A quick glance at the above might suggest that Delta is reasonably well positioned relative to the major airlines, but in light of historical unit revenue disadvantages (Figure 11), we believe that Delta must have a cost structure that is well below the other major airlines. In our view, cost reduction is the only solution Delta can rely upon to restore its financial health. Delta's recent operating margin performance supports our view that a cost structure below that of other carriers is necessary for the company to thrive in the future (Figure 12).

Figure 11 – In Light of Historical Revenue Disadvantages, Delta Must Have Costs Below Other Major Airlines



Source: Company reports, Form 41, Lehman Brothers estimates.

Figure 12 – Recent Operating Margin performance Supports Our View That Delta Needs Lower Costs than Other Major Airlines

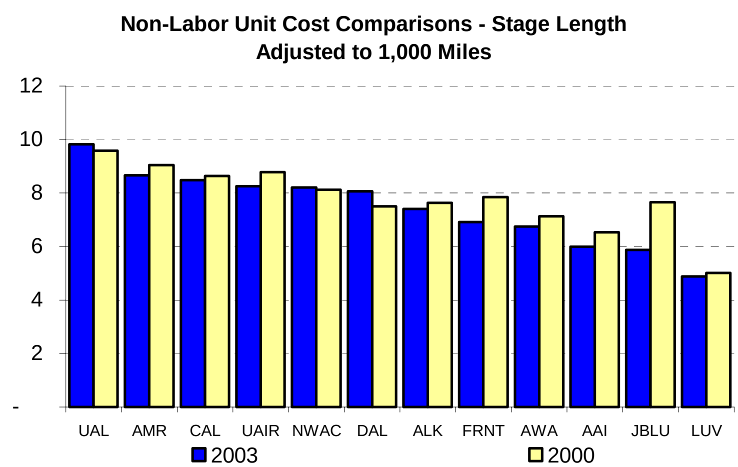


Source: Company reports.

Pilot Costs a Major Contributor, But Delta Has Also Experienced "Bloating" in Non-Labor Cost Items

While the data presented above show clearly that pilot cost increases were a major contributor to system wide cost escalation at Delta, they were not the only contributor. According to our analysis, Delta experienced more escalation in non-labor costs than any other carrier we follow, even though the company maintains the lowest non-labor costs among network airlines (Figure 13). Our analysis suggests that if Delta can reduce its non-labor costs to levels achieved during year 2000 (about an 8% reduction), savings could match, or even exceed those generated by a 30% pilot cost reduction (~$600mm). The company has already announced intentions to generate some $1.5bn in savings (net of $1bn in estimated cost escalation) from non-labor line items (Figure 14) by the end of 2006. The bad news is that the company does not appear to be making much progress towards these goals. The good news is that the market is not anticipating any meaningful progress. While the current strategic review could change the amounts and timing of the savings, we expect the thrust of the review to focus on similar types of initiatives.

Figure 13 – Delta Experienced More Escalation in Non-Labor Costs Than Any Other Carrier We Follow



Source: Company reports, Form 41, Lehman Brothers estimates.

Figure 14 – Delta's Profit Improvement Program Intends to Address the Deficiency Depicted Above; The Market Does Not Seem to Anticipate Any Significant Degree of Success in the Initiatives

Delta Cost Initiative Impact on CASM

Initiative	Savings
Profit Improvement Initiatives:	
Travel Process/Customer Service Initiatives	$785
Operational/Product Initiatives	1,215
Workforce Initiatives	500
Total	$2,500
Offsetting Cost Pressures	1,000
Net Savings	$1,500
2002 Non-Fuel Operating Costs	$12,529
Net saving as % of 2002 Non-Fuel Operating Costs	12%
Expected CASM Reduction vs. 2002	15%

Source: Company reports.

FOCUS OF THE STRATEGIC REVIEW LIKELY TO BE COST; REVIEW WILL TAKE A BACK SEAT TO THE PILOTS IN THE NEXT FEW QUARTERS

Delta is presently in the midst of a "soup to nuts" strategic review led by CEO Jerry Grinstein. We are led to believe that the findings of this review will be made public some time late in the summer of this year (we think nearly coincident with the Section 6 opener with the pilots and not long before a potential bankruptcy threat from the company). While we can only speculate at this stage, we believe the focus of the review will be on ways the company can reduce costs to become more competitive. We clearly expect some form of network restructuring, which could include a change in plans for SONG, further downsizing or other changes to Delta's smaller hubs in Salt Lake City, Dallas, and Cincinnati, and fleet changes (Delta has a Noah's Ark fleet – a few of everything). However, we believe the major emphasis of the review will be on process improvement and productivity-driven cost reductions. In our view, Delta is a company that needs a clear sense of direction. We hope Jerry Grinstein will provide that direction.

While we believe the strategic review will be important in determining the future of Delta Air Lines, we believe it is secondary in importance to the pilot negotiations. We believe that Delta has at least as much cost reduction and profit improvement potential from non-pilot items as it has from any reasonable pilot deal. However, as noted above, we do not believe the company will have time to implement any non-pilot savings initiatives in the absence of pilot concessions.

A COMPELLING RISK-REWARD, BUT ONLY FOR THOSE WITH STRONG STOMACHS

While we believe Delta shares are compelling on a probability-weighted basis, we acknowledge that risks to the story are extreme. We believe Delta has a lot of potential upside, but the company must resolve its pilot cost issues before it can address many of those opportunities. Our expected value (explained above) for the shares is $10. However, there are scenarios we envision with significant probabilities where the shares would be worth much more or less than that. Chapter 11 (and a $0 stock price) is also a legitimate probability (we estimate 20%). We find Delta shares compelling on both an absolute and a relative basis. We are upgrading the shares to 1-Overweight from 2-Equal Weight.

VALUATION METHODOLOGY

We have assumed a gradual industry recovery between 2004 and 2006. Using historical trading patterns, and applying a 6.0x EBITDAR multiple to our 2006 estimate and discounting back at 20% for 2 years yields our current target.

Risk Disclosure

Investing in airline stocks is very risky. Airline stocks have historically underperformed broader market averages by significant margins when measured over long periods of time. Our recommendations are based on historical trading patterns and our profit expectations, which are subject to a high degree of risk. Our profit expectations for individual companies hinge on our revenue assumptions, which depend entirely on assumptions we make regarding economic growth, the demand for leisure and business travel, the impact of competition from low-fare carriers, and industry-wide aircraft capacity decisions. Our profit expectations also depend on assumptions we make about the cost of jet fuel (historically a volatile commodity), the impact on revenue and expenses of potential labor disruptions, and the impact of any number of geopolitical events and terrorism risks on the demand for air travel, among other things. The combination of heavy operating and financial leverage along with the volatile nature of the underlying assumptions means that our profit expectations, targets, and ratings are subject to rapid, frequent, and material change.

Analyst Certification:

I, Gary Chase, hereby certify (1) that the views expressed in this research Company Note accurately reflect my personal views about any or all of the subject securities or issuers referred to in this Company Note and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Company Note.

Company Description:

Delta Air Lines is the third largest U.S. airline measured by revenue passenger miles. Its primary hub cities are Atlanta, Cincinnati, Dallas/Ft. Worth and Salt Lake City.

Company Name:	**Disclosures**	**Ticker**	**Price (05/17)**	**Rating**
Delta Air Lines	F,J,K,M	DAL	4.92	1-Overweight

Related Stocks:	**Ticker**	**Price (05/17)**	**Rating**
AirTran Holdings	AAI	12.91	1-Overweight
Alaska Air Group	ALK	19.84	2-Equal weight
AMR Corp	AMR	10.83	2-Equal weight
America West Holdings	AWA	9.77	3-Underweight
Continental Airlines	CAL	9.80	1-Overweight
JetBlue Airways	JBLU	26.98	1-Overweight
Southwest Airlines	LUV	14.89	1-Overweight
Northwest Airlines	NWAC	9.24	1-Overweight

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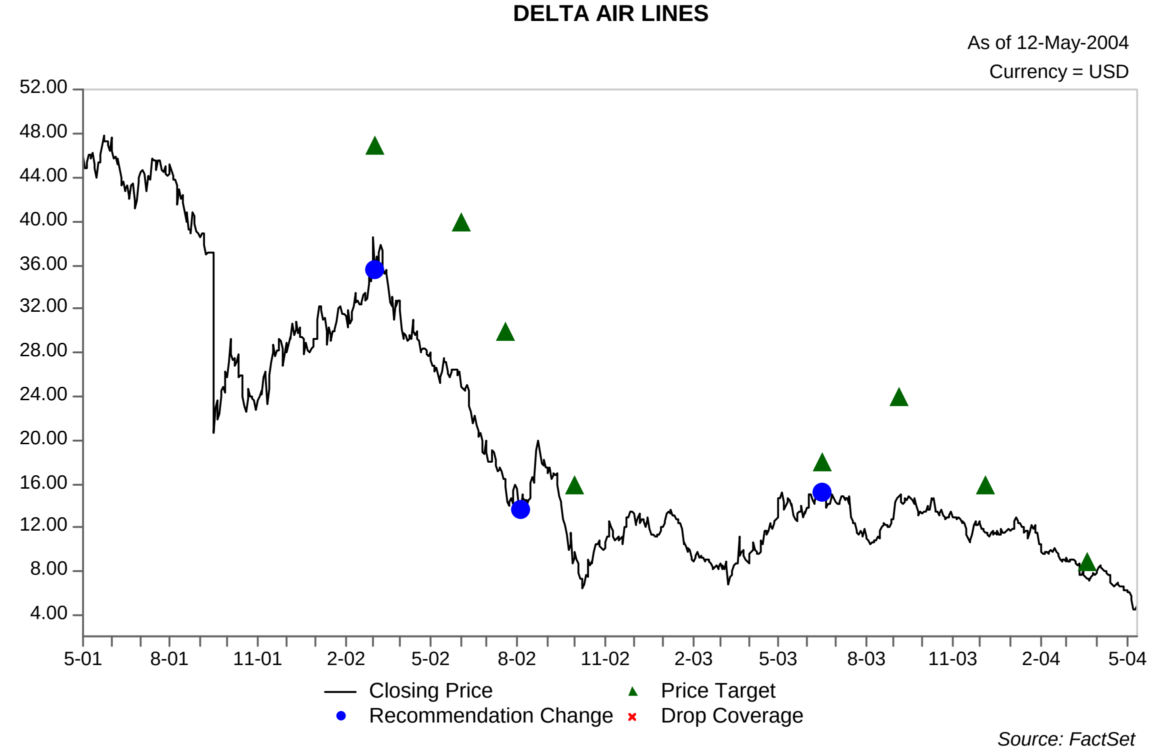
Important Disclosures

Rating and Price Target Chart: DAL



Date	Closing Price	Rating	Price Target
22-Mar-04	7.41		9.00
05-Dec-03	11.58		16.00
05-Sep-03	14.89		24.00
17-Jun-03	15.33		18.00
17-Jun-03	15.33	2-Equal weight	
01-Oct-02	9.85		16.00

Date	Closing Price	Rating	Price Target
05-Aug-02	13.60	1-Overweight	
19-Jul-02	15.72		30.00
03-Jun-02	24.93		40.00
05-Mar-02	35.65		47.00
05-Mar-02	35.65	1-Strong Buy	

FOR EXPLANATION OF RATINGS PLEASE REFER TO THE STOCK RATING KEYS LOCATED AT THE END OF THIS DOCUMENT

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Risks Which May Impede the Achievement of the Price Target:
DAL: Investing in DAL is very risky. Our target and rating are predicated on historical trading patterns and our current profit expectations, which hinge on our view that the supply and demand balance in the industry will improve substantially in the years to come allowing DAL to raise prices significantly. If we have cause to question any of our assumptions about demand recovery, industry capacity decisions, various competitive forces, labor issues or geopolitical events among other things, we might be forced to make substantial and frequent changes to our profit expectations, targets, and recommendations. The outcome of the U's bankruptcy, DAL's key East Coast competitor, could have a significant impact on our recommendation and/or stock performance.

Key to Investment Opinions:

Stock Rating
1-Overweight - The stock is expected to outperform the unweighted expected total return of the industry sector over a 12-month investment horizon.
2-Equal weight - The stock is expected to perform in line with the unweighted expected total return of the industry sector over a 12-month investment horizon.
3-Underweight - The stock is expected to underperform the unweighted expected total return of the industry sector over a 12-month investment horizon.
RS-Rating Suspended - The rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Lehman Brothers is acting in an advisory capacity on a merger or strategic transaction involving the company.

Sector View
1-Positive - sector fundamentals/valuations are improving.
2-Neutral - sector fundamentals/valuations are steady, neither improving nor deteriorating.
3-Negative - sector fundamentals/valuations are deteriorating.

Stock Ratings From February 2001 to August 5, 2002 (sector view did not exist):
This is a guide to expected total return (price performance plus dividend) relative to the total return of the stock's local market over the next 12 months.
1-Strong Buy - expected to outperform the market by 15 or more percentage points.
2-Buy - expected to outperform the market by 5-15 percentage points.
3-Market Perform - expected to perform in line with the market, plus or minus 5 percentage points.
4-Market Underperform - expected to underperform the market by 5-15 percentage points.
5-Sell - expected to underperform the market by 15 or more percentage points.

Distribution of Ratings:
Lehman Brothers Equity Research has 1568 companies under coverage.
42% have been assigned a 1-Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as Buy rating, 39% of companies with this rating are investment banking clients of the Firm.
40% have been assigned a 2-Equal weight rating which, for purposes of mandatory regulatory disclosures, is classified as Hold rating, 8% of companies with this rating are investment banking clients of the Firm.
18% have been assigned a 3-Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as Sell rating, 77% of companies with this rating are investment banking clients of the Firm.