DRAFT

SUPPLEMENTARY MATERIALS

Project Green

LAZARD

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LAZARD

I CRE Spin-Off

CRE Spin-Off – Key Assumptions

- **$30bn in CRE assets placed in SpinCo**
- **$20bn of financing for SpinCo**
  - $18bn of senior debt financing from Green
  - $1bn of mezzanine financing from Green
  - $1bn of mezzanine financing from third party investors
- **No distributions to SpinCo shareholders until after payment of interest and principal on SpinCo debt**
- **100% risk weight on CRE assets and 50% on Green financing of SpinCo for Green Tier 1 capital purposes**
- **Aggregate Green net income based on management estimates**

Assumptions relating to CRE spin-off with equity issuance

- **Assumes proceeds from $4bn common equity issuance invested at 4.5% pre-tax return on proceeds tax effected at a 35% marginal tax rate**
- **Shares issued at $16.19 a share, which represents a 15% discount to market price of $18.62 on 8/8/08**

Assumptions relating to CRE spin-off with sale of Investment Management Division

- **Sale of 51% of IMD based on assumptions under 51% IMD sale scenario with FSAB159**

Pro Forma Impact of CRE Spin-Off

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	$1,000	$13,277
Identifiable Intangibles & GW	4,101	0	4,101
Commercial Real Estate	32,800	(30,000)	2,800
Other Assets	572,240	19,000	591,240
Total Assets	$621,418	($10,000)	$611,418
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	$0	$8,993
Common Stockholders' Equity	18,047	(10,000)	8,047
Total Stockholders' Equity	$27,040	($10,000)	$17,040
Memo:			
Tier 1 Capital	$23,946	($10,000)	$13,946
Total Allowable Capital	35,546	(10,000)	25,546
Risk Weighted Assets	198,767	(20,500)	178,267
Net Assets	309,760	(10,000)	299,760
Tangible Equity Capital	27,943	(10,000)	17,943

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Plus: Net Impact of CRE Spin-Off	0	0
Pro Forma Net Income	$2,600	$3,300
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**4.13**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,600	$3,300
Pro Forma Average Common Equity	9,085	11,502
Pro Forma ROAE	**28.6%**	**28.7%**
Risk-Adjusted:		
Pro Forma Net Income	$1,400	$2,000
Pro Forma Common Equity, EOP	$8,924	$10,380

Pro Forma Impact of CRE Spin-Off with 51% Sale of IMD with FSAB159

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	$4,060	$16,337
Identifiable Intangibles & GW	4,101	(3,000)	1,101
Commercial Real Estate	32,800	(30,000)	2,800
Other Assets	572,240	18,500	590,740
Investment in Subsidiary	0	2,940	2,940
Total Assets	$621,418	($7,500)	$613,918
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	$0	$8,993
Common Stockholders' Equity	18,047	(7,500)	10,547
Total Stockholders' Equity	$27,040	($7,500)	$19,540
Memo:			
Tier 1 Capital	$23,946	($4,500)	$19,446
Total Allowable Capital	35,546	(4,500)	31,046
Risk Weighted Assets	198,767	(20,500)	178,267
Net Assets	309,760	(4,500)	305,260
Tangible Equity Capital	27,943	(4,500)	23,443

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Plus: Net Impact of CRE Spin-Off	0	0
Less: IMD Net Income	(179)	(287)
Less: GLG and BlueBay Dividends	0	0
Plus: Inv. Income on IMD Sale Proceeds	90	90
Pro Forma Net Income	$2,511	$3,103
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**3.88**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,511	$3,103
Pro Forma Average Common Equity	11,541	13,814
Pro Forma ROAE	**21.8%**	**22.5%**
Risk-Adjusted:		
Pro Forma Net Income	$1,911	$2,403
Pro Forma Common Equity, EOP	$11,935	$13,794

Note: Pro forma net income excludes one-time gain on IMD sale.

Pro Forma Impact of CRE Spin-Off with $4bn Equity Raise

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	$5,000	$17,277
Identifiable Intangibles & GW	4,101	0	4,101
Commercial Real Estate	32,800	(30,000)	2,800
Other Assets	572,240	19,000	591,240
Total Assets	$621,418	($6,000)	$615,418
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	$0	$8,993
Common Stockholders' Equity	18,047	(6,000)	12,047
Total Stockholders' Equity	$27,040	($6,000)	$21,040
Memo:			
Tier 1 Capital	$23,946	($6,000)	$17,946
Total Allowable Capital	35,546	(6,000)	29,546
Risk Weighted Assets	198,767	(20,500)	178,267
Net Assets	309,760	(6,000)	303,760
Tangible Equity Capital	27,943	(6,000)	21,943

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Plus: Net Impact of CRE Spin-Off	0	0
Plus: Investment Income from Proceeds	117	117
Pro Forma Net Income	$2,717	$3,417
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**3.26**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,717	$3,417
Pro Forma Average Common Equity	13,060	15,426
Pro Forma ROAE	**20.8%**	**22.2%**
Risk-Adjusted:		
Pro Forma Net Income	$2,117	$2,717
Pro Forma Common Equity, EOP	$13,473	$15,478

Potential Valuation Implications – CRE Spin-off With $4bn Equity Raise

($ in millions, except per share data)

CRE SPINCO ANALYSIS AT VARIOUS PRICES

	SpinCo Discount to CRE Assets				
	10.0%	15.0%	20.0%	25.0%	30.0%
SpinCo Equity Value	$8,050	$7,075	$6,100	$5,125	$4,150
SpinCo Implied Price/Book	0.81x	0.71x	0.61x	0.51x	0.42x
SpinCo Equity Value Per Green Share	$8.44	$7.42	$6.40	$5.37	$4.35

GREEN ANALYSIS AT VARIOUS PRICES

	Price/Book Multiple				
	0.80x	0.90x	1.00x	1.10x	1.20x
Green Common Equity Value	$14,437	$16,242	$18,047	$19,851	$21,656
Green Common Equity Value per Share	$15.14	$17.03	$18.92	$20.81	$22.71

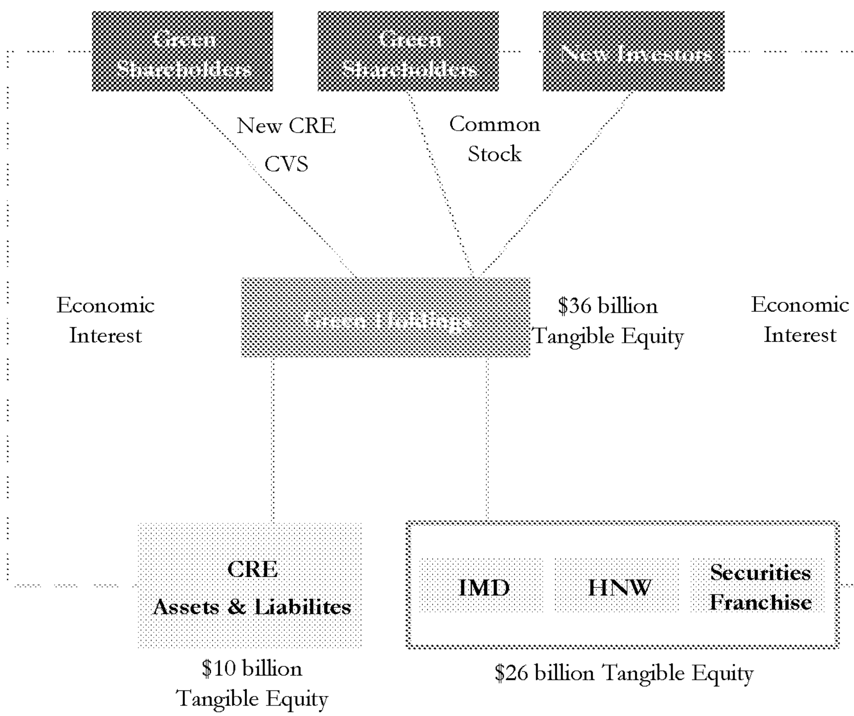
PRO FORMA PER SHARE VALUE TO GREEN SHAREHOLDERS

		SpinCo Discount to CRE Assets				
		10.0%	15.0%	20.0%	25.0%	30.0%
Green Price/Book Multiple	0.80x	$23.58	$22.56	$21.53	$20.51	$19.49
	0.90x	25.47	24.45	23.43	22.40	21.38
	1.00x	27.36	26.34	25.32	24.30	23.27
	1.10x	29.26	28.23	27.21	26.19	25.17
	1.20x	31.15	30.13	29.10	28.08	27.06

Note: Assumes 706.7 million share count plus 247.0 million incremental shares issued in capital raise.

II Contingent Value Stock

Potential Recapitalization By Creating Contingent Value Stock



STEP 1:

- Create new class of common stock, Contingent Value Stock or "CVS", which represents $10bn of equity of CRE portfolio and potentially other exposures

STEP 2:

- CVS distributed to Green shareholders in a tax-free manner
  - CVS is exchange traded
  - Green has two classes of common stock – Green Holdings common stock and CVS

STEP 3:

- Issue $4bn common equity at Holdings level
  - Either rights offering or equity from new investors in either case preferable with pre-commitment/backstop of a few investors

STEP 4

- New issuance of restricted stock to employees

Rationale for Potential Recapitalization By Creating CVS

OBJECTIVES

- Greater degree of control
- Ability to raise capital
- Insulate core operations from real estate risk
- Retain real estate assets – do not sell at depressed values
- Maintain business model/diversification benefit
- Avoid "selling" Investment Management Division

ADVANTAGES

- Allows for separate reporting of Green ongoing franchise results and CRE portfolio
- No change in consolidated financials of Green as a result of issuance of CVS
- Green keeps equity associated with CRE portfolio
- Separation of CRE exposure into a different security may facilitate Green's ability to raise additional equity against the franchise
- Ability to optionally redeem CVS at a later date either for cash or exchange offer for Green common equity

ISSUES

- Does not result in shrinking of Green's overall balance sheet
- Time required to register CVS, publish financials proxy and receive shareholder vote
- Unclear how CVS would trade
- Perception of "tracking – stock" like securities
- Governance, conflict management

Contingent Value Stock Outline

TERM	DESCRIPTION
FORM OF STOCK	Contingent Value Stock ("CVS") representing a new class of Green common stock qualifying for Tier 1 capital and rating agency equity capital
FACE VALUE	[$10] billion
STOCK HOLDERS	Existing Green common shareholders
ECONOMIC EXPOSURE	Represents participation in economics of the CRE portfolio up to [$10] billion – Each dollar of loss in CRE portfolio reduces face amount of the CVS – First [$10] billion of loss or earnings/gains on the CRE portfolio inures solely to the benefit of the CVS holders Need to determine if CVS should apply to other asset classes
GOVERNANCE	Board of directors appointed by Green shareholders to oversee liquidation of the CRE portfolio
DIVIDENDS/ DISTRIBUTIONS	No fixed dividends Dividends/distributions as determined by Board based on cashflows and repayments of principal on the portfolio underlying the CVS
EXCHANGE LISTING	CVS will be registered on a stock exchange and tradeable by Green shareholders to the extent there is a market for the stock
REDEMPTION	At the Company's option, redeemable for common stock or cash upon liquidation of the underlying portfolio based on the following formula: – 110% of the face amount minus cumulative dividends/distributions paid minus cumulative losses on CRE portfolio from issuance date of CVS to liquidation of the portfolio Example assumes Green keeps the tax benefits associated with any write-downs – Possible to structure such that CVS holders get any tax benefit

Contingent Value Stock Payout Example

($ in millions, except per share data)

- **Assumes $30bn CRE portfolio which declines ratably over 5 years through sales, maturities**
  - Assumes $10bn CVS issued to current shareholders of Green
  - Redeemed at 110% of face value at the end of fiscal year 5
  - No growth in assets
  - Net income based on Green management for 2009E – 2010E and assumed 10% annual growth in 2011E – 2012E
  - Assumes proceeds from $4bn common equity issuance invested at 4.5% pre-tax return on proceeds tax effected at a 35% marginal tax rate
  - Structure assumes tax benefits accrue to Green
- **For modeling purposes, assumed no gain on sales**

CVS PAYOUT EXAMPLE

	% Cumulative Loss in CRE Portfolio Over Next 5 Years					
	0%	5%	10%	15%	20%	25%
Pre-tax Loss	$0	$1,500	$3,000	$4,500	$6,000	$7,500
Face Amount of CVS	10,000	8,500	7,000	5,500	4,000	2,500
Face Amount of CVS Per Share	$10.49	$8.91	$7.34	$5.77	$4.19	$2.62
Pro Forma Green Year 5 Leverage						
Before Payout of CVS						
Gross Leverage	14.8x	15.1x	15.3x	15.6x	15.9x	16.2x
Net Leverage	7.3x	7.4x	7.5x	7.6x	7.8x	7.9x
After Payout of CVS						
Gross Leverage	19.7x	19.2x	18.7x	18.2x	17.8x	17.4x
Net Leverage	9.8x	9.5x	9.2x	9.0x	8.7x	8.5x

Note: Assumes 706.7 million share count plus 247.0 million incremental shares issued in capital raise.

Pro Forma Impact of CVS Issuance with $4.0bn Equity Issuance

($ in millions, except per share data)

Assumes new common equity issued at $16.19 a share, which represents a 15% discount to market price of $18.62 on 8/8/08

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	$4,000	$16,277
Identifiable Intangibles & GW	4,101	0	4,101
Other Assets	605,040	0	605,040
Total Assets	$621,418	$4,000	$625,418
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	$0	$8,993
Common Stockholders' Equity	18,047	4,000	22,047
Total Stockholders' Equity	$27,040	$4,000	$31,040
Memo:			
Tier 1 Capital	$23,946	$4,000	$27,946
Total Allowable Capital	35,546	4,000	39,546
Risk Weighted Assets	198,767	0	198,767
Net Assets	309,760	4,000	313,760
Tangible Equity Capital	27,943	4,000	31,943

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Plus: Investment Income from Proceeds	117	117
Pro Forma Net Income	$2,717	$3,417
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**3.26**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,717	$3,417
Pro Forma Average Common Equity	23,060	25,426
Pro Forma ROAE	**11.8%**	**13.4%**
Risk-Adjusted:		
Pro Forma Net Income	$2,117	$2,717
Pro Forma Common Equity, EOP	$23,473	$25,478

III Sale of Investment Management Division

100% IMD Sale – Key Assumptions

- **100% sale for cash of IMD business**
  - Equities, fixed income and high-net worth business
  - Green alternative investment funds
  - Stakes in private alternative investment funds
  - Stakes in GLG and BlueBay
- **Assumes valuation of IMD of $7.5 billion**
  - Equities, fixed income and high-net worth business
  - Green alternative investment funds
  - Stakes in private alternative investment funds at cost
  - Stakes in GLG and BlueBay
  - Less employee retention pool
- **Assumed pre-tax return on proceeds of 4.5%**
- **After-tax earnings for IMD business as defined above for 2008, 2009 and 2010 as provided by Green on 8/1/08**
- **Total book basis in IMD of $4.8 billion**
- **No book or cash tax on IMD sale proceeds due to Green NOLs**
- **Goodwill and intangibles of $3.0bn on Green's balance sheet attributable to IMD**
- **Aggregate Green net income based on management estimates**
- **Assumed zero risk weight on proceeds for Green Tier 1 capital purposes**

Pro Forma Impact to Green of 100% IMD Sale

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	$7,500	$19,777
Identifiable Intangibles & GW	4,101	(3,000)	1,101
Other Assets	605,040	(1,800)	603,240
Total Assets	$621,418	$2,700	$624,118
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	$0	$8,993
Common Stockholders' Equity	18,047	2,700	20,747
Total Stockholders' Equity	$27,040	$2,700	$29,740
Memo:			
Tier 1 Capital	$23,946	$5,700	$29,646
Total Allowable Capital	35,546	5,700	41,246
Risk Weighted Assets	198,767	0	198,767
Net Assets	309,760	5,700	315,460
Tangible Equity Capital	27,943	5,700	33,643

PROJECTED INCOME STATEMENT – GREEN	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Plus: Investment Income on Proceeds	219	219
Less: IMD Net Income	(629)	(889)
Less: GLG and BlueBay Dividends	(4)	(4)
Pro Forma Net Income	$2,186	$2,626
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**3.28**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,186	$2,626
Pro Forma Average Common Equity	21,578	23,451
Pro Forma ROAE	**10.1%**	**11.2%**
Risk-Adjusted:		
Pro Forma Net Income	$1,586	$1,926
Pro Forma Common Equity, EOP	$21,810	$23,192

Note: Pro forma net income excludes one-time gain on IMD sale.

49%/51% IMD Sale – Key Assumptions

- **Partial sale for cash of IMD business**
  - Equities, fixed income and high-net worth business
  - Green alternative investment funds
- **Assumed valuation of $6.0 billion for the following IMD businesses**
  - Equities, fixed income and high-net worth business
  - Green alternative investment funds
  - Less employee retention pool
- **Assumed pre-tax return on proceeds of 4.5%**
- **After-tax earnings for IMD businesses as defined above for 2008, 2009 and 2010 as provided by Green on 8/1/08**
- **Book basis in IMD excluding minority stakes of $3.5 billion**
- **No book or cash tax on IMD sale proceeds due to Green NOLs**
- **Assumes continued consolidation under 49% sale scenario with minority interest**
- **Assumes qualification for deconsolidation under 51% sale scenario**
  - GAAP FAS 159 Fair Value Option election to enable recognition of gain on 100% of IMD
    - — Requires mark-to-market for subsequent periods (currently estimated as net income adjusted to exclude amortization)
- **Aggregate Green net income based on management estimates**
- **Assumed zero risk weight on proceeds and inclusion of minority interest for Green Tier 1 capital purposes**

Pro Forma Impact to Green of 49% IMD Sale

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	$2,940	$15,217
Identifiable Intangibles & GW	4,101	0	4,101
Other Assets	605,040	0	605,040
Total Assets	$621,418	$2,940	$624,358
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Minority Interest	$0	$1,715	$1,715
Preferred Stock	8,993	0	8,993
Common Stockholders' Equity	18,047	1,225	19,272
Total Stockholders' Equity	$27,040	$2,940	$29,980
Memo:			
Tier 1 Capital	$23,946	$2,940	$26,886
Total Allowable Capital	35,546	2,940	38,486
Risk Weighted Assets	198,767	0	198,767
Net Assets	309,760	2,940	312,700
Tangible Equity Capital	27,943	2,940	30,883

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Plus: Investment Income on Proceeds	86	86
Less: IMD Minority Interest	(183)	(287)
Pro Forma Net Income	$2,503	$3,099
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**3.88**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,503	$3,099
Pro Forma Average Common Equity	20,262	22,530
Pro Forma ROAE	**12.4%**	**13.8%**
Risk-Adjusted:		
Pro Forma Net Income	$1,903	$2,399
Pro Forma Common Equity, EOP	$20,652	$22,508

Note: Pro forma net income excludes one-time gain on IMD sale.

Pro Forma Impact to Green of 51% IMD Sale With FASB 159

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	$3,060	$15,337
Identifiable Intangibles & GW	4,101	(3,000)	1,101
Other Assets	605,040	(500)	604,540
Investment in Subsidiary	0	2,940	2,940
Total Assets	$621,418	$2,500	$623,918
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	$0	$8,993
Common Stockholders' Equity	18,047	2,500	20,547
Total Stockholders' Equity	$27,040	$2,500	$29,540
Memo:			
Tier 1 Capital	$23,946	$5,500	$29,446
Total Allowable Capital	35,546	5,500	41,046
Risk Weighted Assets	198,767	0	198,767
Net Assets	309,760	5,500	315,260
Tangible Equity Capital	27,943	5,500	33,443

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Plus: Investment Income on Proceeds	90	90
Less: IMD Net Income	(179)	(287)
Pro Forma Net Income	$2,511	$3,103
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**3.88**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,511	$3,103
Pro Forma Average Common Equity	21,541	23,814
Pro Forma ROAE	**11.7%**	**13.0%**
Risk-Adjusted:		
Pro Forma Net Income	$1,911	$2,403
Pro Forma Common Equity, EOP	$21,935	$23,794

Note: Pro forma net income excludes one-time gain on IMD sale.

IV Go Private Transaction

Going Private – Key Assumptions

- **Sale of Green to investor group**
- **Two alternatives consideration mix**
  - Cash of $20.00 per share assuming Tier 1 capital ratio of 12.0%
  - Cash of $18.00 per share and Contingent Value Stock of $12.51 per share tied to performance of CRE portfolio
- **Balance sheet capital used based on Tier 1 Capital ratio of 12.0% equal to pro forma FYE 2008**
- **Cash consideration reduced by assumed rollover of**
  - 100% of employee's existing RSUs (97 million RSUs) in Green
  - 100% of employee RSUs triggered by a deemed change of control (additional 93 million RSUs)
- **Exchange of the outstanding mandatory convertible and perpetual preferred securities for new preferred securities at a 15% premium to market value**
  - No tax effect on gain assumed
  - Straight preferred assumed rolled over at book value
  - [Need to review ability to take out at market value or do exchange offer]
- **Transaction structured to achieve recapitalization accounting rather than purchase accounting**
  - No change to Green legal entity structure (i.e., no acquisition company)
  - At least 5% of shares held by existing shareholders
  - Stub shareholders not deemed to be part of investing group
  - No special rights for minority shareholders

Assumptions relating to Going Private with CVS plus Sale of Investment Management Division

- **Cash of $20.00 per share**
- **Sale of 51% of IMD based on assumptions under 51% IMD sale scenario with FASB 159 election**

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Sources and Uses of Go Private at $20.00/share Cash at 12.0% Tier 1

($ in millions)

Assumes equity purchase price of $20.00 per share assuming 12.0% Tier 1 capital ratio

SOURCES	Amount	% Total
Cash:		
New Equity	$12,100	59%
Balance Sheet Capital	94	0%
Subtotal	$12,193	59%
Non-Cash:		
Existing Employee Equity Rollover	$1,940	9%
New Employee Equity Rollover	1,860	9%
New Preferred Securities	4,672	23%
Subtotal	$8,472	41%
Total Sources	**$20,665**	**100%**

USES	Amount	% Total
Cash:		
Equity Cash Consideration	$12,193	59%
Non-Cash:		
Existing Employee Equity Rollover	$1,940	9%
New Employee Equity Rollover	1,860	9%
Mandatory Convertible Preferred	1,619	8%
Perpetual Convertible Preferred	3,053	15%
Subtotal	$8,472	41%
Total Uses	**$20,665**	**100%**

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Pro Forma Impact to Green of Go Private at $20.00/share Cash at 12.0% Tier 1

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	($94)	$12,183
Identifiable Intangibles & GW	4,101	0	4,101
Other Assets	605,040	0	605,040
Total Assets	$621,418	($94)	$621,324
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	($1,328)	$7,665
Common Stockholders' Equity	18,047	1,234	19,281
Total Stockholders' Equity	$27,040	($94)	$26,946
Memo:			
Tier 1 Capital	$23,946	($94)	$23,852
Total Allowable Capital	35,546	(94)	35,452
Risk Weighted Assets	198,767	0	198,767
Net Assets	309,760	(94)	309,666
Tangible Equity Capital	27,943	(94)	27,849

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Add Back: Preferred Dividends	102	102
Less: Interest Income Lost on Cash Used	(3)	(3)
Pro Forma Net Income	$2,699	$3,399
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**4.28**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,699	$3,399
Pro Forma Average Common Equity	20,631	23,680
Pro Forma ROAE	**13.1%**	**14.4%**
Risk-Adjusted:		
Pro Forma Net Income	$2,099	$2,699
Pro Forma Common Equity, EOP	$21,380	$24,080

Sources and Uses of Go Private at $20.00/share Cash plus 51% IMD Sale With FASB 159 Election

($ in millions)

SOURCES	Amount	% Total	USES	Amount	% Total
Cash:			**Cash:**		
New Equity	$6,600	32%	Equity Cash Consideration	$12,193	59%
Proceeds from 51% Sale of IMD	3,060	15%			
Balance Sheet Capital	2,534	12%			
Subtotal	$12,193	59%			
Non-Cash:			**Non-Cash:**		
Existing Employee Equity Rollover	$1,940	9%	Existing Employee Equity Rollover	$1,940	9%
New Employee Equity Rollover	1,860	9%	New Employee Equity Rollover	1,860	9%
New Preferred Securities	4,672	23%	Mandatory Convertible Preferred	1,619	8%
Subtotal	$8,472	41%	Perpetual Convertible Preferred	3,053	15%
			Subtotal	$8,472	41%
Total Sources	**$20,665**	**100%**	**Total Uses**	**$20,665**	**100%**

Pro Forma Impact to Green of Go Private at $20.00/share Cash plus 51% IMD Sale With FASB 159 Election at 12.0% Tier 1

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	($2,534)	$9,743
Identifiable Intangibles & GW	4,101	(3,000)	1,101
Other Assets	605,040	(500)	604,540
Investment in Subsidiary	0	2,940	2,940
Total Assets	$621,418	($3,094)	$618,324
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	($1,328)	$7,665
Common Stockholders' Equity	18,047	(1,766)	16,281
Total Stockholders' Equity	$27,040	($3,094)	$23,946
Memo:			
Tier 1 Capital	$23,946	($94)	$23,852
Total Allowable Capital	35,546	(94)	35,452
Risk Weighted Assets	198,767	0	198,767
Net Assets	309,760	(94)	309,666
Tangible Equity Capital	27,943	(94)	27,849

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Add Back: Preferred Dividends	102	102
Less: IMD Net Income	(179)	(287)
Less: Interest Income Lost on Cash Used	(74)	(74)
Pro Forma Net Income	$2,449	$3,041
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**5.85**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,449	$3,041
Pro Forma Average Common Equity	17,506	20,251
Pro Forma ROAE	**14.0%**	**15.0%**
Risk-Adjusted:		
Pro Forma Net Income	$1,849	$2,341
Pro Forma Common Equity, EOP	$18,130	$20,471

Note: Pro forma net income excludes one-time gain on IMD sale.

Sources and Uses of Go Private at $18.00/share Cash plus $12.51/share CVS

($ in millions)

Assumes equity purchase price of $30.51 per share including $18.00 in cash

SOURCES	Amount	% Total
Cash:		
New Equity	$10,880	37%
Balance Sheet Capital	94	0%
Subtotal	$10,974	38%
Non-Cash:		
Contingent Value Stock	$10,000	34%
Existing Employee Equity Rollover	1,746	6%
New Employee Equity Rollover	1,674	6%
New Preferred Securities	4,672	16%
Subtotal	$18,092	62%
Total Sources	**$29,066**	**100%**

USES	Amount	% Total
Cash:		
Equity Cash Consideration	$10,974	38%
Non-Cash:		
Contingent Value Stock	$10,000	34%
Existing Employee Equity Rollover	1,746	6%
New Employee Equity Rollover	1,674	6%
Mandatory Convertible Preferred	1,619	6%
Perpetual Convertible Preferred	3,053	11%
Subtotal	$18,092	62%
Total Uses	**$29,066**	**100%**

Pro Forma Impact to Green of Go Private at $18.00/share Cash plus $12.51/share CVS

($ in millions, except per share data)

PRO FORMA BALANCE SHEET – GREEN

	11/30/08	Adjust.	Pro Forma
Assets:			
Cash and Cash Equivalents	$12,277	($94)	$12,183
Identifiable Intangibles & GW	4,101	0	4,101
Other Assets	605,040	0	605,040
Total Assets	$621,418	($94)	$621,324
Liabilities:			
Debt	$123,178	$0	$123,178
Junior Subordinated Debt	5,004	0	5,004
Other Liabilities	466,196	0	466,196
Total Liabilities	$594,378	$0	$594,378
Equity:			
Preferred Stock	$8,993	($1,328)	$7,665
Common Stockholders' Equity	18,047	1,234	19,281
Total Stockholders' Equity	$27,040	($94)	$26,946
Memo:			
Tier 1 Capital	$23,946	($94)	$23,852
Total Allowable Capital	35,546	(94)	35,452
Risk Weighted Assets	198,767	0	198,767
Net Assets	309,760	(94)	309,666
Tangible Equity Capital	27,943	(94)	27,849

PROJECTED INCOME STATEMENT – GREEN

	2009E	2010E
Status Quo Net Income to Common	$2,600	$3,300
Add Back: Preferred Dividends	102	102
Less: Interest Income Lost on Cash Used	(3)	(3)
Pro Forma Net Income	$2,699	$3,399
Status Quo Earnings Per Share		$4.13
Pro Forma Earnings Per Share		**4.28**
Status Quo Net Income to Common	$2,600	$3,300
Status Quo Average Common Equity	19,085	21,502
Status Quo ROAE	13.6%	15.3%
Pro Forma Net Income to Common	$2,699	$3,399
Pro Forma Average Common Equity	20,631	23,680
Pro Forma ROAE	**13.1%**	**14.4%**
Risk-Adjusted:		
Pro Forma Net Income	$2,099	$2,699
Pro Forma Common Equity, EOP	$21,380	$24,080

Contingent Value Stock Payout Example In Going Private Transaction

($ in millions, except per share data)

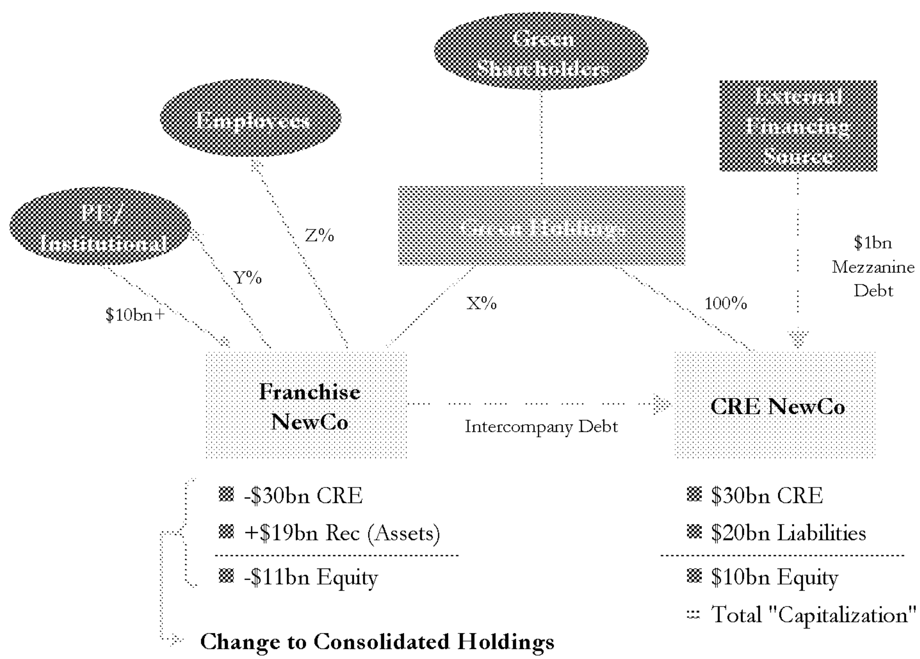
- **Assumes $30.0bn CRE portfolio which declines ratably over 5 years through sales, maturities**
  - Redeemed at 110% of the face value at the end of fiscal year 5
  - No growth in assets
  - Net income based on Green management for 2009E – 2010E and assumed 10% annual growth in 2011E – 2012E
- **For modeling purposes, does not assume gain on sales**

CVS PAYOUT EXAMPLE

	% Cumulative Loss in CRE Portfolio Over Next 5 Years					
	0%	5%	10%	15%	20%	25%
Pre-tax Loss	$0	$1,500	$3,000	$4,500	$6,000	$7,500
Face Amount of CVS	10,000	8,500	7,000	5,500	4,000	2,500
Face Amount of CVS Per Share	$12.51	$10.63	$8.75	$6.88	$5.00	$3.13
Pro Forma Green Year 5 Leverage						
Before Payout of CVS						
Gross Leverage	15.2x	15.5x	15.8x	16.1x	16.4x	16.7x
Net Leverage	7.4x	7.5x	7.7x	7.8x	7.9x	8.1x
After Payout of CVS						
Gross Leverage	20.4x	19.9x	19.4x	18.9x	18.4x	18.0x
Net Leverage	10.1x	9.8x	9.5x	9.2x	9.0x	8.7x

Note: Assumes 799.7 million share count.

Potential Recapitalization Transaction Involving Subsidiary Equity Raise



STEP 1:

- Drop all Franchise assets/liabilities into Franchise NewCo
- Drop all CRE assets/liabilities into CRE NewCo
- Franchise NewCo provides majority of financing for CRE NewCo

STEP 2:

- Raise new common equity by selling interest in Franchise NewCo to third parties

STEP 3:

- Proceeds of sale to Green Holdings
- Issue Franchise NewCo equity to employees in one-time special grant

NOTES:

- HoldCo ratios same as current but plus equity raise
  - Franchise NewCo ratios similar to post spin-off scenario entity assuming equal capital raise
- Green shareholders same exposure to CRE volatility but inability to sell CRE ownership (vs. SpinCo or CVS scenarios)
- Regulatory and credit/leverage ratios also needed at Franchise NewCo level
- May avoid preferred/debt covenant issues (unlike SpinCo?)
- Franchise NewCo will need to be registered and equity security will trade (given number of likely shareholders)
- Consider dual convertible structure of security issued at Franchise NewCo

Appendix

Preliminary IMD Valuation Analysis – Summary

($ in millions)

The valuation analysis is based on financials contained in the information package Green is using for the purpose of marketing the IMD business. Financials used for the analysis include the full amount of Green expense allocations. Management is continuing to develop and refine additional information on minority stakes, book values by business and tax impact of a sale

	Selected Equity Valuation Range			Implied 2009E NI Multiple Range (a)		
	Low	-	High	Low	-	High
Traditional Equity/Fixed Income/HNW	**$4,000**	-	**$4,500**	**15.3x**	-	**17.3x**
Alternative Asset Management:						
Green Funds (b)	**850**	-	**1,400**	**7.6x**	-	**12.5x**
Public Minority Stakes: (c)						
GLG Partners	243	-	270	8.0x	-	8.9x
BlueBay	45	-	49	9.5x	-	10.5x
Subtotal	**$288**	-	**$320**	**8.2x**	-	**9.1x**
Private Minority Stakes (Cost): (d)						
D.E. Shaw	784	-	784			
Spinnaker	290	-	290			
Ospraie	95	-	95			
R3, One William Street, Field Street [TBD]	[ ]	-	[ ]			
Subtotal	**$1,169**	-	**$1,169**			
Summary Indicative Valuation Range Ex. Minority Stakes	$4,850	-	$5,900			
Summary Indicative Valuation Range Incl. Minority Stakes	$6,307	-	$7,389			

(a) Based on management projections received from Green on 8/1/08.
(b) Excludes minority stakes.
(c) Based on Green's 13.7% ownership in GLG and 4.9% ownership in BlueBay.
(d) Need additional details to determine fair market value.

Preliminary Valuation Analysis – Equity/ Fixed Income / HNW

($ in millions)

	Green Statistics (a)	Relevant Multiple Range Low		Relevant Multiple Range High	Equity Valuation Range Low		Equity Valuation Range High
I. Trading Analysis:							
2008E Net Income (b)	$191	16.0x	-	18.0x	$3,058	-	$3,440
2009E Net Income (b)	261	14.5	-	16.5	3,781	-	4,303
2008E EBITDA (Incl. Shared Allocations)	340	8.0	-	10.0	2,720	-	3,400
Selected Valuation Range					**$3,500**	-	**$4,000**
II. Control Premium Analysis:							
Trading Valuation Range					$3,500	-	$4,000
Plus: Control Premium:							
10%					$3,850	-	$4,400
15%					4,025	-	4,600
20%					4,200	-	4,800
25%					4,375	-	5,000
Selected Valuation Range					**$4,000**	-	**$4,800**
III. Precedent Transactions Analysis:							
2008E EBITDA (Incl. Shared Allocations)	$340	10.0x	-	14.0x	$3,400	-	$4,760
2008E Net Income (b)	191	17.0x	-	22.0x	3,249	-	4,204
Selected Valuation Range					**$3,300**	-	**$4,800**
Selected Summary Valuation Range					$4,000	-	$4,500

(a) Based on management projections received from Green on 8/1/08.
(b) Calculated as (revenue - expenses – depreciation & amortization - shared Green allocations) and tax-effected at 35%.

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Preliminary Valuation Analysis – Alternative Asset Management

($ in millions)

	Green Statistics (a)	Relevant Multiple Range Low	Relevant Multiple Range High	Equity Valuation Range Low	Equity Valuation Range High
Green Funds:					
I. Trading Analysis:					
2009E Net Income (b)	112	7.5x	11.0x	$843	$1,236
Selected Valuation Range				**$850**	**$1,250**
II. Control Premium Analysis:					
Trading Valuation Range Ex. Minority Stakes				$850	$1,250
Plus: Control Premium:					
0%				$850	$1,250
10%				935	1,375
15%				978	1,438
20%				1,020	1,500
Selected Valuation Range Ex. Minority Stakes				**$850**	**$1,400**
Public Minority Stakes: (c)					
GLG Partners (2009E Net Income)	$30	8.0x	8.9x	$243	$270
BlueBay (2009E Net Income)	5	9.5	10.5	45	49
Subtotal				**$288**	**$320**
Private Minority Stakes (Cost): (d)					
D.E. Shaw				$784	$784
Spinnaker				290	290
Ospraie				95	95
R3, One William Street, Field Street [TBD]				[ ]	[ ]
Subtotal				**$1,169**	**$1,169**

	Low	High
Selected Summary Valuation Range Ex. Minority Stakes	$850	$1,400
Selected Summary Valuation Range Incl. Minority Stakes	$2,307	$2,889

(a) Based on management projections received from Green on 8/1/08.
(b) Calculated as (revenue - expenses – shared Green allocations) and tax-effected at 35%. Excludes minority stakes.
(c) Based on Green's 13.7% ownership in GLG and 4.9% ownership in BlueBay.
(d) Need additional details to determine fair market value.

Green Preferred Stock Market Valuation

($ in millions, except per share amounts)

Security	Description	Issue Date	Dividend Rate	Per Share Value Par	Per Share Value Market	Aggregate Value Book	Aggregate Value Market	Market Value as % of Book	Annual Dividends
Series C	Cumulative Preferred	5/11/98	5.94%	$50.00	$25.03	$246	$123	50.1%	$15
Series D	Cumulative Preferred	7/21/98	5.67%	50.00	24.84	200	99	49.7%	11
Series F	Cumulative Preferred	8/20/03	6.50%	25.00	14.08	350	197	56.3%	23
Series G	Floating Rate Cumulative Preferred (a)	1/27/04	3.21%	25.00	8.88	300	107	35.5%	10
Series J	Non-Cumulative Perpetual Preferred	2/6/08	7.95%	25.00	17.24	1,898	1,309	69.0%	151
Series P	Non-Cumulative Convertible Preferred	4/1/08	7.25%	1,000.00	663.75	4,000	2,655	66.4%	290
Series Q	Non-Cumulative Mandatory Convertible Preferred	6/2/08	8.75%	1,000.00	703.75	2,000	1,408	70.4%	175
Total						$8,993	$5,897	65.6%	$674

Source: Bloomberg and company filings.
Note: Current price as of 8/1/08.
(a) Represented by Depository Shares.

Select Publicly Traded Asset Management Comparables

($ in millions except per share data)

	Price (8/8/08)	% of 52-Week High	% of 52-Week Low	Market Value (a)	Price / '08 EPS	Price / '09 EPS	LTGR
Primarily Mutual Fund Managers:							
Calamos	$21.37	*63* %	*148* %	$2,082	31.4x	15.8x	14.0 %
Eaton Vance	37.71	*75*	*133*	4,648	19.8x	16.9x	16.0
Federated Investors	32.19	*73*	*105*	3,299	14.2x	13.0x	10.5
Franklin Resources	104.49	*73*	*126*	24,707	14.7x	13.7x	12.0
GAMCO Investors	48.57	*68*	*124*	1,420	23.1x	19.8x	8.5
INVESCO	25.00	*78*	*122*	9,978	15.8x	13.3x	12.0
Janus Capital	26.62	*72*	*123*	4,307	20.2x	17.0x	11.9
T. Rowe Price	60.51	*94*	*134*	16,431	25.4x	22.2x	15.0
Waddell & Reed	33.99	*91*	*153*	2,969	20.1x	15.0x	14.6
Mean		***76*** **%**	***130*** **%**		**20.5x**	**16.3x**	**12.7 %**
Median		***73***	***126***		**20.1x**	**15.8x**	**12.0**
Primarily Separate Account Managers:							
Affiliated Managers	$92.27	*68* %	*123* %	$4,476	13.9x	12.0x	15.0 %
AllianceBernstein	54.17	*59*	*125*	4,755	14.3x	12.3x	11.5
BlackRock	222.58	*98*	*153*	27,102	25.1x	20.8x	13.0
Legg Mason	42.29	*48*	*141*	5,885	17.9x	11.5x	10.5
Pzena	10.24	*51*	*163*	656	20.1x	17.8x	17.5
Mean		***65*** **%**	***141*** **%**		**18.3x**	**14.9x**	**13.5 %**
Median		***59***	***141***		**17.9x**	**12.3x**	**13.0**
Alternative Asset Managers:							
Fortress (b)	$10.19	*43* %	*113* %	$4,144	13.2x	7.8x	21.0 %
GLG Partners	8.00	*55*	*104*	1,966	16.0x	8.9x	20.0
Man Group	10.38	*86*	*122*	17,999	11.8x	10.9x	
Och-Ziff (b)	18.08	*59*	*116*	6,403	13.4x	8.5x	15.2
Mean		***73*** **%**	***119*** **%**		**12.6x**	**9.7x**	**15.2 %**
Median		***73***	***119***		**12.6x**	**9.7x**	**15.2**

Source: Company filings, FactSet and SNL Financial.
(a) Represents fully diluted market cap.
(b) Fully distributable earnings estimates used instead of GAAP earnings.

Estimated Green Share Price at FYE 2010 – Normalized

($ in billions, except per share data)

		CRE Spin-Off (b)		$4bn Raise		Sell IMD (c)			Green Go Private		
	Pro Forma 11/30/08 (a)	Only	51% IMD Sale With FASB 159	Green Ex. CRE (b)	Green + $12.51 CVS Consol.	100% Sale	49% Sale With Consol.	51% Sale With FASB 159	$20.00 Cash 12.0% Tier 1 76% New Inv.	$20.00 Cash 51% IMD Sale + FASB 159 63% New Inv.	$16.00 Cash + $12.51 CVS 12.0% Tier 1 76% New Inv.
Earnings Multiple Valuation:											
Green FYE 2010 Net Income	$3.3	$3.3	$3.1	$3.4	$3.4	$2.6	$3.1	$3.1	$3.4	$3.0	$3.4
Green LTM Price/Earnings	10.0x	10.0x	9.0x	10.0x	10.0x	9.0x	9.0x	9.0x	10.0x	9.0x	10.0x
Implied Green Share Price	$41.27	$41.27	$34.92	$32.65	$34.33 (d)	$29.55	$34.88	$34.92	$42.76	$52.64	$45.01 (d)
Reported Book Value Multiple Valuation:											
Green FYE 2010 Reported Book Value	$22.9	$12.9	$15.1	$16.8	$18.7 (d)	$24.5	$23.8	$25.1	$25.4	$21.8	$17.3 (d)
Green Price/Reported Book Value	1.50x	1.50x	1.40x	1.50x	1.50x	1.40x	1.40x	1.40x	1.50x	1.40x	1.40x
Implied Green Share Price	$42.92	$24.16	$26.42	$24.04	$26.85	$42.88	$41.68	$43.93	$47.89	$58.62	$30.56
SpinCo/CVS 2010E Reported Book Value	--	$10.0	$10.0	$10.0	$10.0	--	--	--	--	--	$10.0
SpinCo/CVS Price/Reported Book	--	0.51x	0.51x	0.51x	0.44x (e)	--	--	--	--	--	0.44x (e)
Implied SpinCo Share Price	--	$6.32	$6.32	$6.32	$5.50	--	--	--	--	--	$5.50
FYE 2010 Blended Share Price (f):											
Green Share Price	$41.68	$36.99	$32.80	$30.49	$32.46	$32.89	$36.58	$37.17	$44.04	$54.13	$41.39
Cash Value + CVS Per Share (Today)	--	--	--	--	--	--	--	--	20.00	20.00	23.50
SpinCo/CVS Share Price	--	6.32	6.32	6.32	5.50	--	--	--	--	--	5.50
Aggregate Share Price	**$41.68**	**$43.31**	**$39.11**	**$36.81**	**$37.96**	**$32.89**	**$36.58**	**$37.17**	**--**	**--**	**--**
Investor IRR % (Go Private)	--	--	--	--	--	--	--	--	**48%**	**65%**	**52%**

Note: Going private Green share price calculated assuming a total number of shares based on 190 million employee shares and employee ownership percentage as per each scenario. IRR assumes transaction close at FYE 2008. Assumes 799.7 million share count plus incremental shares issued in capital raise for FYE 2010 share price, earnings per share and book value per share purposes. Excludes the dilution effect of in-the-money options, if any.

(a) Pro forma for capital raise since 2Q'08 and $23.8 billion reduction in asset levels per management assuming $7.7 billion pre-tax ($5.0 billion after-tax) loss on asset sales.
(b) Assumed 20% decline in asset value of CRE portfolio. Assumes CRE SpinCo ability to realize 50% tax benefits based on effective tax rate of 17.5%.
(c) For IMD LTM trading multiples, assumed 14.0x earnings and 1.7x reported book value.
(d) Green book value excludes CVS book value for Green equity valuation purposes and include tax benefit from loss on CVS book value from face value of $2.0 billion. Green share price implied by earnings multiple valuation includes 90% of the aggregate tax benefits from CVS.
(e) Assumed 20% pre-tax loss on CRE portfolio creates tax benefits which accrue to Green.
(f) Assumes 75% weighting on price/earnings valuation and 25% weighting of price/reported book valuation.

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Estimated Green Share Price at FYE 2010 – Risk Adjusted

($ in billions, except per share data)

		CRE Spin-Off (b)		$4bn Raise		Sell IMD (c)			Green Go Private		
	Pro Forma 11/30/08 (a)	Only	51% IMD Sale With FASB 159	Green Ex. CRE (b)	Green + $12.51 CVS Consol.	100% Sale	49% Sale With Consol.	51% Sale With FASB 159	$20.00 Cash 12.0% Tier 1 76% New Inv.	$20.00 Cash 51% IMD Sale + FASB 159 63% New Inv.	$18.00 Cash + $12.51 CVS 12.0% Tier 1 76% New Inv.
Earnings Multiple Valuation:											
Green FYE 2010 Net Income	$2.0	$2.0	$2.4	$2.7	$2.7	$1.9	$2.4	$2.4	$2.7	$2.3	$2.7
Green LTM Price/Earnings	10.0x	10.0x	9.0x	10.0x	10.0x	9.0x	9.0x	9.0x	10.0x	9.0x	10.0x
Implied Green Share Price	$25.01	$25.01	$27.04	$25.96	$27.64 (d)	$21.68	$27.00	$27.04	$33.95	$40.52	$45.01 (d)
Reported Book Value Multiple Valuation:											
Green FYE 2010 Reported Book Value	$20.4	$10.4	$13.8	$15.5	$17.4 (d)	$23.2	$22.5	$23.8	$24.1	$20.5	$16.0 (d)
Green Price/Reported Book Value	1.50x	1.50x	1.40x	1.50x	1.50x	1.40x	1.40x	1.40x	1.50x	1.40x	1.40x
Implied Green Share Price	$38.23	$19.47	$24.15	$22.18	$24.99	$40.60	$39.41	$41.66	$45.43	$55.12	$28.27
SpinCo/CVS 2010E Reported Book Value	--	$10.0	$10.0	$10.0	$10.0	--	--	--	--	--	$10.0
SpinCo/CVS Price/Reported Book	--	0.51x	0.51x	0.51x	0.44x (e)	--	--	--	--	--	0.44x (e)
Implied SpinCo Share Price	--	$6.32	$6.32	$6.32	$5.50	--	--	--	--	--	$5.50
FYE 2010 Blended Share Price (f):											
Green Share Price	$28.32	$23.63	$26.32	$25.01	$26.98	$26.41	$30.10	$30.69	$36.82	$44.17	$40.82
Cash Value + CVS Per Share (Today)	--	--	--	--	--	--	--	--	20.00	20.00	23.50
SpinCo/CVS Share Price	--	6.32	6.32	6.32	5.50	--	--	--	--	--	5.50
Aggregate Share Price	**$28.32**	**$29.94**	**$32.63**	**$31.33**	**$32.48**	**$26.41**	**$30.10**	**$30.69**	**--**	**--**	**--**
Investor IRR % (Go Private)	--	--	--	--	--	--	--	--	**36%**	**49%**	**51%**

Note: Going private Green share price calculated assuming a total number of shares based on 190 million employee shares and employee ownership percentage as per each scenario. IRR assumes transaction close at FYE 2008. Assumes 799.7 million share count plus incremental shares issued in capital raise for FYE 2010 share price, earnings per share and book value per share purposes. Excludes the dilution effect of in-the-money options, if any.

(a) Pro forma for capital raise since 2Q'08 and $23.8 billion reduction in asset levels per management assuming $7.7 billion pre-tax ($5.0 billion after-tax) loss on asset sales.
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Recent Comments on Green's Asset Exposures

RESIDENTIAL MORTGAGE

- "The firm has noted that it expects its residential mortgage exposures to remain fairly constant (in line with necessary inventory to support trading portfolio), although we would expect mix-shifts across different asset classes within the residential space, in addition to incremental write-downs (we believe Alt-A and Europe residential portfolios may be more vulnerable)." (Morgan Stanley, 7/24/08)
- "We also were encouraged that gross sales in residential mortgages were $11bn compared to net reductions of $7bn – implying a good deal of inventory turnover (i.e. roughly 1/3rd of its residential mortgage book turned over during the quarter). Overall, given the size of the marks (and with AAA rated paper marked at close to a 25% discount to par), the reduced exposure, and increased asset turnover, we feel the risk related to this portfolio has materially declined." (Buckingham Research, 6/17/08)
- "The rating agency said that the rating actions reflect Moody's expectations for additional mark-to-market losses on Green's residential and commercial mortgage portfolios, which continue to pose a significant challenge to the company's ability to return to an acceptable level of ongoing profitability, a material rating concern…Moody's said that over the past two quarters Green has made significant progress reducing its exposures to commercial and residential real estate. "Despite these notable risk reductions, Green's mortgage exposures and concentrations remain high and have weighed heavily on the firm's operating results and market confidence." (Moody's, 7/23/08)

LEVERAGED FINANCE

- "While the firm still has sizable exposures in some asset categories (namely CMBS/LBO/Alt-A), we believe Green's ability to aggressively work down these exposures in 2Q08 allows it to be more opportunistic in selling these assets going forward." (Morgan Stanley, 7/24/08)
- "High yield or leveraged positions are down to $11.5bn. This is one of the smallest exposures among the group, and with liquidity continuing to improve in that market, we expect further meaningful reductions in this area with a much more muted P&L impact." (Buckingham Research, 6/17/08)

OTHER ASSET CLASSES

- "Given our overall negative view on the credit, economic and capital markets backdrop, we do think that Green's remaining "problem" exposures ($83 billion across residential and commercial mortgage, real estate, other ABS, and leveraged loans) will continue to weigh on the shares and likely lead to further write-downs as the credit crisis drags on. In addition, we think there are some legitimate questions around the future worth of some of Green's chunkier real estate related exposures such as Archstone ($1.8 bn in equity marked at 75 cents & $2.5 bn in debt marked between that and par) and SunCal ($1.6 billion marked in the 70-75 cent range)." (UBS, 7/23/08)
- "While we believe domestic residential mortgage and leveraged loan exposures are down to much more manageable levels, outsized commercial real estate exposures remain the most significant risk in our view and remain an area of focus for investors." (Buckingham Research, 6/17/08)

Source: Research and Rating Agency Reports.