

From: Kerstein, Daniel [daniel.kerstein@lehman.com].

Sent: 7/30/2008 11:23 AM.

To: Wieseneck, Larry [lwiesene@lehman.com].

Cc: Wiegenfeld, Yoav [yoav.wiegenfeld@lehman.com].

Bcc:

Subject: Fw: Structural Alternatives.

Larry attached is the summary pages on the alternatives, including Dave's commentary fillig out the equity column. Only thing missing are Ian's thoughts for credit view. Do you want to send to him?

Daniel Kerstein  
Lehman Brothers  
Global Finance Solutions  
ph: (212) 526-0406  
fax: (646) 885-9267  
daniel.kerstein@lehman.com

----- Original Message -----

From: Langer, Michael J  
To: Kerstein, Daniel  
Sent: Wed Jul 30 11:20:17 2008  
Subject: Structural Alternatives

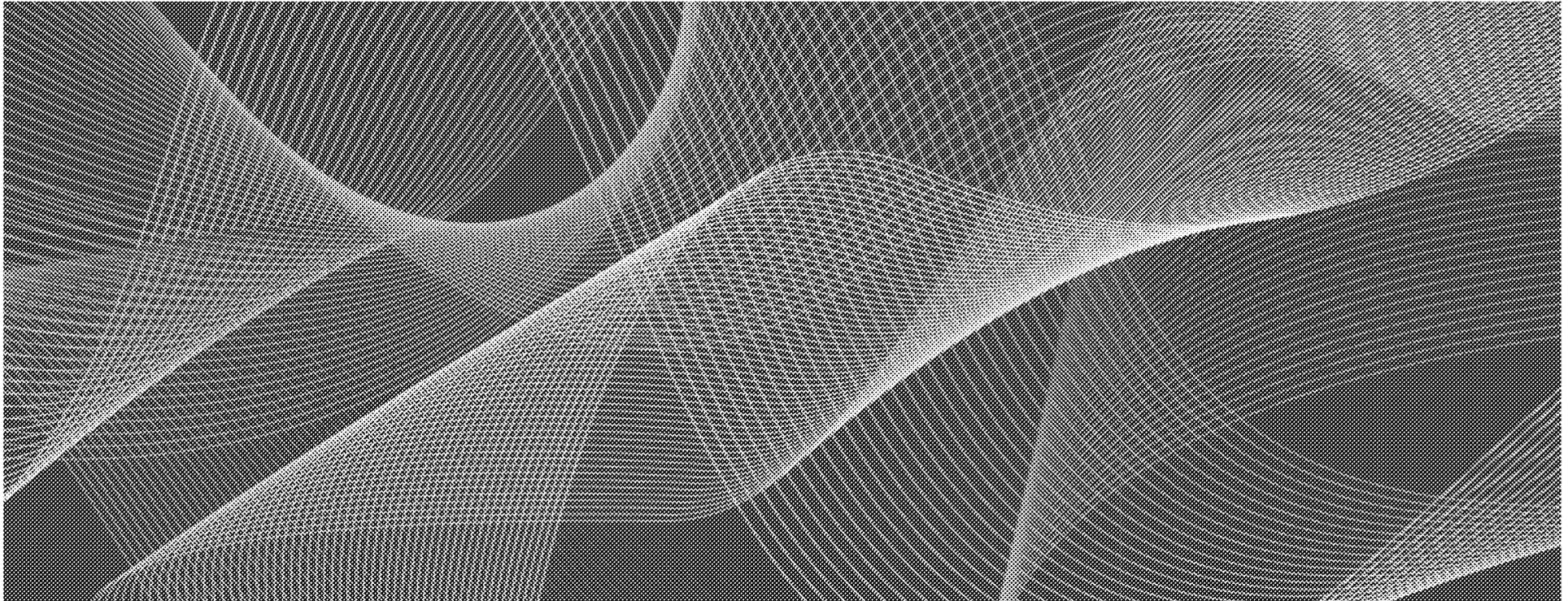
Attached please find the summaries of the main structural alternatives.

<<Green Acres Structures v15.ppt>>

<<Green Acres Structures v15.ppt>>

Michael Langer  
Lehman Brothers  
Global Finance Solutions  
(212) 526-4505  
milanger@lehman.com

# Green Acres – Overview of Potential Alternatives



Confidential Presentation

# Green Acres – Potential Structuring Alternatives

	Description	Risk Reduction	GAAP Deconsolidation	Mark to Market
<b>Spin-Off as Ongoing Business</b>	<ul style="list-style-type: none"> <li>SpinCo set up as a separate company holding CRE assets that is distributed pro rata to Green shareholders</li> <li>Independent, ongoing business with separate board of directors and internal management team</li> </ul>	<ul style="list-style-type: none"> <li>Transfers equity risk of CRE business to SpinCo (~\$10 Bn)</li> <li>Transfers sub debt risk to new investors (~\$ 2 Bn)</li> <li>Retain risk of seller financing</li> </ul>	<ul style="list-style-type: none"> <li>Yes, if sub debt sold to third parties and financing at market terms</li> <li>SEC pre-clearance desired</li> </ul>	<ul style="list-style-type: none"> <li>No for SpinCo</li> <li>Green will mark seller financing to SpinCo</li> </ul>
<b>Spin-Off as Liquidating Trust</b>	<ul style="list-style-type: none"> <li>SpinCo set up as a separate company holding CRE assets that is distributed pro rata to Green shareholders</li> <li>SpinCo disposes of CRE assets in an orderly and expeditious fashion and distributes proceeds after debt service / repayment to SpinCo shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Transfers equity risk of CRE business to SpinCo (~\$10 Bn)</li> <li>Transfers sub debt risk to new investors (~\$ 2 Bn)</li> <li>Retain risk of seller financing</li> </ul>	<ul style="list-style-type: none"> <li>Yes, if sub debt sold to third parties, financing at market terms, and sale of real estate rules met</li> <li>SEC pre-clearance desired</li> </ul>	<ul style="list-style-type: none"> <li>No for SpinCo</li> <li>Green will mark seller financing to SpinCo</li> </ul>
<b>Tracking Stock / Security <sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>Green distributes to its shareholders a security which tracks stand-alone performance of CRE business</li> <li>Green separates CRE business from a financial reporting / operational standpoint</li> <li>Green Core common stock and the CRE tracker should be valued separately by the market</li> </ul>	<ul style="list-style-type: none"> <li>No risk reduction on a consolidated (balance sheet) basis</li> <li>CRE tracker may mitigate perceived equity risk away from Green Core</li> </ul>	<ul style="list-style-type: none"> <li>No, must report Green consolidated – Unaudited, separate financials for Green Core and Green CRE</li> </ul>	<ul style="list-style-type: none"> <li>Yes, on consolidated basis and in separate, unaudited financials</li> </ul>
<b>Enhanced Disclosure / MD&amp;A</b>	<ul style="list-style-type: none"> <li>Green to provide robust disclosure in MD&amp;A with respect to stand-alone performance of the CRE business; greater clarity to the market <ul style="list-style-type: none"> <li>May require enhanced disclosure of other Green “businesses” to facilitate comparability</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>No risk reduction; however, greater disclosure may enable investors to more easily quantify risk of CRE assets</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>
<b>Sale of Assets</b>	<ul style="list-style-type: none"> <li>Ongoing asset sales (18-24 months) of ~[\$5 Bn] per quarter in base plan</li> <li>Alternatively, potential bulk sales (by region, type, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Elimination of risk on assets sold</li> <li>Retain risk of seller financing</li> </ul>	<ul style="list-style-type: none"> <li>Yes, for assets sold</li> <li>Assumes ability to attain true sale opinion</li> </ul>	<ul style="list-style-type: none"> <li>Any additional loss from prior mark taken at time of sale</li> </ul>

1. Could be tracker for CRE of Green Core.

# Green Acres – Potential Structuring Alternatives

	SEC Reporting Complexity	Book Equity / Ratings Impact	Timing / Path to Execution
<b>Spin-Off as Ongoing Business</b>	<ul style="list-style-type: none"> <li>◆ Need SEC waiver from 3 years of historical financials</li> <li>◆ If waiver obtained, audited opening balance sheet and 3 years of projections likely required</li> </ul>	<ul style="list-style-type: none"> <li>◆ Substantial book equity reduction (~\$10 Bn)</li> <li>◆ Uncertain impact on ratings (higher leverage at remaining Green offset by less risky balance sheet)</li> </ul>	<ul style="list-style-type: none"> <li>◆ 4 to 6 months</li> <li>◆ Significant legal and operational involvement</li> <li>◆ Establish separate management team</li> <li>◆ Asset transfer consents needed</li> </ul>
<b>Spin-Off as Liquidating Trust</b>	<ul style="list-style-type: none"> <li>◆ Need SEC waiver from 3 years of historical financials</li> <li>◆ If waiver obtained, audited opening balance sheet and 3 years of projections likely required</li> </ul>	<ul style="list-style-type: none"> <li>◆ Substantial book equity reduction (~\$10 Bn)</li> <li>◆ Uncertain impact on ratings (higher leverage at remaining Green offset by less risky balance sheet)</li> </ul>	<ul style="list-style-type: none"> <li>◆ 4 to 6 months</li> <li>◆ Significant legal and operational involvement</li> <li>◆ Asset transfer consents needed</li> </ul>
<b>Tracking Stock / Security</b>	<ul style="list-style-type: none"> <li>◆ No SEC waiver needed</li> <li>◆ Precedents typically contained 3 years of consolidating financials; however, may not be required</li> </ul>	<ul style="list-style-type: none"> <li>◆ No GAAP reduction to book equity</li> <li>◆ Unlikely to relieve ratings pressure</li> </ul>	<ul style="list-style-type: none"> <li>◆ 3 to 4 months to prepare necessary financial information</li> <li>◆ Less legal / operational involvement than spin-off</li> </ul>
<b>Enhanced Disclosure / MD&amp;A</b>	<ul style="list-style-type: none"> <li>◆ No SEC waiver needed</li> <li>◆ May require enhanced disclosure in MD&amp;A for other “businesses” at Green</li> </ul>	<ul style="list-style-type: none"> <li>◆ No GAAP reduction to book equity</li> <li>◆ Market may impute equity reduction at Green core</li> </ul>	<ul style="list-style-type: none"> <li>◆ 3 to 4 months to prepare necessary financial information</li> </ul>
<b>Sale of Assets</b>	<ul style="list-style-type: none"> <li>◆ No SEC waiver needed</li> <li>◆ No enhanced reporting</li> </ul>	<ul style="list-style-type: none"> <li>◆ Book equity impact dependent on size / valuation of sales</li> <li>◆ Unlikely to relieve pressure near-term</li> </ul>	<ul style="list-style-type: none"> <li>◆ Most likely 12-18 months to maximize value</li> <li>◆ Asset transfer consents needed</li> </ul>

# Green Acres – Potential Structuring Alternatives

	Expected Equity Market Perspective	Expected Credit Market Perspective
<b>Spin-Off as Ongoing Business</b>	<ul style="list-style-type: none"> <li>◆ True separation from investor’s perspective, though seller financing will receive scrutiny</li> <li>◆ SpinCo likely to trade with comparable companies (e.g., iStar)</li> <li>◆ Green will trade as a pure-play “story”</li> <li>◆ If PTP, K-1s would complicate investor interest</li> </ul>	◆ [Ian]
<b>Spin-Off as Liquidating Trust</b>	<ul style="list-style-type: none"> <li>◆ Given non-traditional form being spun, likely will trade at discount to other spin form</li> <li>◆ K-1s would complicate investor interest</li> </ul>	◆ [Ian]
<b>Tracking Stock / Security</b>	<ul style="list-style-type: none"> <li>◆ Increased transparency without true separation helps, but suboptimal</li> <li>◆ While there are precedents, few remain because of ineffectiveness                             <ul style="list-style-type: none"> <li>– One company has created a tracking stock structure in the last six years (Liberty Media)</li> </ul> </li> </ul>	◆ [Ian]
<b>Enhanced Disclosure / MD&amp;A</b>	◆ While transparency may help, no way to isolate / play opportunity; likely not to have material trading impact	◆ [Ian]
<b>Sale of Assets</b>	◆ Likely to have continued “overhang” and scrutiny until majority of risk is perceived to be removed	◆ [Ian]