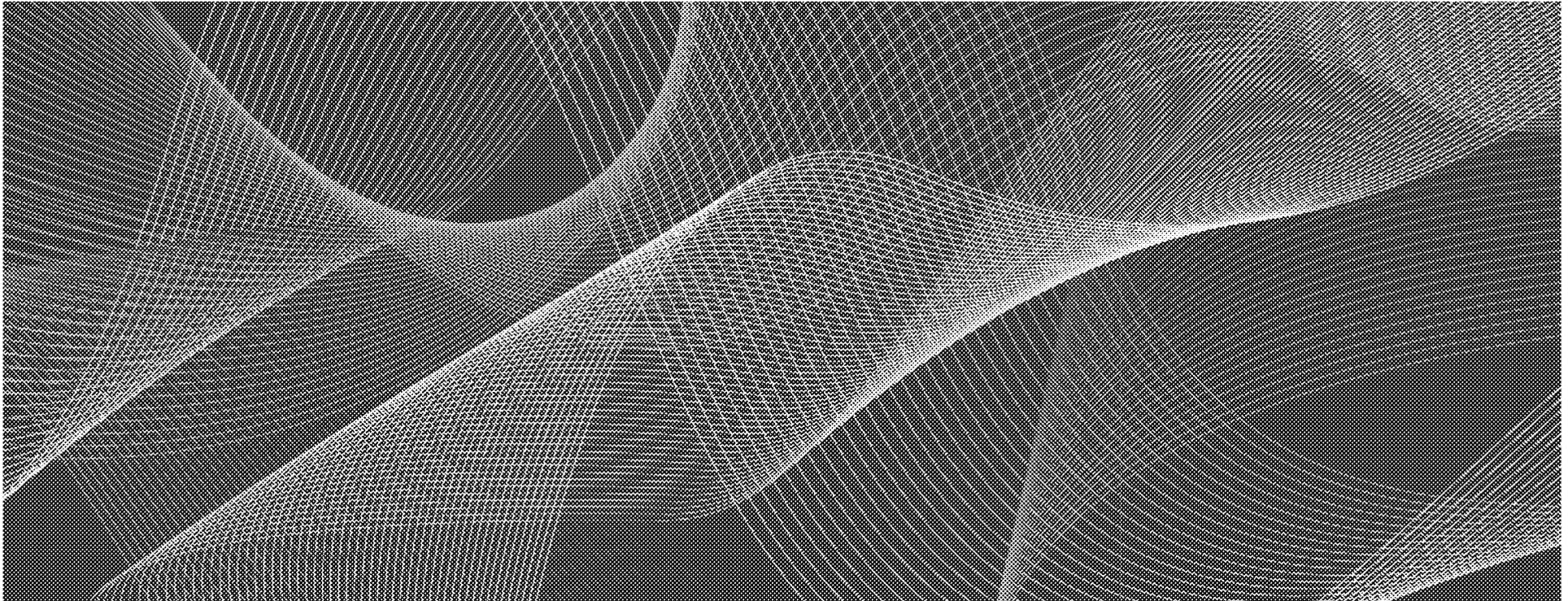


Discussion Materials for the Executive Committee



Confidential Presentation

Green Objectives in Response to Situation

Principles Underlying Game Plan

- ◆ Take Green's viability off the table
 - Loss realization
 - Business mix
 - Ratings
- ◆ Utilize stronger assets and capital sources to accomplish above objectives -- with prudence
 - Real interest in IMD could generate capital -- balance against desire to maintain connection with Green
 - Real interest from investors who want to participate in the solution -- balance against dilutive impacts
- ◆ Re-focus and right size each line of business and overhead
- ◆ Story must be compelling to investors and employees
 - Must believe that Green is focused on right issues, and will be clean and well positioned for value creation and growth once initiatives are executed

Game Plan

1. Pursue CRE Spin-off
 - Preliminary estimate is that SpinCo will require ~\$[9.6]B of equity (including Archstone)
 - Capitalization of SpinCo: \$[9.6]B of equity, \$[21.6]B of debt
2. Sell U.K. residential mortgages
 - Estimated pre-tax loss of \$0.5B
3. Minimize other residential mortgage losses
4. Sell 50-100%⁽¹⁾ interest in IMD at \$[6]B total valuation⁽²⁾
 - If partial interest, structure security such that:
 - Show to select private buyers
 - Parties also play in CRE spin-off
5. “Club Deal” on sale of new common (\$[1.5]B) (purchase contract for common or convertible preferred)⁽¹⁾
 - Bring over the wall
 - Explain SpinCo, residential exposure and employee plan
6. Reduce balance sheet, downsize corporate and some front office
 - Modest downsize
7. New employee grants
8. Senior management buys \$[150]m of secondary shares post-announcement

1. Size of sales dependent on amount of equity hole created by residential mortgage, CRE and other losses.

2. Valuation excludes private equity businesses, high net worth and ICG.

Assumptions – Pre-Spin of CRE

Standalone Assumptions:

- ◆ \$3.0 billion of CRE writedowns over the third and fourth quarters
 - \$1.0 billion in the third quarter and \$2.0 billion in the fourth quarter
- ◆ Sell \$5.0 billion of CRE at fair market value over the third and fourth quarters
- ◆ \$1.2 billion restructuring charge in fourth quarter 2008 relating to headcount reduction
 - Includes \$1.0 billion of severance costs (~\$600 million RSUs and \$400 million cash) and \$180 million of NPE one-time charges
- ◆ \$0.5 billion of balance sheet reduction costs over the third and fourth quarters
 - \$0.2 billion in the third quarter and \$0.3 billion in the second quarter

Third Quarter 2008 Initiatives:

- ◆ \$13.0 billion sale of residential mortgages sold for a pre-tax loss of \$3.0 billion
 - Assume income neutral
- ◆ Sell 100% stake in IMD for \$6.0 billion in cash on August 31, 2008
 - \$1.7 billion after-tax gain, assuming a book basis of \$3.2 billion and a 40% tax rate on the gain
 - Lose \$3 billion of goodwill associated with IMD
 - Assumes 4.5% pre-tax ROA on after-tax sale proceeds
- ◆ Green issues \$1.5 billion of common equivalents at end of third quarter to target a 12.0x net leverage ratio at end of fourth quarter
 - Convertible preferred will convert into Green common shares immediately post CRE-spin the fourth quarter
 - Assumes 4.5% pre-tax ROA on after-tax proceeds

Spin-off Analysis Assumptions

- ◆ At time of spin, \$31.2 billion of CRE assets on Green's balance sheet backed by \$25.6 billion of debt at LIBOR + 200 bps and \$5.6 billion of equity
- ◆ Pre-spin, CRE expected to earn \$400 million of net revenues and \$49 million of net income in 2009
- ◆ Green spins newly created CRE subsidiary to shareholders on November 30, 2008
- ◆ CRE SpinCo financed with \$21.6 billion of debt and \$9.6 billion of equity
- ◆ Green provides debt financing to CRE SpinCo at LIBOR + 300 bps
- ◆ \$1.5 billion common equivalents issued in the third quarter converts into common stock immediately post-spin

Pro Forma Analysis

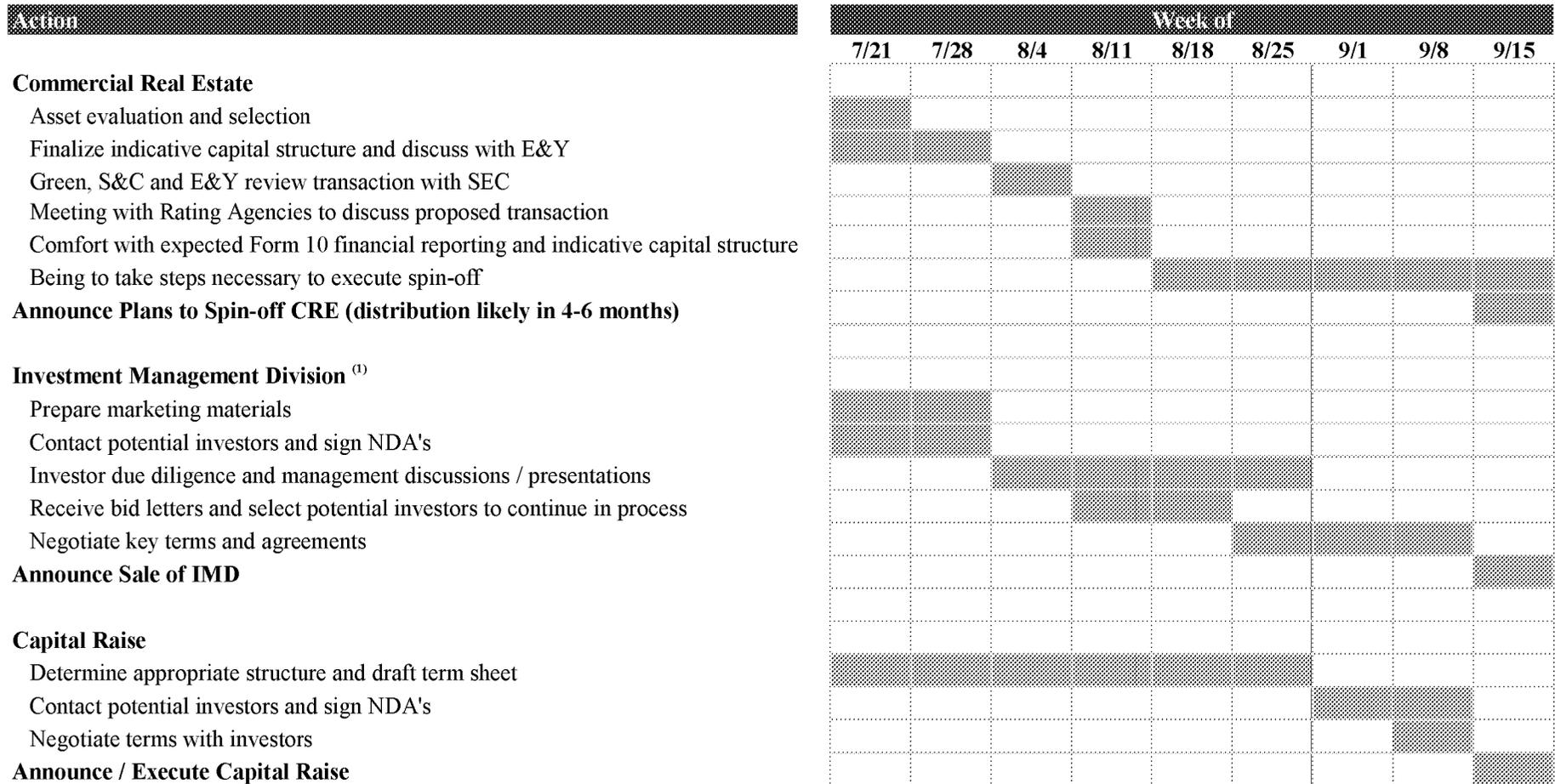
Pro Forma RemainCo Equity Capitalization													
	PF Q2	Q3 NI	PF	IMD Sale	PF	Pref BB	PF	Cap Raise	PF	Q4 NI	PF	CRE Spin	PF
Common Book Equity	23,287	(3,360)	19,927	1,680	21,607	0	21,607	1,500	23,107	(1,738)	21,369	(9,600)	11,769
Pref/Other Book Equity	8,993	0	8,993	0	8,993	0	8,993	0	8,993		8,993	0	8,993
Total Book Equity	\$32,280		\$28,920		\$30,600		\$30,600		\$32,100		\$30,362		\$20,762
Goodwill	(4,101)		(4,101)	3,000	(1,101)		(1,101)		(1,101)		(1,101)		(1,101)
Junior Sub Notes	5,004		5,004		5,004		5,004		5,004		5,004		5,004
Tangible Book Equity ⁽¹⁾	\$33,183		\$29,823		\$34,503		\$34,503		\$36,003		\$34,265		\$24,665
Net Assets (\$B)	333.8	(14.4)	319.3	(1.5)	317.8		317.8	1.5	319.3	(14.4)	304.9	(9.6)	295.3
Net Leverage	10.1x		10.7x		9.2x		9.2x		8.9x		8.9x		12.0x
Common Shares Outstanding	695.7		695.7		695.7		695.7	101.6	797.3		797.3		797.3
Book Value per Share	\$32.95		\$28.64		\$31.06		\$31.06		\$28.98		\$26.80		\$14.76

Value Creation

		CRE SpinCo P/BV Multiple / Implied Share Price					
		0.40x	0.50x	0.60x	0.70x	0.80x	
		\$5.52	\$6.90	\$8.28	\$9.66	\$11.04	
Pro Forma Green P/BV Multiple / Implied Share Price	0.80x	\$11.81	\$17.33	\$18.71	\$20.09	\$21.47	\$22.85
	0.90x	\$13.28	\$18.80	\$20.18	\$21.56	\$22.94	\$24.32
	1.00x	\$14.76	\$20.28	\$21.66	\$23.04	\$24.42	\$25.80
	1.10x	\$16.24	\$21.76	\$23.14	\$24.52	\$25.90	\$27.28
	1.20x	\$17.71	\$23.23	\$24.61	\$25.99	\$27.37	\$28.75

1. Reflects addition of \$5.004B of junior subordinated notes and subtraction of \$4.101B of goodwill.

Preliminary Summary Timeline



1. *Timeline represents accelerated limited auction process. May conduct parallel process for one or two entities that have high likelihood of delivering comprehensive solve for Green.*