

CtW Investment Group

April 9, 2008

WITHHOLD FROM RYLAND DIRECTORS JEWS, METCALFE AND ST. MARTIN

Dear Ryland Shareholder:

We urge you to withhold your votes from director nominees William Jews, Norman Metcalfe and Charlotte St. Martin at The Ryland Group's annual meeting of stockholders on April 23, 2008. As members of the Compensation Committee, Directors Jews, Metcalfe and St. Martin have repeatedly approved egregious executive pay packages that fail to link pay and performance and misalign executive and shareholder interests.

Compensation has long been a concern at Ryland, and last year over 25% of shareholders withheld from Compensation Committee members, a strong vote of no confidence. Yet our analysis, outlined below, indicates that the Committee has done little if anything to reform Company practices. Indeed, RiskMetrics/ISS shares these concerns and is also recommending that shareholders withhold from Directors Jews, Metcalfe and St. Martin.

The CtW Investment Group works with pension funds sponsored by unions affiliated with Change to Win, a federation of unions representing nearly 6 million members, to enhance long-term shareholder value through active ownership. These funds, together with public pension funds in which affiliates' members participate, have about \$1.4 trillion in assets and are substantial Ryland shareholders. We further detail our concerns below.

The Company's incentive pay and bonus programs have rewarded failure in the past, and threaten to do so again this year

Chairman and CEO R. Chad Dreier's annual bonus is benchmarked to two percent of pre-tax income, which could lead to an enormous payout even for sup-par performance. In addition, only 57.2 percent of Mr. Dreier's total compensation, and only 46.2 percent of other named executive officers' total compensation, was performance-based in 2007. Executive pay should involve a higher portion of incentive, at-risk pay.

Tax assistance to Mr. Dreier must stop immediately

In the past, shareholders have repeatedly identified the use of tax gross-ups as a practice that is not in their best interest. Despite attempts to stop this practice, Ryland's compensation committee continues to approve tax gross-up payments to Mr. Dreier. For fiscal 2007, Mr. Dreier received tax assistance related to the receipt of stock valued at \$4 million. In 2006, he received \$5.7 million in tax assistance. CEOs have the financial wherewithal to pay their own personal income tax liability, and Company assets should not be expended for this purpose.

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The Company continues to guarantee an excessive pension to Mr. Dreier

Mr. Dreier's employment contract provides for payments to him under two separate SERPs held in a "rabbi" trust. The agreements – SERP I and SERP II – provide the opportunity for a retirement benefit to Mr. Dreier of up to \$3.84 million per year for 15 years or a lump sum payment equal to the present value equivalent of such benefit. Ryland has already placed over \$17.3 million in trust to cover Mr. Dreier's retirement benefits, and is depositing an additional \$3.47 million each year. We fail to see why such substantial Company resources should be spent on Mr. Dreier's retirement rather than being returned to shareholders.

Mr. Dreier's rich single-trigger severance agreement creates perverse incentives.

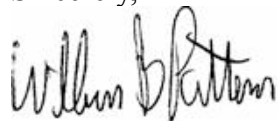
Most companies' change-in-control packages are calculated at two-times annual salary and bonus. Ryland's compensation committee, in contrast, has chosen to deviate from this practice by providing Mr. Dreier three-times the highest annual compensation paid to him in any of the last three years prior to the triggering event. Moreover, for purposes of defining annual compensation, the company has taken the broadest possible view by counting base salary, bonus, cash value of stock and any other benefit paid under all compensation plans. Based on this calculation, Mr. Dreier's potential change-in-control payout is as much as \$98.5 million.

Mr. Dreier's severance package is also problematic because it only requires a "change-in-control" to trigger, but not a subsequent termination of employment. Change-in-control clauses should be used to ensure that executives do not resist takeover bids due to job security fears. Mr. Dreier's "single trigger" provision allows him to profit both from the change in control *and* from continued employment at a potential purchaser. This not only undermines the central rationale for such a payment, but also reduces Mr. Dreier's incentive to maximize merger consideration. With the home building sector likely to enter a period of consolidation, this is an acute concern.

Conclusion

As Ryland seeks to navigate the most challenging market in recent memory, it is critical that Directors design pay packages that properly align executives' and shareholders' interests. Director nominees Jews, Metcalfe and St. Martin have repeatedly failed this test. We urge you to withhold your votes from them at Ryland's April 23 annual meeting.

Sincerely,



William Patterson
Executive Director

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