

GT Draft June 2, 2009

BACKSTOP RIGHTS PURCHASE AGREEMENT

by and among

LandSource Communities Development LLC,

Newhall Holding Company, LLC,

Newhall Intermediary Holding Company, LLC,

Barclays Bank PLC, in its capacity as Plan Proponent

and

The Parties Listed on Schedule 1 Attached Hereto

Dated: June __, 2009

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BACKSTOP RIGHTS PURCHASE AGREEMENT

THIS BACKSTOP RIGHTS PURCHASE AGREEMENT (this "Agreement") is made this [] day of June, 2009, by and among Barclays Bank PLC, in its capacity as proponent of the Plan (the "Plan Proponent"), the investment entities set forth on Schedule 1 attached hereto (each, a "Backstop Party" and collectively, the "Backstop Parties"), upon its execution of this Agreement on the terms set forth herein, LandSource Communities Development LLC, a Delaware limited liability company (the "Company"), upon its execution of this Agreement on the terms set forth herein, Newhall Holding Company, LLC, a Delaware limited liability company ("Holdco") and upon its execution of this Agreement on the terms set forth herein, Newhall Intermediary Holding Company, LLC, a Delaware limited liability company ("Newhall Intermediary"). Capitalized terms used herein but not defined herein will have the meaning assigned to them in the Plan.

WITNESSETH:

WHEREAS, on June 8, 2008 (the "Petition Date"), the Company and certain of its subsidiaries (collectively, the "Debtors," as set forth herein) filed voluntary Chapter 11 petitions in the Bankruptcy Court (as defined below), and the Debtors' chapter 11 cases are being jointly administered under Case No. 08-11111 (KJC) (the "Chapter 11 Cases");

WHEREAS, in connection with the Plan, the Plan Proponent has determined that the Debtors' successful reorganization requires, among other things, an infusion of capital for working capital purposes and deleveraging their balance sheet by means of a significant new equity investment;

WHEREAS, the Plan Proponent intends, pursuant to the Plan, to partially effectuate this deleveraging by converting certain Claims of the Holders of First Lien Secured Claims, Allowed Second Lien Claims and Allowed Unsecured Claims into Units of Holdco or Newhall Intermediary, each a newly formed Delaware limited liability company (which will collectively (directly or indirectly) acquire 82.313%¹ of the equity interest of the Company on the Effective Date pursuant to a subsequent conversion of such Claims into equity of the Company and the Rights Offering), to be outstanding on the Effective Date pursuant to the Plan (subject to adjustment for the final Rights Offering Amount and allocation of other Units under the Plan to the Holders of certain Claims);

WHEREAS, Lennar Corporation (or its Affiliates) will acquire 14.526% of the Company's Units pursuant to a cash investment into the Company on the Effective Date (the "Lennar Investment");

WHEREAS, the Plan Proponent has determined that a rights offering backstopped by the Backstop Parties, on terms and conditions set forth in this Agreement (the "Rights Offering"), is the most appropriate method at this time in which to obtain the necessary new money investment in Holdco, Newhall Intermediary and the Company (in addition to the Lennar Investment);

¹ The equity percentages of 82.131%, 14.526% and 54.23% set forth in the Recitals include dilution for Units issued to Management Co. and Emile Haddad as of immediately after the Effective Date and assume a Rights Offering Amount of \$140,000,000.

WHEREAS, in the Rights Offering, the Rights Offering Participants will be offered the opportunity, in exchange for cash payments to Holdco or Newhall Intermediary), to subscribe for all of the New Units to be issued pursuant to the Rights Offering (the "Rights Offering Units"), which such Units will constitute, in the aggregate, up to 54.23% of the indirect outstanding equity of the Company as of the Effective Date (the "Initially Issued Units"), subject to adjustment for the final Rights Offering Amount;

WHEREAS, the Rights Offering Units will be allocated between Units issued by Holdco and Newhall Intermediary depending on elections made by the Rights Offering Participants in which entity to have its Rights Offering Units issued from as set forth in the Plan;

WHEREAS, the amount of the Rights Offering will be up to \$140,000,000, subject to adjustment by the Administrative Agent in accordance with the terms of the Plan (the "Rights Offering Amount") and the purchase price per unit (the "Exercise Price") of the Rights Offering Units will be determined by dividing the Rights Offering Amount by the number of Rights Offering Units;

WHEREAS, pursuant to the Rights Offering, each Rights Offering Participant will have the non-detachable, non-assignable and non-transferable right (except to permitted affiliates) to subscribe for the number of Rights Offering Units as set forth in the Plan, as applicable (such Rights Offering Participant's "Individual Subscription Right");

WHEREAS, to facilitate the Rights Offering, and in consideration of the payment of the premiums and expense reimbursements described herein, each Backstop Party is willing to purchase on the Effective Date, to the extent that the Rights Offering is not fully subscribed and an Alternative Transaction is not consummated, its share of the Rights Offering Units that have not been subscribed for by the Rights Offering Participants by the Subscription Expiration Date;

WHEREAS, pursuant to the Plan and Section 8.3(b) below, the Plan Proponent, subject to the Confirmation Order, will cause the Company, Newhall Intermediary and Holdco to execute this Agreement on or prior to the Effective Date; and

WHEREAS, the Parties agree that any valuations of the Debtors' assets or estates, whether implied or otherwise, arising from this Agreement will not be binding for any other purpose, including but not limited to, determining recoveries under the Plan, and this Agreement does not limit such rights regarding valuation in these Chapter 11 Cases.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained in this Agreement, the Parties hereto hereby agree as follows:

Section 1. Definitions.

(a) For purposes of this Agreement, the following terms will have the meanings set forth below:

"Affiliate" has the meaning assigned to such term under Rule 144 of the Securities Act of 1933, as amended.

"Agreement" has the meaning assigned to it in the Preamble.

"Allowed Second Lien Claims" has the meaning set forth in the Plan.

"Allowed Unsecured Claims" has the meaning set forth in the Plan.

"Alternative Transaction" means (i) the approval by the Bankruptcy Court of a sale or sales of all or a material portion of the Debtors' assets to a third party other than Holders of the First Lien Secured Claims, (ii) the filing of a plan of reorganization that does not contemplate the consummation of the Rights Offering and reorganization of the Debtors on substantially similar terms as set forth in the Plan or (iii) the acceptance of the Plan Proponent in accordance with the Plan of parties (other than the Backstop Parties and their permitted Affiliates and assigns) as "backstop parties" for the Rights Offering.

"Antitrust Division" has the meaning assigned to it in Section 5.4 hereof.

"Approvals" means all approvals and other authorizations that are required under the Bankruptcy Code for the Company, Newhall Intermediary and Holdco to take the actions set forth herein and in the Plan.

"Backstop Commitment Amounts" means the amounts set forth under the heading "Backstop Commitment Amounts" on Schedule 1 opposite each Backstop Parties' name.

"Backstop Commitment" means the agreement by the Backstop Parties pursuant to this Agreement to purchase all of the Rights Offering Units that are not purchased by the Rights Offering Participants as part of the Rights Offering; *provided* that each Backstop Party agrees to fund up to the amount set forth under the heading "Backstop Commitment Amounts" opposite each of their names on Schedule 1 attached hereto (and will receive the applicable number of Remaining Rights Offering Units based on the final funding by each Backstop Party).

"Backstop Commitment Percentages" means the percentages set forth under the heading "Backstop Commitment Percentages" on Schedule 1 opposite each Backstop Parties' name.

"Backstop Party" and "Backstop Parties" have the meanings assigned to such terms in the Preamble.

"Backstop Party Material Adverse Effect" means a material adverse effect on (a) the ability of a Backstop Party to perform its obligations under this Agreement or (b) the validity or enforceability of this Agreement against a Backstop Party.

"Backstop Purchase Price" has the meaning assigned to it in Section 2.2(c)(i) hereof.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as applicable to the Chapter 11 Cases.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 11 Cases, whether acting through its bankruptcy court unit or otherwise.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended, as applicable to the Chapter 11 Cases.

"Business Day" means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

"Chapter 11 Cases" has the meaning assigned to it in the Recitals.

"Claim" has the meaning set forth in the Plan.

"Company" has the meaning assigned to it in the Preamble.

"Confirmation Date" means the date on which the Confirmation Order is entered by the Clerk of the Bankruptcy Court.

"Confirmation Order" has the meaning assigned to it in Section 6(a) hereof.

"Debtors" means, collectively: California Land Company; Friendswood Development Company, LLC; Kings Wood Development Company, L.C.; the Company; LandSource Communities Development Sub LLC; LandSource Holding Company, LLC; Lennar Bressi Ranch Venture, LLC; Lennar Land Partners II; Lennar Mare Island, LLC; Lennar Moorpark, LLC; Lennar Stevenson Holdings, L.L.C.; LNR-Lennar Washington Square, LLC; LSC Associates, LLC; NWHL GP LLC; The Newhall Land and Farming Company (A California Limited Partnership); The Newhall Land and Farming Company; Southwest Communities Development LLC; Stevenson Ranch Venture LLC; Tournament Players Club at Valencia, LLC; Valencia Corporation; and Valencia Realty Company; as debtors and debtors-in-possession in the Chapter 11 Cases.

"DIP Credit Agreement" has the meaning set forth in the Plan.

"Disclosure Statement" has the meaning set forth in the Plan.

"Disclosure Statement Order" has the meaning set forth in the Plan.

"Effective Date" has the meaning set forth in the Plan.

"Entity" means an entity as defined in Bankruptcy Code Section 101(15).

"Exercise Price" has the meaning assigned to it in the Recitals.

"Expense Reimbursement" means all reasonable and documented out-of-pocket fees and expenses of each Backstop Party, including the reasonable fees and expenses of counsel and other professionals retained by such Backstop Party, that have been and are subsequently

incurred in connection with the negotiation, preparation and implementation of the Rights Offering, excluding any amounts incurred after the termination of this Agreement.

“Expiration Date” has the meaning assigned to it in Section 8.10(a) hereof.

“File” or “Filed” means file, filed or filing with the Bankruptcy Court or its authorized designee in these Chapter 11 Cases.

“Final Order” has the meaning set forth in the Plan.

“First Lien Secured Claims” has the meaning set forth in the Plan.

“FTC” has the meaning assigned to it in Section 5.4 hereof.

“Holdco” has the meaning assigned to it in the Preamble.

“Holdco Class A Units” has the meaning assigned to it in the Plan.

“Holdco Class B Units” has the meaning assigned to it in the Plan.

“Holdco LLC Agreement” has the meaning set forth in the Plan.

“Holder” has the meaning set forth in the Plan.

“HSR Act” has the meaning assigned to it in Section 5.4 hereof.

“Individual Subscription Right” has the meaning assigned to it in the Recitals.

“Initially Issued Units” has the meaning assigned to it in the Recitals.

“Lennar Investment” has the meaning assigned to such term in the Preamble.

“Management Co.” has the meaning assigned to such term in the Plan.

“Material Adverse Effect” means a material adverse effect on (a) the ability of the Company, Newhall Intermediary and Holdco, subject to the Approvals, to perform their obligations under this Agreement or (b) subject to the Approvals, the validity or enforceability of this Agreement against the Company, Newhall Intermediary and Holdco.

“New Units” means the number of Units in Newhall Intermediary and the number of Holdco Class A Units to be issued in accordance with the Rights Offering and this Agreement, all of which are subject to dilution due to the Lennar Equity Interest, the Management Co. Equity Interest and may be adjusted based on the final Rights Offering Amount.

“Newhall Intermediary” has the meaning assigned to it in the Preamble.

“Newhall Intermediary LLC Agreement” has the meaning set forth in the Plan.

"Party" means the Company, Newhall Intermediary, Holdco, the Plan Proponent or any Backstop Party, individually, and the "Parties" means the Company, Newhall Intermediary, Holdco, the Plan Proponent and the Backstop Parties, collectively; provided that the Company, Newhall Intermediary and Holdco will not be considered a Party until execution of this Agreement by each such entity, respectively.

"Petition Date" has the meaning assigned to it in the Recitals.

"Plan" means the Second Amended Joint Chapter 11 Plans for LandSource Communities and its affiliated Debtors, filed with the Clerk of the Bankruptcy Court on June 2, 2009, as it may be altered, amended or modified from time to time, and the Plan Supplement.

"Plan Proponent" has the meaning assigned to it in the Preamble.

"Plan Supplement" has the meaning set forth in the Plan.

"Remaining Rights Offering Units" has the meaning assigned to it in Section 2.2(b)(i) hereof.

"Reorganized LandSource Communities LLC Agreement" means the third amended and restated limited liability company agreement of the Company in effect on the Effective Date.

"Rights Offering" has the meaning assigned to it in the Recitals.

"Rights Offering Amount" has the meaning assigned to it in the Recitals.

"Rights Offering Premium" has the meaning assigned to it in Section 2.2(d) hereof.

"Rights Offering Participant" has the meaning set forth in the Plan.

"Rights Offering Units" has the meaning assigned to it in the Recitals.

"Securities Act" means the Securities Act of 1933, as amended.

"Subscription Agent" has the meaning set forth in the Plan.

"Subscription Amounts" means the amounts set forth under the heading "Subscription Amounts" on Schedule 1 opposite each Backstop Parties' name.

"Subscription Expiration Date" has the meaning set forth in the Plan.

"Subscription Form" means the subscription form(s) and applicable instructions included on the ballot sent to each Rights Offering Participant on which such Rights Offering Participant may exercise his, her or its Individual Subscription Right, in substantially the form attached hereto as Exhibit A.

"Subscription Units" means the number of Units acquired by each Backstop Party pursuant to the Rights Offering and Section 2.1(b).

"Subsidiary" means as to any Entity, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Entity.

"Termination Payment Event" means a termination of this Agreement by any applicable Party due to the failure of any of the following conditions to be satisfied on or prior to such termination: Section 6(c), Section 6(e), Section 6(g), Section 6(h)(i), Section 6(h)(ii) or Section 7(b) or a termination pursuant to 8.10(a)(ii).

"Total Commitment Amounts" means the aggregate of the Subscription Amounts and Backstop Commitment Amounts for each of the Backstop Parties.

"Unit" has the meaning set forth in the Plan; provided that for purposes of this Agreement, the term "Unit" with respect to Newhall Intermediary shall include the corresponding Holdco Class B Units issued therewith (without duplication).

Section 2. Rights Offering; Backstop Commitment.

2.1 The Rights Offering.

(a) **Commencing the Rights Offering.** The Plan Proponent will commence the Rights Offering as part of the Plan solicitation process. Each Rights Offering Participant will have the opportunity to participate in the Rights Offering by electing to exercise its Individual Subscription Right by (i) completing and returning a duly completed Subscription Form in the manner specified in the instructions accompanying the Subscription Form and (ii) paying or arranging for payment of such Rights Offering Participant's Subscription Purchase Price (as calculated pursuant to the Subscription Form) in the manner specified in the instructions accompanying the Subscription Form.

(b) **Individual Subscription Right.** Pursuant to the terms and subject to the conditions of this Agreement, each of the Backstop Parties hereby irrevocably commits to participate in the Rights Offering by funding the amount set forth opposite its name under the heading "Subscription Amounts" set forth on Schedule 1 for its applicable Subscription Units; provided that the obligations of the Backstop Parties to fund their applicable Subscription Amount are agreed to be several and not joint; provided, further, that the allocations of such Subscription Amounts for either Newhall Intermediary Units or Holdco Class A Units will be as specified on each Backstop Party's Subscription Form. The Parties acknowledge and agree that for the issuance of Newhall Intermediary Units to a Backstop Party, such Backstop Party shall receive the same number of Holdco Class B Units.

(c) **Failure to Deliver Subscription Form.** If, for any reason, the Subscription Agent does not receive from a Rights Offering Participant both (i) a duly completed Subscription Form and the other documents included therewith on or prior to the Subscription Expiration Date and

(ii) payment in immediately available funds in an amount equal to such Rights Offering Participant's Subscription Purchase Price (as calculated pursuant to the Subscription Form) on or prior to the Subscription Expiration Date, such Rights Offering Participant will be deemed to have relinquished and waived its right to participate in the Rights Offering; *provided* that the failure by a Backstop Party to deliver its Subscription Form and Subscription Purchase Price pursuant to Section 2.1(b) will not relieve such Party of any of its obligations hereunder (including pursuant to Section 2.1(b)) and in such event, such Backstop Party shall be deemed to have elected to purchase Holdco Class A Units.

2.2 Backstop

(a) **Backstop Commitment.** The Backstop Parties' Total Commitment Amounts are equal, in the aggregate, to the Rights Offering Amount.

(b) Effectuating the Backstop Commitment.

(i) Pursuant to the terms and subject to the conditions of this Agreement, if fewer than all of the Rights Offering Units are subscribed for by the Rights Offering Participants under the Rights Offering, then each of the Backstop Parties will purchase from the Company, at the Exercise Price, the number of such Rights Offering Units that are not subscribed for pursuant to the Rights Offering (the "Remaining Rights Offering Units") equal to its Backstop Commitment Percentage multiplied by the number of Remaining Rights Offering Units, by funding up to its applicable Backstop Commitment Amount set forth opposite its name under the heading "Backstop Commitment Amounts" on Schedule 1; *provided* that the obligations of the Backstop Parties to fund their Backstop Commitment Amounts are agreed to be several and not joint. The purchase price for such Remaining Rights Offering Units may be paid to the Company as agent for Newhall Intermediary and Holdco.

(ii) In the event that one or more of the Backstop Parties fails to fund any portion of its Backstop Commitment Amount, the Plan Proponent will first reoffer such Backstop Commitment Amount to the other Backstop Parties (pro rata based on their Backstop Commitment Percentages (after excluding the non-funding Party)) and may again thereafter offer any remaining Backstop Commitment Amount to such other Backstop Parties or to another person(s) as the Plan Proponent determines in its reasonable discretion.

(iii) At least two (2) Business Days prior to the Effective Date, each Backstop Party shall notify the Company in writing the allocation of each of its applicable Remaining Rights Offering Units to be issued between Newhall Intermediary and Holdco.

(iv) The closing of the purchase and sale of the Remaining Rights Offering Units, if any, will take place on the Effective Date.

(c) **Backstop Purchase.**

(i) **Notice.** No later than five (5) Business Days after the Subscription Expiration Date, the Plan Proponent will deliver notice to the Backstop Parties of: (A) each of the Backstop Parties' obligation to purchase the Remaining Rights Offering Units; and (B) the purchase price therefor equal to the applicable number of Remaining Rights Offering Units multiplied by the Exercise Price (the "Backstop Purchase Price").

(ii) **Delivery of Funds.** On the Effective Date, each of the Backstop Parties will deliver to an account (or accounts) designated by the Company (on behalf of Newhall Intermediary and Holdco) their applicable Backstop Purchase Price by wire transfer in immediately available funds to an account (or accounts) designated by the Company at least two (2) Business Days prior to the Effective Date. Notwithstanding the foregoing, the Backstop Parties may direct the Administrative Agent, if such direction is acceptable to the Administrative Agent in its sole discretion, to deliver each Backstop Parties' applicable repayment of the DIP Credit Agreement to the Company (on behalf of Newhall Intermediary and Holdco) in satisfaction of all (or a portion if less) of such Backstop Parties' Backstop Purchase Price and such Backstop Party will deliver any additional funds necessary to satisfy its full obligations hereunder to the Company (on behalf of Newhall Intermediary and Holdco) in the manner set forth in the immediately preceding sentence.

(d) **The Rights Offering Premium.** In consideration for the Backstop Parties having agreed to purchase their applicable Subscription Units and applicable Remaining Rights Offering Units, on the Effective Date the Backstop Parties will be entitled to an amount, the "Rights Offering Premium," which is equal in the aggregate to 5% of the Rights Offering Amount. The portion of the Rights Offering Premium to which each of the Backstop Parties is entitled is set forth on Schedule 1 opposite each of their names under the heading "Rights Offering Premium". The portion of the Rights Offering Premium to which a Backstop Party is entitled will reduce the amount such Backstop Party is required to pay in connection with its purchase of its applicable Subscription Units. For the avoidance of doubt, the Backstop Parties will be entitled to the Rights Offering Premium without regard to whether the Rights Offering is fully subscribed, and the Backstop Parties will also be entitled to the payment of the Rights Offering Premium in cash (without duplication) following the entry of an order by the Bankruptcy Court approving this Agreement upon or after a termination as set forth in Section 8.10(d). Notwithstanding the foregoing, in the event that any Backstop Party fails to purchase any of its applicable Subscription Units or applicable Remaining Rights Offering Units allocated to such Party, such Backstop Party will not be entitled to any portion of the Rights Offering Premium and such Backstop Party will be required to immediately pay any previously offset amounts to the Company and the Plan Proponent will have the right to offset any DIP Credit Agreement repayments payable to such Backstop Party or its Affiliates.

Section 3. Representations and Warranties of the Company, Newhall Intermediary and Holdco. The Company, Newhall Intermediary and Holdco will jointly and severally represent and warrant as of the Effective Date to the Backstop Parties as follows:

3.1 Organization. Each of the Company, Newhall Intermediary and Holdco is duly formed and validly existing under the laws of the State of Delaware.

3.2 Due Authorization, Execution and Delivery; Enforceability. Subject to the Approvals, each of the Company, Newhall Intermediary and Holdco has the requisite limited liability company power and authority to enter into, execute and deliver this Agreement and to perform its obligations hereunder, including the issuance of the Rights Offering Units by Newhall Intermediary and Holdco, and will take all necessary limited liability company action required for the due authorization, execution, delivery and performance by it of this Agreement, including the issuance of the Initially Issued Units. This Agreement will constitute, assuming the execution by the other Parties hereto, the legally valid and binding obligation of the Company, Newhall Intermediary and Holdco, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

3.3 Due Issuance and Authorization of Units. The Rights Offering Units issued and delivered to the Backstop Parties pursuant to the terms of this Agreement will be, upon issuance, duly authorized and validly issued and will be free from all taxes, liens, preemptive rights and charges with respect to the issue thereof.

3.4 No Conflicts. Except for the Approvals, the execution, delivery and performance of this Agreement by the Company, Newhall Intermediary and Holdco will not (a) conflict with or result in any breach of any provision of the Reorganized LandSource LLC Agreement, the Newhall Intermediary LLC Agreement or Holdco LLC Agreement as in effect on the Effective Date, (b) conflict with or result in the breach of the terms, conditions or provisions of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give rise to any right of termination, acceleration or cancellation under, any material agreement, lease, mortgage, license, indenture, instrument or other contract to which it is a party or (c) result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, federal and state securities laws and regulations) applicable to them or any of their Subsidiaries or by which any of their or their Subsidiaries' properties or assets are bound or affected as in effect on the Effective Date, except in the case of clauses (b) or (c) as would not, individually or in the aggregate, result in or reasonably be expected to result in a Material Adverse Effect.

3.5 No Registration. Assuming the accuracy of the representations and warranties and compliance with the covenants of the Backstop Parties set forth in this Agreement, no registration of the Rights Offering Units under the Securities Act is required for the purchase of the Rights Offering Units by the Backstop Parties in the manner contemplated by this Agreement.

Section 4. Representations and Warranties of The Backstop Parties. The Backstop Parties severally, but not jointly, represent and warrant to the Company, Newhall Intermediary, Holdco and the Plan Proponent as follows:

4.1 Organization. Each Backstop Party is duly formed, validly existing and in good standing under the laws of the jurisdiction of its formation.

4.2 Due Authorization. Each Backstop Party has the requisite power and authority to enter into, execute and deliver this Agreement, the Newhall Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable, and the Subscription Forms and to perform its obligations hereunder and thereunder and has taken all necessary action required for the due authorization, execution, delivery and performance by it of this Agreement, the Newhall Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable, and the Subscription Forms. Each Backstop Party is, and will be at the Effective Date, ready, willing and able to satisfy all of its obligations hereunder.

4.3 Due Execution; Enforceability. This Agreement has been duly and validly executed and delivered by each Backstop Party and, assuming the execution of the other parties hereto, will constitute its valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity). The Holdco LLC Agreement and the Newhall Intermediary LLC Agreement, as applicable, and the Subscription Forms will be duly and validly executed and delivered by each Backstop Party and, assuming the execution of the other parties hereto, will constitute its valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

4.4 Consents. Except for filings required under and in compliance with the HSR Act, none of the execution, delivery or performance of this Agreement, the Newhall Intermediary LLC Agreement and the Holdco LLC Agreement, as applicable, or the Subscription Forms by the Backstop Parties will require any consent of, authorization by, exemption from, filing with, or notice to any governmental entity.

4.5 No Conflicts. The execution, delivery and performance of this Agreement, the Newhall Intermediary LLC Agreement or the Holdco LLC Agreement, as applicable, or the Subscription Forms by the Backstop Parties will not (a) conflict with or result in any breach of any provision of its organizational documents, (b) conflict with or result in the breach of the terms, conditions or provisions of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give rise to any right of termination, acceleration or cancellation under, any material agreement, lease, mortgage, license, indenture, instrument or other contract to which it is a party or by which its properties or assets are bound, or (c) result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, federal and state securities laws and regulations) applicable to it or by which its properties or assets are bound or affected as in effect on the Effective Date, except in the case of clauses (b) and (c), as would not, individually or in the aggregate, result in or reasonably be expected to result in a Backstop Party Material Adverse Effect.

4.6 Legal Proceedings. There are no actions, suits or proceedings to which any Backstop Party is a party or to which any property of any Backstop Party is subject that, individually or in the aggregate, has materially prohibited, delayed or adversely impacted, or if determined adversely to such Backstop Party, would reasonably be expected to materially prohibit, delay or adversely impact the Backstop Parties' performance, of their obligations under this Agreement and no such actions, suits or proceedings are threatened or, to the knowledge of the Backstop Parties, contemplated and, to the knowledge of the Backstop Parties, no investigations are threatened by any governmental or regulatory authority or threatened by others that has or would reasonably be expected, individually or in the aggregate, to materially prohibit, delay or adversely impact the Backstop Parties' performance of their obligations under this Agreement.

4.7 No Registration Under the Securities Act. Each Backstop Party understands that the Rights Offering Units to be purchased by it pursuant to the terms of this Agreement have not been registered, and that neither the Plan Proponent, Holdco, Newhall Intermediary nor the Company will be required to effect any registration or qualification, under the Securities Act or any state securities law, and the Rights Offering Units will be issued in reliance upon exemptions contained in the Securities Act or interpretations thereof, in the applicable state securities laws and under the Bankruptcy Code. The Rights Offering Units cannot be offered for sale, sold or otherwise transferred except pursuant to a registration statement or in a transaction exempt from or not subject to registration under the Securities Act.

4.8 Accredited Backstop Party. Each Backstop Party is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act.

4.9 Additional Information. Each Backstop Party acknowledges that (a) it has been afforded the opportunity to ask questions and receive answers concerning Holdco, Newhall Intermediary, the Company and their Subsidiaries and to obtain additional information that it has requested to verify the accuracy of the information contained herein and as otherwise considered necessary in connection with the purchase of the Rights Offering Units, (b) it has received copies of all documents and any other information requested from Holdco, Newhall Intermediary and the Company, or has elected to waive such opportunity, and (c) it has been furnished with such financial and other information concerning Holdco, Newhall Intermediary, the Company, their Subsidiaries, their management and their business and proposed business as the Backstop Party considers necessary or appropriate for deciding whether to purchase the Rights Offering Units.

4.10 Arm's Length. Each Backstop Party understands that the Plan Proponent, Holdco, Newhall Intermediary and the Company are acting solely in the capacity of an arm's length contractual counterparty to such Backstop Party with respect to the transactions contemplated hereby. Additionally, such Backstop Party is not relying on Holdco, Newhall Intermediary, the Company, the Debtors, the Plan Proponent or any of their legal, financial, accounting or other advisors for any legal, tax, investment, accounting or regulatory advice.

4.11 No Broker's Fees. To the best of its knowledge, no Backstop Party is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a claim against the Plan Proponent, Holdco, Newhall Intermediary, the

Company or the Debtors for a brokerage commission, finder's fee or like payment in connection with the transactions contemplated hereby.

4.12 Subscription Form. Each Backstop Party hereby makes all of the representations, warranties, covenants and agreements set forth in each of their applicable Subscription Form as if fully set forth herein with respect to the Remaining Rights Offering Units purchased pursuant to this Agreement.

Section 5. Additional Covenants. Holdco, Newhall Intermediary, the Company (upon execution by Holdco, Newhall Intermediary and the Company) and each Backstop Party hereby agree to the following:

5.1 Uncertificated Units. The Parties agree that the New Units will not be certificated.

5.2 Further Assurances. From time to time after the date of this Agreement, the Parties will execute, acknowledge and deliver to the other Party such other instruments, documents, and certificates and will take such other actions as the other Party may reasonably request in order to consummate the transactions contemplated by this Agreement.

5.3 Commercially Reasonable Efforts

(a) Holdco, Newhall Intermediary and the Company will use commercially reasonable efforts to cause the conditions set forth in Section 6 to be satisfied and to consummate the transactions contemplated herein.

(b) The Backstop Parties will use commercially reasonable efforts to cause the conditions set forth in Section 7 to be satisfied and to consummate the transactions contemplated herein.

5.4 HSR. If necessary, Holdco, Newhall Intermediary, the Company and the Backstop Parties will (a) make or cause to be made all filings required of each of them or any of their respective Subsidiaries or Affiliates under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with respect to the transactions contemplated hereby as promptly as practicable and, in any event, by the 20th day after the date hereof, in the case of all filings required under the HSR Act, (b) comply at the earliest practicable date with any request under the HSR Act for additional information, documents or other materials received by the Backstop Parties or their respective Subsidiaries from the Federal Trade Commission (the "FTC"), the Antitrust Division of the United States Department of Justice (the "Antitrust Division") or any other governmental body in respect of such filings or such transactions and (c) cooperate with each other in connection with any such filing (including, without limitation, to the extent permitted by applicable law, providing copies of all such documents to the non-filing Parties prior to filing and considering all reasonable additions, deletions or changes suggested in connection therewith) and in connection with resolving any investigation or other inquiry of any of the FTC, the Antitrust Division or other governmental body with respect to any such filing or any such transaction. Any and all filing fees required to be paid by Holdco, Newhall Intermediary, the Company and the Backstop Parties under the HSR Act in connection with such

filings will be borne by the Company. Each such Party will use commercially reasonable efforts to furnish to each other all information required for any application or other filing to be made pursuant to any applicable law in connection with the transactions contemplated by this Agreement. Each such Party will promptly inform the other Party of any oral communication with, and provide copies of written communications with, any governmental body regarding any such filings or any such transaction. No Party hereto will independently participate in any formal meeting with any governmental body in respect of any such filings, investigation or other inquiry without giving the other Party prior notice of the meeting and, to the extent permitted by such governmental body, the opportunity to attend and/or participate. Subject to applicable law, the Parties will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party relating to proceedings under the HSR. Holdco, Newhall Intermediary, the Company and the Backstop Parties may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this Section as "outside counsel only." Such materials and the information contained therein will be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers or directors of the recipient, unless express written permission is obtained in advance from the source of the materials (Holdco, Newhall Intermediary, the Company and the Backstop Parties, as the case may be).

Section 6. Conditions to Backstop Parties' Obligations. The obligation of each Backstop Party, severally, to fund the Total Commitment Amounts will be subject to the satisfaction (or waiver by each Backstop Party in its sole reasonable discretion) of each of the following conditions on the Effective Date:

(a) **Confirmation Order.** The Final Order or Orders of the Bankruptcy Court, among other things, confirming the Plan pursuant to section 1129 of the Bankruptcy Code (the "Confirmation Order") that is reasonably acceptable to the Backstop Parties will have been entered by the Bankruptcy Court, and no order staying the Confirmation Order will be in effect;

(b) **HSR Act.** The waiting period (and any extension thereof) applicable to the Plan and the purchase of the Rights Offering Units, if any, under the HSR Act will have been terminated or will have expired;

(c) **Expense Reimbursement.** The Debtors will have paid all Expense Reimbursements on the Effective Date; *provided* that in the event the Company in good faith disputes whether the amount of such Expense Reimbursements is "reasonable," the Debtors will separate the disputed amount and pay the remainder pursuant to the terms hereof;

(d) **Required Consents.** All of the Approvals will have been obtained;

(e) **Rights Offering.** The Rights Offering will have been consummated pursuant to and in accordance with the Plan, *provided* that this clause will not be a condition to the obligations of the Backstop Parties to purchase Subscription Units as set forth in Section 2.1(b) pursuant to the Subscription Form;

(f) **Backstop Funding.** The Backstop Parties (or additional parties as provided for herein) will have funded the aggregate Total Commitments on substantially similar terms as set forth herein, *provided* that this clause will not be a condition to the obligations of any Backstop Party that has failed to fund any of its applicable Total Commitment;

(g) **Holdco, Newhall Intermediary and Company Execution.** Each of the Company, Newhall Intermediary and Holdco will have executed this Agreement; and

(h) **Other Conditions.** (i) Each of Holdco, Newhall Intermediary and the Company will have performed, in all material respects, their respective obligations hereunder required to be performed by it at or prior to the Effective Date, (ii) the representations and warranties of Holdco, Newhall Intermediary and the Company in this Agreement that are qualified as to materiality or Material Adverse Effect will be true and correct in all respects, and the representations and warranties that are not qualified as to materiality or Material Adverse Effect will be true and correct in all material respects, in each case, at and as of the Effective Date as if made at and as of Effective Date (other than those representations and warranties that address matters only as of a particular earlier date, which need only be true and correct or true and correct in all material respects (as the case may be) as of such earlier date) and (iii) all conditions precedent to the Effective Date set forth in the Plan shall have been satisfied and not waived (except for the obligations set forth herein).

Section 7. Conditions to Company's, Newhall Intermediary's and Holdco's Obligations. The obligations of Holdco, Newhall Intermediary and the Company hereunder are subject to the satisfaction (or the waiver by the Plan Proponent in its sole reasonable discretion) of the following conditions as of the Effective Date:

(a) **Required Consents.** All of the Approvals and all of the approvals necessary for the consummation of the transactions contemplated by this Agreement will have been obtained;

(b) **Rights Offering.** The Rights Offering will have been consummated pursuant to the Plan;

(c) **Plan Confirmation.** The Confirmation Order that is reasonably acceptable to the Plan Proponent and the Company will have been entered by the Bankruptcy Court, and no order staying the Confirmation Order will be in effect;

(d) **HSR Act.** The waiting period (and any extension thereof) applicable to the Plan and the purchase of the Rights Offering Units, if any, under the HSR Act will have been terminated or will have expired;

(e) **Holdco and Newhall Intermediary LLC Agreements.** Each of the Backstop Parties will have delivered a joinder to the Holdco LLC Agreement and Newhall Intermediary LLC Agreement (as applicable); and

(f) **Other Conditions.** (i) Each Backstop Party will have performed, in all material respects, its obligations hereunder required to be performed by it at or prior to the Effective Date, (ii) the representations and warranties of each Backstop Party in this Agreement that are qualified as to materiality or Backstop Party Material Adverse Effect will be true and correct in

all respects, and the representations and warranties that are not qualified as to materiality or Backstop Party Material Adverse Effect will be true and correct in all material respects, in each case, at and as of the Effective Date as if made at and as of Effective Date (other than those representations and warranties that address matters only as of a particular earlier date, which need only be true and correct or true and correct in all material respects (as the case may be) as of such earlier date) and (iii) and (iii) all conditions precedent to the Effective Date set forth in the Plan shall have been satisfied and not waived (except for the obligations set forth herein).

Section 8. Miscellaneous

8.1 Notices. Any notice or other communication required or which may be given pursuant to this Agreement will be in writing and either delivered personally to the addressee, telecopied to the addressee or mailed, certified or registered mail, postage prepaid, and will be deemed given when so delivered personally or telecopied or, if mailed, five (5) days after the date of mailing, as follows:

- (a) if to a Backstop Party, to the address specified on Schedule 1 hereto.

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attention: Mark C. Smith
Sean C. Doyle
Facsimile No.: 917-777-3330

- (b) if to the Company, Newhall Intermediary or Holdco, to:

c/o LandSource Communities Development LLC
23823 Valencia Boulevard
Valencia, California 91355
Attention: Board of Directors
Facsimile: 212-790-0336

with a copy to:

Weil, Gotshal & Manges, LLP
767 Fifth Avenue
New York, New York 10153
Attention: Debra A. Dandeneau
Facsimile: 212-310-8007
(counsel to the Company)

- (c) if to the Plan Proponent, to:

Barclays Capital PLC
200 Park Avenue
New York, New York 10166
Attention: Mark Manski
Facsimile: 212-412-7371

with a copy to:

Greenberg Traurig, LLP
200 Park Avenue
New York, New York 10166
Attention: Bruce R. Zirinsky
Nathan A. Haynes
Facsimile: 212-801-6400
(counsel to the Plan Proponent)

and

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attention: Mark C. Smith
Sean C. Doyle
Facsimile: 917-777-3330

8.2 Survival of Representations and Warranties, etc. All representations and warranties made in this Agreement, the Schedules attached hereto will survive the execution and delivery of this Agreement.

8.3 Assignment.

(a) This Agreement will be binding upon and inure to the benefit of each and all of the Parties, and, except as set forth below, neither this Agreement nor any of the rights, interests or obligations hereunder may or will be assigned by any of the Parties without the prior written consent of the other Parties except as otherwise set forth in this Section 8.3. This Agreement, or any Backstop Party's obligations hereunder, may be assigned, delegated or transferred, in whole or in part, by such Backstop Party to any Affiliate of such Backstop Party over which such Backstop Party or any of its Affiliates exercises investment authority (including Affiliated investment funds), including, without limitation, with respect to voting and dispositive rights; *provided* that any such assignee assumes the obligations of such Backstop Party hereunder (including making all representations and warranties set forth herein by such Backstop Party as if an original party hereto) and agrees in writing to be bound by the terms of this Agreement in the same manner as such Backstop Party. Notwithstanding the foregoing, no such assignment will relieve such Backstop Party of its obligations hereunder.

(b) Notwithstanding the foregoing, (i) the Plan Proponent, subject to the Confirmation Order, will cause the Company, Newhall Intermediary and Holdco to execute this

Agreement and until such time the Plan Proponent may enforce all of the rights and obligations against the Backstop Parties hereunder and (ii) upon agreement of the Parties (not to be unreasonably withheld), Newhall Intermediary's and Holdco's obligation to issue the Units hereunder may be assigned (in whole or in part) to the Company or to another newly formed holding company which will own 100% of the equity interest of the Company on the Effective Date (subject to any equity of Holdco, Newhall Intermediary or the Company issued to Lennar Corporation (or its Affiliates), Management Co. or Emile Haddad). The Plan Proponent will have no liability hereunder prior to or after execution by Holdco, Newhall Intermediary or the Company of this Agreement.

8.4 Entire Agreement. This Agreement and the Plan contain the entire agreement by and among Holdco, Newhall Intermediary, the Company, the Plan Proponent and the Backstop Parties with respect to the transactions contemplated by this Agreement and supersede all prior agreements and representations, written or oral, with respect thereto.

8.5 Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by the Plan Proponent and the Backstop Parties, and following their execution, the Company, Newhall Intermediary and Holdco. No delay on the part of any Party in exercising any right, power or privilege pursuant to this Agreement will operate as a waiver thereof, nor will any waiver on the part of any Party of any right, power or privilege pursuant to this Agreement, nor will any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any Party otherwise may have at law or in equity.

8.6 Governing Law; Jurisdiction; Venue; Process. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE. EACH PARTY HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT, FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

If a court finds that subject matter jurisdiction is not available in the Bankruptcy Court, the Parties hereby agree to submit any and all disputes arising out of this Agreement to the jurisdiction and venue of the U.S. District Court for the Southern District of New York or if such court will not have jurisdiction, then to the appropriate courts of the State of New York sitting in New York County.

8.7 Counterparts. This Agreement may be executed and delivered (including by facsimile or portable document format (PDF) transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed will be deemed to be an original, but all of which taken together will constitute one and the same.

8.8 Headings. The headings in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

8.9 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein will not be in any way impaired thereby, it being intended that all of the rights and privileges of the Parties will be enforceable to the fullest extent permitted by law.

8.10 Termination

(a) Termination by the Backstop Parties.

(i) The Backstop Parties, by consent of a majority of such Parties, will have the right, but not the obligation, to terminate this Agreement by notice to the Plan Proponent and the Company: (1) if the Company, Newhall Intermediary or Holdco materially breaches this Agreement, and such breach is not cured after a notice period of five (5) Business Days (which may be extended by the Backstop Parties by majority consent) during which the Company, Newhall Intermediary and Holdco may negotiate in good faith regarding any such cure or (2) if the conditions set forth in Section 6 have not been satisfied (or waived) by July 31, 2009 (the "Expiration Date").

(ii) A Backstop Party may terminate its individual Total Commitment Amount by written notice given within five (5) Business Days to the Plan Proponent following a cancellation (if applicable) or a material amendment, modification or waiver of: (1) the Plan (in the form filed on June 2, 2009), (2) any material condition or term of the Plan (in the form filed on June 2, 2009), including (x) the allocation of Units among the Holders of First Lien Claims, Second Lien Claims, Allowed Unsecured Claims and Rights Offering Participants and (y) any cash distribution to creditors under the Plan or (3) any form agreement (or material term or condition thereof) attached as an Exhibit to the Plan (in the form filed on June 2, 2009), the Holdco LLC Agreement or Newhall Intermediary LLC Agreement, by the Plan Proponent in accordance with the Plan (in the form filed on June 2, 2009) which in case of clauses (1), (2) or (3) is not reasonably acceptable to such Backstop Party.

(b) Termination by the Plan Proponent. The Plan Proponent will have the right, but not the obligation, to terminate this Agreement by notice to the Backstop Parties: (1) if any Backstop Party materially breaches this Agreement, and such breach is not cured after a notice period of five (5) Business Days (which may be extended by the Plan Proponent) during which the breaching Backstop Parties may negotiate in good faith regarding any such cure or (2) if the conditions set forth in Section 7 have not been satisfied (or waived) by the Expiration Date. In the event that any, but not all Backstop Parties materially breach this Agreement, and such

breach is not cured after a notice period of five (5) Business Days (which may be extended by the Plan Proponent), the Plan Proponent may terminate this Agreement with respect to such Backstop Party only and this Agreement will continue to remain in effect with respect to all other Parties.

(c) **Termination due to an Alternative Transaction.** This Agreement will automatically terminate upon consummation of an Alternative Transaction.

(d) **Effect of Termination.** In the event of termination of this Agreement as provided above, the provisions of this Agreement will immediately become void and of no further force and effect (other than this Article 8 (except Section 8.2) and Section 2.1(b)); provided that no Party will be released for any intentional breach existing prior to the termination. Following the entry of an order approving the terms of this Agreement by the Bankruptcy Court has been entered and notwithstanding anything herein to the contrary, the Rights Offering Premium will only be paid following a termination of this Agreement as follows (without duplication): (1) upon a consummation of an Alternative Transaction immediately prior to the termination of this Agreement, (2) upon a consummation of an Alternative Transaction within 180 days after a termination of this Agreement and if none of the Backstop Parties are in breach of their representations, warranties and agreements hereunder at the time of termination of this Agreement or (3) (A) if all of the Backstop Parties are ready, willing and able to consummate the transactions contemplated hereby on or prior to the termination of this Agreement, (B) none of the Backstop Parties are in breach of their representations, warranties and agreements hereunder and (C) a Termination Payment Event has occurred (which in the case of this clause (3), the Backstop Premium will be paid within five (5) Business Days following such termination).

8.11 Conflict with Confirmation Order and Plan.

(a) **Conflict with the Confirmation Order.** In the event there is a conflict between the terms of this Agreement and the terms of the Confirmation Order, the terms of the Confirmation Order will control and such Confirmation Order will control over the Plan.

(b) **Conflict with the Plan.** In the event there is a conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control.

8.12 No Third Party Beneficiaries. This Agreement will not confer any rights or remedies upon any other person or entity other than the Parties and their respective successors and permitted assigns; provided that upon execution of this Agreement by the Company, Newhall Intermediary and Holdco, all of the rights of the Plan Proponent hereunder will inure to the Company, Newhall Intermediary and Holdco.

8.13 Adjustments. Each of the Parties acknowledges and agrees that pursuant to the Plan, (i) Units may be issued pursuant to the Plan or the Rights Offering to Holders of Allowed Second Lien Claims and Allowed Unsecured Claims and following final determination thereof in accordance with the Plan, the remaining amounts and percentages on Schedule 1 shall be inserted and (ii) the Plan Proponent may adjust the Rights Offering Amount and upon any such issuance or adjustment set forth in clauses (i) or (ii), the amounts set forth on Schedule 1 will be

adjusted proportionately by the Parties and Schedule 1 will be updated accordingly; provided, however, that no adjustment pursuant to this Section 8.13 will have any impact on the Backstop Parties rights to the Rights Offering Premium.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

Barclays Bank PLC,
in its capacity as Plan Proponent

By: _____
Name:
Title:

Anchorage Capital Master Offshore, Ltd.

By: Anchorage Advisors, L.L.C., its
investment manager

By: _____
Name:
Title:

**Marathon Special Opportunity Master Fund,
Ltd.**

By: Marathon Asset Management, LP, its
investment manager

By: _____
Name:
Title:

OZ Master Fund, Ltd.

By: OZ Management, LP, its investment
manager
By: Och-Ziff Holding Corp., its general
partner

By: _____
Name:
Title:

[Signature Continued]

**Third Avenue Real Estate Value Fund
Third Avenue Opportunity Management LLC**

By: Third Avenue Management LLC, their
investment manager

By: _____
Name:
Title:

TPG Credit Opportunities Fund, L.P.

By: TPG Credit Opportunities Fund GP,
L.P.
Its: General Partner

By: Julie K. Braun
Vice President

TPG Credit Opportunities Investors, L.P.

By: TPG Credit Opportunities Fund GP,
L.P.
Its: General Partner

By: Julie K. Braun
Vice President

TPG Credit Strategies Fund, L.P.

By: TPG Credit Strategies GP, L.P.
Its: General Partner

By: Julie K. Braun
Vice President

[Signature Continued]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of _____
2009.

LandSource Communities Development LLC

By: _____
Name:
Title:

Newhall Holding Company, LLC

By: _____
Name:
Title:

Newhall Intermediary Holding Company, LLC

By: _____
Name:
Title:

* * * *

Schedule 1²

Backstop Party	Subscription Amounts	Backstop Commitment Amounts	Backstop Commitment Percentages	Total Commitment Amounts	Rights Offering Premium
Anchorage Capital Master Offshore, Ltd. 610 Broadway, 6 th Floor New York, NY 10012	\$	\$	%	\$50,000,000	\$2,500,000.00
Marathon Special Opportunity Master Fund, Ltd. One Bryant Park, 38 th Floor New York, NY 10036	\$	\$	%	\$22,500,000	\$1,125,000.00
OZ Master Fund, Ltd. 9 West 57 th Street, 39 th Floor New York, NY 10019-2701	\$	\$	%	\$20,000,000	\$1,000,000.00
Third Avenue Real Estate Value Fund Third Avenue Opportunity Management LLC 622 Third Avenue, 32 nd Floor New York, NY 10017-6715	\$	\$	%	\$27,500,000	\$1,375,000.00
TPG Credit Strategies Fund, L.P., TPG Credit Opportunities Investors, L.P. and TPG Credit Opportunities Fund, L.P. 4600 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402	\$	\$	%	\$20,000,000	\$1,000,000.00
Total	\$	\$	100%	\$140,000,000.00	\$7,000,000.00

² The Parties acknowledge that the final funding for, and issuance of, Units by and to each Backstop Party may be allocated to their applicable Affiliated investment funds in accordance with the terms of this Agreement.

Exhibit A

Subscription Form

See attached.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
LANDSOURCE COMMUNITIES	:	Case No. 08-11111 (KJC)
DEVELOPMENT LLC, <i>et al.</i> ,	:	(Jointly Administered)
Debtors. ¹	:	

INSTRUCTIONS TO SUBSCRIPTION FORM FOR ELIGIBLE HOLDERS OF FIRST LIEN
CLAIMS FOR RIGHTS OFFERING IN CONNECTION
WITH THE JOINT CHAPTER 11 PLANS FOR LANDSOURCE COMMUNITIES
DEVELOPMENT LLC AND ITS AFFILIATED DEBTORS, PROPOSED BY
BARCLAYS BANK PLC, AS ADMINISTRATIVE AGENT
FOR THE FIRST LIEN PREPETITION AND POSTPETITION CREDIT AGREEMENTS

THE RIGHTS OFFERING EXPIRATION DATE IS
5:00 P.M. (PREVAILING PACIFIC TIME) ON JULY 6, 2009.

The Disclosure Statement (the "Disclosure Statement") has been prepared and filed pursuant to section 1125 of chapter 11, title 11 of the United States Code (the "Bankruptcy Code") on behalf of Barclays Bank PLC ("Barclays," the "Administrative Agent" or the "Proponent") and describes the terms and provisions of the Second Amended Joint Chapter 11 Plans for LandSource Communities Development LLC (the "Company") and its Affiliated Debtors proposed by Barclays Bank PLC, as Proponent and Administrative Agent, filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on May 19, 2009 (as amended, the "Plan"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

Pursuant to the Plan, eligible Holders of certain Claims, including but not limited to First Lien Claims, are entitled to participate in the Rights Offering for up to each Holder's Primary Allocable First Lien Units (in the case of Holders of First Lien Claims), Primary Allocable Second Lien Units (in the case of Holders of Second Lien Claims) or Primary Allocable Unsecured Claim Units (in the case of Holders of Allowed Unsecured Claims), on the terms and subject to the conditions of Article VIII.D of the Plan (each such Holder, a "Rights Offering Participant"). See the Plan, the Disclosure Statement, the Plan Supplement and the documents referenced therein for a complete description of the Rights Offering (the "Rights Offering Documents"). Part I of the Plan Supplement will be filed with the Bankruptcy Court on June 12, 2009 ("Plan Supplement Mailing Date"), which will include the Holdco LLC Agreement, Reorganized LandSource LLC Agreement and Newhall Intermediary LLC Agreement. Copies of the Rights Offering Documents, Holdco LLC Agreement, Reorganized LandSource LLC Agreement and Newhall Intermediary LLC Agreement may be obtained as follows:

The Debtors are as follows: California Land Company; Friendswood Development Company LLC; Kings Wood Development Company, L.C.; LandSource Communities; LandSource Communities Development Sub LLC; LandSource Holding Company, LLC; Lennar Bressi Ranch Venture, LLC; Lennar Land Partners II; Lennar Mare Island, LLC; Lennar Moorpark, LLC; Lennar Stevenson Holdings, L.L.C.; LNR-Lennar Washington Square, LLC; LSC Associates, LLC; NWHL GP LLC; The Newhall Land and Farming Company (A California Limited Partnership); The Newhall Land and Farming Company; Southwest Communities Development LLC; Stevenson Ranch Venture LLC; Tournament Players Club at Valencia, LLC; Valencia Corporation; and Valencia Realty Company.

LandSource Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245
<http://www.kccllc.net/landsource>
866-381-9100

You have received the attached Subscription Form because you are the holder of record as of the Voting Record Date of First Lien Claims. Please utilize the attached Subscription Form to execute your election. In order to elect to participate in the Rights Offering, you must complete and return to the Subscription Agent by the Subscription Expiration Date: (i) the attached Subscription Form; (ii) the other documents referenced herein; and (iii) the payment of your Subscription Purchase Price (as identified in Item 2c below) by wire transfer or bank or cashier's check (collectively, the "Rights Offering Deliveries"). Your election to participate in the Rights Offering is irrevocable.

Your subscription will be processed by the Subscription Agent in accordance with the established procedures, including but not limited to those set forth below. Your payment of your Subscription Purchase Price will be deposited and held in one or more trust accounts, escrow accounts, treasury accounts, or similar segregated accounts (the "Subscription Accounts"). The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offering until the Effective Date or such other date, at the option of the Proponent, as set forth in Article VIII.D.7 of the Plan. The Subscription Agent will not use such funds for any other purpose prior to such date and will not encumber or permit such funds to be encumbered with any claims, liens, encumbrances or other liabilities.

Except as otherwise set forth herein, the Subscription Rights may not be sold, transferred, or assigned in connection with a sale, transfer, or assignment of the underlying First Lien Claim or otherwise.

No interest will be paid to entities exercising Subscription Rights on account of amounts paid in connection with such exercise; *provided*, that the Subscription Agent will return any payments made pursuant to the Rights Offering, and any interest accrued thereon from the Subscription Expiration Date: (a) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Units, as a result of a reduction to the Rights Offering Amount or otherwise, the Subscription Agent will return such ratable portion, and any ratable interest accrued thereon from the Subscription Expiration Date, to the applicable Rights Offering Participant within ten (10) Business Days of a determination that such funds will not be used; and (b) if the Rights Offering is cancelled or otherwise has not been consummated by the Effective Date or such other later date, at the option of the Proponent, as set forth in Article VIII.D.7 of the Plan, the Subscription Agent will return any payments made pursuant to the Rights Offering, and any interest accrued thereon from the Subscription Expiration Date, to the applicable Rights Offering Participant within ten (10) Business Days thereafter.

Article VIII.D of the Plan is hereby incorporated by reference as if fully set forth herein.

The Proponent will use commercially reasonable efforts to give notice to any Holder of Subscription Rights regarding any defect or irregularity in connection with any purported exercise of Subscription Rights by such Holder and may permit such defect or irregularity to be cured within such time as they may determine in good faith to be appropriate; *provided, however*, that neither the Debtors nor the Proponent nor the Subscription Agent have any obligation to provide such notice, nor will they incur any liability for failure to give such notification. Notwithstanding anything to the contrary contained herein, the Proponent reserves the right to modify the Rights Offering in order to comply with applicable law, including, without limitation, modifying the Entities otherwise eligible to be Rights Offering Participants and/or the number of Rights Offering Units available to any Rights Offering Participant. The Proponent further reserves the right, upon the occurrence of a Cancellation Event, to solicit the consent of any or all of the Rights Offering Participants to direct that the Subscription Purchase Price then held by, or to be delivered to, the Subscription Agent be utilized to purchase equity interests in a new entity (or entities) formed to own and operate the business of the Debtors in connection with a sale of all or substantially all of

the assets or equity of the Debtors acquired pursuant to and in accordance with an alternative transaction proposed by Proponent pursuant to the Bankruptcy Code.

Please review the Rights Offering Documents for further information. Copies of such documents may be accessed at:

LandSource Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245
<http://www.kcccllc.net/landsource>
866-381-9100

Questions. If you have any questions about this Subscription Form or the subscription procedures described herein, please contact the Subscription Agent at 866-381-9100 (toll free).

If the Rights Offering Deliveries are not received by the Subscription Agent by the Subscription Expiration Date, your Subscription Rights will terminate and be cancelled in full.

To subscribe for the Rights Offering Units pursuant to the Rights Offering:

1. **Review** the amount of your First Lien Claim set forth below in Item 1.
2. **Review** your maximum number of Primary Allocable First Lien Units in Items 2a and 2b.
Complete Item 2b by indicating the whole number of Rights Offering Units for which you wish to subscribe and complete Item 2c by indicating the Subscription Purchase Price.
Complete Item 2d by checking the box if you wish to have some or all of your Rights Offering Units issued as Newhall Intermediary Units rather than Holdco Class A Units and indicate the percentage of such allocation between Newhall Intermediary Units and Holdco Class A Units.
3. **Read and Complete** the certification, representations, warranties and covenants in Item 3.
4. **Return the Subscription Form** to the Subscription Agent on or before 5:00 p.m. (prevailing Pacific Time) on the Subscription Expiration Date.
5. **Pay the Subscription Purchase Price** to the Subscription Agent so that it is actually received on or before 5:00 p.m. (prevailing Pacific Time) on the Subscription Expiration Date. Please place your claim identification number on either your bank or cashier's check or in the comments fields available on your wire transfer. Failure to place your claim identification number on either forms of payment may hinder the Subscription Agent from indentifying your payment, thereby causing a defect in your election to subscribe to the Rights Offering. Further information is set forth in Item 4.
6. **Return your W-8 or W-9, as applicable** to the Subscription Agent on or before 5:00 p.m. (prevailing Pacific Time) on the Subscription Expiration Date. Further information is set forth in Item 5.
7. **Return your Accredited Investor Certification** to the Subscription Agent on or before 5:00 p.m. (prevailing Pacific Time) on the Subscription Expiration Date. Further information is set forth in Item 6.

Participation in this Rights Offering is voluntary, and is limited to those Holders of certain eligible Claims who are "accredited investors" as such term is defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

**SUBSCRIPTION FORM FOR RIGHTS OFFERING
IN CONNECTION WITH THE PROPOSED SECOND AMENDED JOINT
PLANS OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

RIGHTS OFFERING EXPIRATION DATE

The Rights Offering Expiration Date is 5:00 p.m. (prevailing Pacific Time)
on July 6, 2009, unless extended by the Proponent in accordance with the Plan.

Please consult the Rights Offering Documents for additional
information with respect to this Subscription Form.

Item 1. Amount of First Lien Claims. I certify that, as of the Voting Record Date, I held First Lien Claims in the following principal amount (upon stated maturity) set forth in the box below (the "Holder's First Lien Claim Amount") or that I am the authorized signatory of that beneficial owner. For purposes of this Subscription Form, do not adjust the principal amount for any accrued or unmatured interest or any accretion factor. The Subscription Agent has taken this into account in its calculation of your Primary Allocable First Lien Units.

The Holders of certain Claims, including but not limited to First Lien Claims, that are "accredited investors" as such term is defined in Regulation D promulgated under the Securities Act are entitled to participate in the Rights Offering for up to each Holder's Primary Allocable First Lien Units (in the case of Holders of First Lien Claims), Primary Allocable Second Lien Units (in the case of Holders of Second Lien Claims) or Primary Allocable Unsecured Claim Units (in the case of Holders of Allowed Unsecured Claims). To subscribe, fill out Items 2b, 2c and 2d below and read and complete Items 3, 5 and 6 below, and make the payment outlined in Item 4 below.

§

Item 2.

2a. Maximum Number of Primary Allocable First Lien Units. The maximum amount of your Primary Allocable First Lien Units is _____.

2b. Primary Allocable First Lien Units Subscription Amount. By filling in the following blanks, you are irrevocably agreeing to purchase the number of Rights Offering Units specified below (specify a whole number of units not greater than the maximum amount of your Primary Allocable First Lien Units shown in Item 2a. above), at a price of \$ __.00 per unit, on the terms of and subject to the conditions set forth in the Plan.

(Indicate Number of Primary
Allocable First Lien Units You Elect
to Purchase)

multiplied by
\$ __.00 per unit

§ _____
(Primary Allocable First Lien Units
Subscription Purchase Price)

2c. Total Subscription Purchase Price:

\$ _____ (Primary Allocable First Lien Units Subscription Purchase Price)	=	Subscription Purchase Price: \$ _____
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In order for you to exercise your Subscription Rights, you must deliver the Rights Offering Deliveries on or before 5:00 p.m. (prevailing Pacific Time) on the Subscription Expiration Date to the Subscription Agent.

2d. Newhall Intermediary Unit Election. By checking the box below, you elect to receive at least a portion of your Rights Offering Units as Newhall Intermediary Units rather than Holdco Class A Units in exchange for your Subscription Purchase Price. Please note that, pursuant to the Plan, this election also entitles you to receive a number of Holdco Class B Units equal to your Newhall Intermediary Units and, therefore, binds you to the terms of both the Newhall Intermediary LLC Agreement and the Holdco LLC Agreement. The Class B Units of Holdco are non-economic interests and will be extinguished upon a conversion of your Newhall Intermediary Units into Holdco Class A Units, in accordance with the terms of both the Holdco LLC Agreements and the Newhall Intermediary LLC Agreement.

Election to receive at least a portion of your Rights Offering Units as Newhall Intermediary Units. If this box is checked, you must also fill out the percentages in the boxes immediately below so that they aggregate 100%.

Percent of Rights Offering Units to be issued as Holdco Class A Units ___%	Percent of Rights Offering Units to be issued as Newhall Intermediary Units ___%
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2e. Final Allocation. Notwithstanding anything herein or in the Rights Offering Documents to the contrary, your final allocation of Rights Offering Units shall be finally determined by the Proponent in accordance with the Plan and any funds held in the Subscription Accounts pursuant to the Plan and not utilized pursuant to the Rights Offering, whether due to a reduction in the Rights Offering Amount or otherwise, shall be returned to the Holder.

Item 3. Subscription Certifications, Representations, Warranties and Agreements.

By returning the Subscription Form:

1. I certify that (a) I am the Holder, or the authorized signatory of a Holder of the First Lien Claims identified in Item 1 as of the Voting Record Date; (b) I agree, or such Holder agrees, to be bound by all the terms and conditions described in the Instructions and as set forth in this Subscription Form; (c) I have, or such Holder has, received a copy of the Rights Offering Documents and all related documents and agreements and understand that the exercise of Subscription Rights pursuant to the Rights Offering is subject to all the terms and conditions set forth in such documents; and (d) I acknowledge, or such Holder acknowledges, that the Debtors, the Proponent, the Backstop Parties and their respective affiliates and each of their (and their affiliates') respective officers, directors, equityholders, employees, members, managers, agents, attorneys, representatives, and advisors shall have no liability to any other party in interest arising from, or related to such parties' participation in, the transactions contemplated by the Rights Offering and hereby are exculpated from any and all claims, obligations, suits, judgments, damages, rights, liabilities, or causes of action as set forth in Article X of the Plan.
2. The Holder represents and warrants that (i) to the extent applicable, it is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation; and (ii) it has the requisite power and authority to enter into, execute and deliver this Subscription Form and to perform its obligations hereunder and has taken all necessary action required for due authorization, execution, delivery and performance hereunder.
3. The Holder acknowledges and understands that this Subscription Form shall not be binding on Newhall Holding Company, LLC ("Holdco") or Newhall Intermediary Holding Company, LLC ("Newhall Intermediary"), if applicable, until the terms and conditions set forth in the Plan are satisfied and Holdco or Newhall Intermediary, if applicable, executes a counterpart hereof. The Rights Offering Units issued to the Holder shall be the number set forth on Holdco's or Newhall Intermediary's, if applicable, acknowledgement signature page below. The Rights Offering Units shall not be certificated.
4. The Holder agrees that this Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).
5. The Holder hereby understands, represents, warrants, covenants and agrees as follows:
 - (a) The Holder is an accredited investor, as defined in Regulation D promulgated under the Securities Act, as established by the Holder's responses to the Accredited Investor Certification attached to this Agreement in Item 6.
 - (b) The Rights Offering Units are being acquired by the Holder for the account of the Holder for investment purposes only, within the meaning of the Securities Act, and not with a view to the distribution thereof other than as permitted by the Holdco LLC Agreement or the Newhall Intermediary LLC Agreement, if applicable, and in compliance with applicable securities laws. No one other than the Holder has any right to acquire the Rights Offering Units.
 - (c) The Holder's financial condition is such that the Holder has no need for any liquidity in its investment in Holdco or Newhall Intermediary, if applicable, and is able to bear the

risk of holding the Rights Offering Units for an indefinite period of time and the risk of loss of its entire investment in Holdco or Newhall Intermediary, if applicable. The Holder (i) is a financial institution or other organization and its representatives are capable of evaluating the merits and risks of acquiring the Rights Offering Units, or (ii) has knowledge and experience (or the Holder has utilized the services of a representative and together they have knowledge and experience) in financial and business matters to be capable of evaluating the merits and risks of holding the Rights Offering Units and to make an informed decision relating thereto.

- (d) Holder has been given the opportunity to (i) ask questions and receive satisfactory answers concerning the terms and conditions of the Rights Offering and (ii) obtain additional information in order to evaluate the merits and risks of an investment in Holdco or Newhall Intermediary, if applicable, and to verify the accuracy of the information contained in the Rights Offering Documents. No statement, printed material or other information that is contrary to the information contained in any Rights Offering Document has been given or made by or on behalf of Holdco, Newhall Intermediary or the Proponent to the Holder.
- (c) The Holder acknowledges and understands that:
 - (i) An investment in either Holdco or Newhall Intermediary is speculative and involves significant risks.
 - (ii) The Rights Offering Units will be subject to certain restrictions on transferability as described in the Holdco LLC Agreement and the Newhall Intermediary LLC Agreement and as a result of the foregoing, the marketability of the Rights Offering Units will be severely limited.
 - (iii) Holder will not transfer, sell or otherwise dispose of the Rights Offering Units in any manner that will violate the Holdco LLC Agreement, the Newhall Intermediary LLC Agreement, the Securities Act or any state or foreign securities laws or subject Holdco, Newhall Intermediary or any of their affiliates to regulation under the rules and regulations of the Securities and Exchange Commission or the laws of any other federal, state or municipal authority or any foreign governmental authority having jurisdiction thereof.
 - (iv) The Rights Offering Units have not been, and will not be, registered under the Securities Act or any state or foreign securities laws, and are being offered and sold in reliance upon federal, state and foreign exemptions from registration requirements for transactions not involving any public offering. The Holder recognizes that reliance upon such exemptions is based in part upon the representations of the Holder contained herein.
 - (v) Holder has received and read a copy of the Holdco LLC Agreement or the Newhall Intermediary LLC Agreement, if applicable, and agrees the Holdco LLC Agreement or the Newhall Intermediary LLC Agreement, if applicable, shall become binding upon the Holder upon the later of: (A) as of the date Holdco or Newhall Intermediary accepts this subscription; and (B) the effective date of the Holdco LLC Agreement or the Newhall Intermediary LLC Agreement, if applicable. The Holdco LLC Agreement and the Newhall Intermediary LLC Agreement will be available on the Plan Supplement Mailing Date from the Subscription Agent.
 - (vi) Article VIII.D of the Plan is hereby incorporated by reference in its entirety, including the representations and warranties by Holder set forth in Article VIII.D.5 of the Plan.

- (vii) Neither Holdco, Newhall Intermediary, the Company nor the other Reorganized Debtors intend to register as an investment company under the Investment Company Act of 1940, as amended ("Investment Company Act"), and neither Holdco, Newhall Intermediary, the Company nor the other Reorganized Debtors nor their respective managers, members or partners nor any other person or entity selected to act as an agent of Holdco, Newhall Intermediary, the Company or the other Reorganized Debtors with respect to managing their affairs, is registered as of the date hereof as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act").
 - (f) If the Holder is a partnership, a limited liability company treated as a partnership for federal income tax purposes, a grantor trust (within the meaning of §§671-679 of the Code) or an S corporation (within the meaning of Code §1361) (each a "flow-through entity"), the Holder represents and warrants either that:
 - (i) no person or entity will own, directly or indirectly through one or more flow-through entities, an interest in the Holder where more than 60% of the value of the person's or entity's interest in the Holder is attributable to the Holder's investment in Holdco or Newhall Intermediary, if applicable; or
 - (ii) if one or more persons or entities will own, directly or indirectly through one or more flow-through entities, an interest in the Holder where more than 70% of the value of the person's or entity's interest in the Holder is attributable to the Holder's investment in Holdco or Newhall Intermediary, if applicable, neither the Holder nor any such person or entity has or had any intent or purpose to cause such person (or persons) or entity (or entities) to invest in Holdco or Newhall Intermediary, if applicable, indirectly through the Holder in order to enable Holdco or Newhall Intermediary, if applicable, to qualify for the 100-partner safe harbor under Treasury Regulations §1.7704-1(h).
 - (g) The Holder is aware that: (i) no federal, state, local or foreign agency has passed upon the Rights Offering Units or made any finding or determination as to the fairness of this investment; (ii) the Proponent may accept this subscription in whole or in one or more parts; and (iii) data set forth in any Rights Offering Documents or in any supplemental letters or materials thereto is not necessarily indicative of future returns, if any, which may be achieved by Holdco or Newhall Intermediary.
6. The Holder hereby acknowledges that the Proponent, Holdco and Newhall Intermediary seek to comply with all applicable anti-money laundering laws and regulations. In furtherance of such efforts, the Holder hereby represents and agrees that: (a) no part of the funds used by the Holder to acquire the Rights Offering Units has been, or shall be, directly or indirectly derived from, or related to, any activity that may contravene federal, state, or international laws and regulations, including anti-money laundering laws and regulations; and (b) no contribution, or payment to the Proponent, Holdco or Newhall Intermediary by the Holder shall cause the Proponent, Holdco or Newhall Intermediary to be in violation of any applicable anti-money laundering laws and regulations including without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the U.S. Department of the Treasury Office of Foreign Assets Control regulations. The Holder agrees to provide the Proponent, Holdco or Newhall Intermediary, as applicable, and the Company all information that may be reasonably requested to comply with applicable U.S. law. The Holder agrees to promptly notify the Proponent, Holdco or Newhall Intermediary, as applicable, and the Company (if legally permitted) if there is any change with respect to the representations and warranties provided herein.
7. The Holder hereby agrees to provide such information and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws, rules and regulations to which Holdco or Newhall Intermediary, if applicable, is subject.

8. The representations, warranties covenants and agreements of the Holder contained in this Subscription Form will survive the execution hereof and the distribution of the Rights Offering Units to the Holder.
9. Neither this Subscription Form nor any provision hereof shall be waived, modified, discharged, or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge, or termination is sought except by the Proponent, the Company, Holdco or Newhall Intermediary in accordance with the Plan and the terms herein.
10. References herein to a person or entity in either gender include the other gender or no gender, as appropriate.
11. This Subscription Form may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same agreement.
12. This Subscription Form and its validity, construction and performance shall be governed in all respects by the laws of the State of Delaware.
13. This Subscription Form is intended to be read and construed in conjunction with the Holdco LLC Agreement or the Newhall Intermediary LLC Agreement, as applicable, and the other Rights Offering Documents pertaining to the issuance by Holdco or Newhall Intermediary of the Rights Offering Units to the Holder. Accordingly, pursuant to the terms and conditions of this Subscription Form and such related agreements it is hereby agreed that the execution by Holder of this Subscription Form, in the place set forth herein, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Holdco LLC Agreement or the Newhall Intermediary LLC Agreement, as applicable, with the same effect as if each of such separate but related agreement were separately signed.

Date: _____

Name of Holder: _____
(Print or Type)

Social Security or Federal Tax I.D. No.: _____

Signature: _____

Name of Person Signing: _____
(If other than holder)

Title (if corporation, partnership or LLC): _____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

14. Notwithstanding the foregoing, if the Holder elects to purchase all or a portion of its Rights Offering Units through an affiliate (as such term is defined in the Plan) or through a corporation formed for the purpose of purchasing such Holder's Rights Offering Units (a "Blocker

Corporation"), then such Holder shall provide the information requested in Items 2d, 3, 5 and 6 hereof with respect to such affiliate or Blocker Corporation and all representations, warranties, covenants and agreements by Holder set forth herein shall apply to such affiliate or Blocker Corporation.

[Acknowledgement Signature Page to Follow]

THIS FORM SHOULD BE RETURNED TO THE SUBSCRIPTION AGENT.

The foregoing Subscription Form is hereby accepted as of _____, 2009 (the "Acceptance Date") by Holdco for _____ Holdco Class A Units issued to the Holder as of the Acceptance Date.

NEWHALL HOLDING COMPANY, LLC

By: _____

Name:

Title:

The foregoing Subscription Form is hereby accepted as of _____, 2009 (the "Acceptance Date") by Holdco for _____ Holdco Class B Units and Newhall Intermediary for _____ Newhall Intermediary Units issued to the Holder as of the Acceptance Date.

NEWHALL HOLDING COMPANY, LLC

By: _____

Name:

Title:

**NEWHALL INTERMEDIARY HOLDING
COMPANY, LLC**

By: _____

Name:

Title:

Item 4. Payment Instruction.

Pursuant to your irrevocable election to exercise your Subscription Rights, you must make your payment of the Subscription Purchase Price set forth in Item 2c above by wire transfer or bank or cashier's check so that it is actually received by the Subscription Agent on or before 5:00 p.m. (prevailing Pacific Time) on the Subscription Expiration Date.

Please place your claim identification number on either your cashier's check or in the comments fields available on your wire transfer. Failure to place your claim identification number on either forms of payment may hinder the Subscription Agent from indentifying your payment, thereby causing a defect in your election to subscribe to the Rights Offering.

Please make cashier's checks payable to "KCC as subscription agent for LandSource."

Please have wire transfers delivered to:

Bank of America, New York, New York

Routing Number: 026009593

Account Number: 4426907152

Swift Code: BOFAUS3N

Special Instructions: [insert claim identification number]

Item 5. Tax Information

1. Each Holder that is a U.S. person (i.e., a U.S. citizen or resident, a partnership organized under U.S. law, a corporation organized under U.S. law, a limited liability company organized under U.S. law, or an estate or trust (other than a foreign estate or trust whose income from sources without the U.S. is not includible in the beneficiaries' gross income)), must provide its taxpayer identification number on a signed IRS form W-9 to the Subscription Agent. This form is necessary for Holdco or Newhall Intermediary to comply with their tax filing obligations and to establish that the Holder is not subject to certain withholding tax obligations applicable to non-U.S. persons. The enclosed W-9 form contains detailed instructions for furnishing this information.

2. Each Holder that is not a U.S. person or resident alien is required to provide information about its status for withholding purposes on form W-8BEN (for foreign beneficial owners), form W-8IMY (for foreign intermediaries, flow-through entities, and certain U.S. branches), form W-8EXP (for foreign governments, foreign central banks of issue, foreign tax-exempt organizations, foreign private foundations, and governments of certain U.S. possessions), or form W-8ECI (for non-U.S. persons receiving income that is effectively connected with the conduct of a trade or business in the United States). Each Holder that is not a U.S. person should provide the Subscription Agent with the appropriate form W-8. Please contact the Subscription Agent if you need further information regarding these forms. Holders may also access the IRS website (www.irs.gov) to obtain the appropriate form W-8 and its instructions.

Item 6. Accredited Investor Certification.

Please indicate the basis on which you would be deemed an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act by initialing the appropriate line provided below:

"Accredited investor" pursuant to Regulation D promulgated under the Securities Act shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

1. Any bank as defined in section 3(a) (2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a) (5) (A) of the Securities Act whether in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended; any insurance company as defined in section 2(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company as defined in section 2(a) (48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; _____ initials
2. Any private business development company as defined in section 202(a) (22) of the Investment Advisers Act; _____ initials
3. Any organization described in section 501(c) (3) of the Internal Revenue Code of 1986, as amended (the "Code"), corporation, or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000; _____ initials
4. Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer; _____ initials
5. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000; _____ initials
6. Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; _____ initials
7. Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in ss.230.506(b)(2)(ii); and _____ initials
8. Any entity in which all of the equity owners are accredited investors. _____ initials