

Execution Version

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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	:
In re	:
	:
GENERAL GROWTH	:
PROPERTIES, INC., <u>et al.</u>,	:
	:
Debtors.	:
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Chapter 11 Case No.
09-11977 (ALG)
(Jointly Administered)

**SETTLEMENT AGREEMENT AND RELEASE RELATING TO
CONTINGENT STOCK AGREEMENT DATED JANUARY 1, 1996**

This Settlement Agreement and Release (the “Agreement”) is made and entered into as of September 17, 2010 by and between General Growth Properties, Inc. on behalf of itself and its affiliates, including The Rouse Company Limited Partnership, The Howard Hughes Corporation, Howard Hughes Properties Limited Partnership, and Howard Hughes Properties, Inc. (collectively, “GGP” or the “Debtors”) and Platt W. Davis III, David G. Elkins and David R. Lummis, the representatives under that certain Contingent Stock Agreement (collectively, the “Representatives”), effective as of January 1, 1996 (the “CSA”). The Representatives enter into this Agreement solely in their capacity as the Representatives under the CSA and the Consenting Holder Agreements (as defined below), and not in their individual capacities. The Debtors and the Representatives hereafter are referred to individually as a “Party” and collectively as the “Parties.”

WHEREAS, the Holders (as defined in the CSA) are former shareholders of The Hughes Corporation and beneficiaries of rights under the CSA, or their successors and assigns;

WHEREAS, pursuant to the CSA and related agreements, the Holders have certain deferred payment rights and other rights relating to the merger of The Hughes Corporation and The Rouse Company in 1996;

WHEREAS, in connection with its acquisition of The Rouse Company in 2004, General Growth Properties, Inc. assumed the obligations to the Holders under the CSA;

WHEREAS, commencing on April 16, 2009, and continuing thereafter, the Debtors each commenced voluntary cases (the “Bankruptcy Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”);

WHEREAS, the Representatives filed five proofs of claims (collectively the “Representative Proofs of Claim”) pertaining to the CSA and the other agreements enumerated therein (the “Related Agreements”), on behalf of the Holders identified on Exhibit A to the

Representative Proofs of Claim (together with their respective successors and assigns, the “Consenting Holders”), asserting claims against the Debtors:

- No. 7054 filed against Howard Hughes Properties, Limited Partnership
- No. 7635 filed against The Rouse Company LP
- No. 7673 filed against The Howard Hughes Corporation
- No. 7692 filed against General Growth Properties, Inc.
- No. 7892 filed against Howard Hughes Properties, Inc.

WHEREAS, each of the Consenting Holders entered into a Consent and Agreement of Holder (collectively, the “Consenting Holder Agreements”) providing the Representatives with specific authority in connection with the representation of the Consenting Holders in these cases;

WHEREAS, Holders Harold M. Morse and James L. Patton, Jr. (together, the Non-Consenting Holders”) filed separate proofs of claim, numbers 5266 and 6524, respectively (the “Individual Proofs of Claim”);

WHEREAS, the Debtors dispute the Representative Proofs of Claim and the Individual Proofs of Claim, and also contend that certain of the rights asserted in the Representative Proofs of Claim and the Individual Proofs of Claim properly are characterized as equity interests in General Growth Properties, Inc., rather than claims;

WHEREAS on August 4, 2010 the Bankruptcy Court entered its *Order (I) Granting in Part and Denying in Part Motion of the Representatives Under that Certain Contingent Stock Agreement, Effective as of January 1, 1996, for Relief from Stay to Liquidate the Claims of the Hughes Heirs and to Compel Arbitration, and (II) Denying in Part and Adjourning in Part Debtors’ Motion to Estimate the Hughes Heirs Obligation* [Docket No. 5634] (the “Appraisal Panel Order”) directing the parties to proceed with the selection of a neutral third appraiser and to proceed with an expedited appraisal process in accordance with the CSA;

WHEREAS, on August 27, 2010, the Bankruptcy Court entered an order [Docket No. 5863] approving the Debtors’ *Disclosure Statement for the Plan Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* as amended and supplemented [Docket No. 5865] (the “Disclosure Statement”) and authorized the Debtors to solicit acceptances of the *Plan Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 5869] (the “Third Amended Plan,” and as and when supplemented and amended pursuant to the provisions below, the “Plan”);

WHEREAS, the Debtors currently are soliciting acceptances of the Third Amended Plan;

WHEREAS, on September 3, 2010, the Representatives filed their *Motion for a Determination that the Debtors’ Obligations to the CSA Beneficiaries (Also Known as the “Hughes Heirs”) Constitute a Claims Pursuant to 11 U.S.C. § 101(5)* [Docket No. 5894] (the “Claim Determination Motion”);

WHEREAS, after extensive arms-length negotiations, the Parties have agreed to settle all disputes relating to the CSA, including valuation of all remaining assets and treatment under the Plan, and to resolve fully and finally all past, present and future obligations under the CSA and all related agreements, including all rights that were or could have been asserted in the Representative Proofs of Claim;

NOW THEREFORE, in order to avoid the further expense of litigation and in consideration of the promises, mutual covenants, agreements, and for other good and valuable consideration acknowledged by the Parties to be satisfactory and adequate, without any admission of liability, the Parties hereby agree as follows:

1. **Consideration.**

a. **Settlement Amount.** In full and final satisfaction of all rights, claims or interests held by the Holders under the CSA and any related agreements, as asserted in the Representative Proofs of Claim, Individual Proofs of Claim, or otherwise, the Plan will treat the Holders' rights as interests in Debtor General Growth Properties, Inc. and will provide the Holders a total of \$230 million in value (the "Settlement Amount") in exchange for their interests, paid in accordance with the Plan.

b. **Initial Payment.** The Plan shall provide that the Debtors shall pay \$10 million of the Settlement Amount in cash, in immediately available funds, on the first business day following the Effective Date of the Plan (the "Initial Payment").

c. **Final Payment.** The Plan shall provide that the Debtors shall have the right and option, in their sole discretion, to pay \$220 million of the Settlement Amount in any combination of cash or freely tradable New GGP Common Stock (as defined in the Plan), all as set forth more fully below (the "Final Payment"):

i. **Cash.** If GGP elects to pay part or all of the Final Payment in cash, such payment shall be made by GGP in immediately available funds.

ii. **Stock.** If GGP elects to pay part or all of the Final Payment in New GGP Common Stock, the number of shares to be distributed by GGP shall be calculated by dividing (a) the amount of the Final Payment GGP elects to pay with New GGP Common Stock by (b) the Conversion Price (as defined below).

A. **Conversion Price.** The Conversion Price shall be calculated by taking the volume-weighted average price per share (per Bloomberg VAP function with time settings set to market trading hours) of New GGP Common Stock on the New York Stock Exchange for each of the trading days that occur in the ten consecutive calendar days immediately following, but not including, the Measurement Date (the "Ten Day Measurement Period"). The Measurement Date shall be the date that is the twentieth (20th) calendar day following the Effective Date of the Plan. The Conversion Price shall be calculated by an independent third party to be mutually agreed by GGP and the Representatives.

iii. **Notice.** GGP shall on the Measurement Date provide the Representatives notice of the combination of cash and/or New GGP Common Stock that GGP elects to use to pay the Final Payment.

iv. **Final Payment Distribution Timing.** GGP shall distribute any cash portion of the Final Payment as soon as practicable following the Ten Day Measurement Period, but in any event no later than the third business day following the thirtieth (30th) calendar day following the Effective Date of the Plan. GGP shall distribute any stock portion of the Final Payment as soon as practicable following the Ten Day Measurement Period, but in any event no later than the fifth business day following the thirtieth (30th) calendar day following the Effective Date of the Plan.

e. **Diversion of Portion of Settlement Amount.** The Representatives may deliver one or more Representatives' Diversion Notices (as defined in the CSA) to direct that one or more amounts, as determined by the Representatives in their sole discretion (collectively, the "Diversion Amounts"), of the Settlement Amount allocable to the Consenting Holders be withheld and instead delivered to or as directed by the Representatives for use in accordance with the CSA and the Consent And Agreement Of Holder executed by each of the Consenting Holders. The Representatives may deliver a Representatives' Diversion Notice: (i) with respect to the Initial Payment, on the earlier of two (2) business days after entry of Confirmation Order (as defined in the Plan) or the Effective Date of the Plan, and (ii) with respect to the Final Payment, on or before the Measurement Date. GGP hereby agrees to deliver the Diversion Amounts to or as directed by the Representatives on the same day as distribution of the Initial Payment and/or the Final Payment, as the case may be, pursuant to Sections 1(b) and 1(c)(iv) above, provided that the Diversion Amount, if any, of the Final Payment shall be in the same proportion of cash and/or New GGP Common Stock as the Final Payment. The Parties agree that any Diversion Amount is part of the Settlement Amount to be paid pursuant to the Plan, in exchange for the Consenting Holders' interests, and intend that any portion of the Diversion Amount paid in New GGP Common Stock shall be subject to section 1145(a) of the Bankruptcy Code, provided that each recipient thereof is not an "underwriter" as defined in Section 1145(b) of the Bankruptcy Code. The Representatives agree, and the Plan shall provide, that upon delivery of any Diversion Amount to the Representatives in accordance with a Representatives' Diversion Notice, the Debtors shall have no further liability to any Holder with respect to the respective Diversion Amount.

f. Each share of New GGP Common Stock delivered pursuant to this Agreement will, at the time of delivery, be freely tradable, listed on the New York Stock Exchange, and duly authorized and legally and validly issued.

2. Releases.

a. The Plan or Confirmation Order (as defined in the Plan) shall provide that, upon distribution of the Settlement Amount, the Representative Proofs of Claim and the Individual Proofs of Claim shall be deemed satisfied in full and shall be expunged from the claims register.

b. The Parties each shall bear their own attorneys fees, financial advisory fees, appraisal fees, and any other fees and expenses incurred in connection with the CSA, the Representative Proofs of Claim, or the Bankruptcy Cases. Notwithstanding the foregoing, the Debtors shall (i) be solely responsible for the payment of any fees and expenses relating to any and all services provided by Jones, Roach & Caringella, Inc. pursuant to the Appraisal Panel Order, and (ii) indemnify, defend and hold harmless the Representatives from

and against any and all claims, damages, judgments, penalties, attorney fees, costs and liabilities relating to any fees and expenses relating to any and all services provided by Jones, Roach & Caringella, Inc. pursuant to the Appraisal Panel Order.

c. The Plan shall provide that all of the Debtors' obligations to the Representatives and to the Holders under the CSA and the Related Agreements shall be satisfied in full by payment in full of the Settlement Amount contemplated by this Agreement made pursuant to the Plan. The Plan shall provide that the CSA and the Related Agreements shall be terminated as to the Debtors as of the Effective Date of the Plan, subject to the payment in full of the Settlement Amount in accordance with this Settlement Agreement; provided, however, that the CSA, the Related Agreements, and the Consenting Holder Agreements shall be preserved and continue in full force and effect as between the Holders and the Representatives, except to the extent as otherwise provided in new section 11.8(c) of the Plan. The Plan shall provide that, as of the Effective Date of the Plan, subject to the payment in full of the Settlement Amount in accordance with this Settlement Agreement, the Holders and the Representatives shall be deemed to have unconditionally released and forever discharged the Debtors, and the Debtors shall be deemed to have unconditionally released and forever discharged the Holders and the Representatives, from any and all claims, interests, suits, judgments, demands, debts, rights, causes of action, obligations, and liabilities whatsoever (other than with respect to the Plan and this Settlement Agreement) including all claims, debts, interests, rights or obligations under the CSA and the Related Agreements that were or could have been asserted against the Debtors in the Representative Proofs of Claim and the Individual Proofs of Claim, and any counterclaims thereto.

3. Amendment of Plan Releases.

a. The Plan shall provide that, as consideration for the Settlement Amount, the Representatives and the Holders shall be deemed to have given the releases in Section 11.8(a) of the Plan, notwithstanding any election to the contrary on Plan voting ballots.

b. The Debtors shall amend Section 11.8(b) of the Plan to include the Representatives, in their capacity as Representatives under the CSA, their attorneys, financial advisors, agents, and representatives, in the parties receiving releases.

c. The Debtors shall add a new Section 11.8(c) of the Plan as follows:

Releases by Members of Class 4.17. Upon the Effective Date, and in consideration for the obligations of the Plan Debtors under the Plan, each direct or indirect holder of Claims or Interests in Class 4.17 shall be deemed to have unconditionally released and forever discharged the Representatives (as such term is defined in that certain Contingent Stock Agreement dated January 1, 1996) and their respective agents, financial advisors, attorneys, and representatives (but, in each case, solely in their capacities as such) from any and all Claims, suits, judgments, demands, debts, rights, causes of action, and liabilities whatsoever (other than the rights to enforce the Plan and the contracts, instruments, releases or other agreements or documents assumed, passed through, or delivered in

connection with the Plan), whether liquidated or unliquidated, fixed or contingent, known or unknown, matured or unmatured, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, including, but not limited to, those that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date, relating to the Plan Debtors' Chapter 11 cases (including without limitation the treatment of the holders of Claims or Interests in Class 4.17); provided, however, that the foregoing shall not affect the liability of any Person that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct or gross negligence.

4. **Plan Support Agreement.** The Representatives, on behalf of themselves and the Consenting Holders, shall support confirmation of the Plan and refrain from proposing or supporting a plan not supported by the Debtors. The Representatives shall not object to confirmation of the Plan and the Representatives shall not encourage any Holder to vote against or object to the Plan. In addition, the Representatives shall not take any action that would unreasonably delay confirmation or consummation of the Plan. The Representatives will recommend that all Holders vote in favor of the Plan. Upon the effective date of this Agreement, the Parties shall not make any public statements disparaging one another, the Plan, or the property to be distributed under the Plan, provided, however, that this restriction shall terminate 90 days after the Effective Date of the Plan.

5. **Other Obligations, Representations, and Warranties of the Debtors.** The Debtors shall promptly seek Bankruptcy Court authorization for supplemental disclosure to the Holders, re-solicitation of acceptances of the Plan by the Holders, and Bankruptcy Court approval of this Agreement and the settlement in connection with confirmation of the Plan. The Debtors hereby represent and warrant that this Agreement and the settlement contemplated hereby have been duly authorized by GGP's board of directors and no other approvals or consents are necessary for the Debtors to enter into this Agreement. The Debtors agree to use their reasonable best efforts to cause the Effective Date of the Plan to occur in sufficient time for the Final Payment to be made prior to December 31, 2010.

6. **Further Assurances.** The Parties shall cooperate to take all steps reasonably necessary to effectuate this Agreement, provided, however, that nothing herein shall require the Representatives to incur any costs or liability other than reasonable expenses of counsel, financial advisors or The Doré Group in connection with Bankruptcy Court approval of this Agreement and the Plan. The Debtors and Representatives agree not to take any action directly or indirectly inconsistent with the terms and conditions of the Agreement or that would unreasonably delay consummation of the settlement contemplated herein.

7. **Authority of Representatives.** GGP acknowledges, and agrees not to challenge or object to in any regard, the Representatives' exclusive role as the authorized agent and attorney-in-fact for the Consenting Holders with the full, absolute, unconditional, unlimited, and irrevocable power and authority to represent the Consenting Holders with respect to all aspects of these chapter 11 cases, including voting on the Plan or any other proposed plan of

reorganization. GGP also acknowledges that the Representatives do not have authority to, and do not purport to, bind the Non-Consenting Holders to this Agreement, the Plan, or any provisions contained therein.

8. **No Admission.** By entering into this Agreement, the Parties do not admit any liability to one another or to any other person regarding any matter covered by this Agreement. The Parties enter into this Agreement only for the purpose of compromise and settlement of disputed rights and to reduce the delay, expense, and uncertainty of continued litigation.

9. **Bankruptcy Court Approval.**

a. The settlement described herein shall be incorporated into the Plan by amendment of the treatment for Class 4.17 consistent with the terms of this Agreement, which amendment shall be in form and substance reasonably satisfactory to Debtors and the Representatives. The settlement is conditioned upon, and shall be subject to, Bankruptcy Court approval in connection with confirmation of the Plan. GGP hereby agrees to take all steps reasonably necessary to defend against any objection by any party in interest to this Agreement or the Plan.

b. The Debtors shall seek approval of a supplemental disclosure describing this Agreement, which disclosure shall be in form and substance reasonably satisfactory to Debtors and the Representatives, and, upon Bankruptcy Court approval of the supplemental disclosure, shall re-solicit acceptances of the Plan from the Holders.

c. Upon Bankruptcy Court approval of the supplemental disclosure and re-solicitation procedures, the Representatives shall withdraw the Claim Determination Motion with prejudice; provided, however, that the Claim Determination Motion may be reinstated without prejudice in the event this Agreement is terminated pursuant to Section 11.

10. **Effective Date of this Agreement.** This Agreement is effective upon its execution by the undersigned counsel, on behalf of the respective Parties, subject to Bankruptcy Court approval in connection with the Plan as described herein.

11. **Termination.** Either Party may terminate this Agreement if: (i) the re-solicitation of acceptances of the Plan by the Holders pursuant to this Agreement is not approved by the Bankruptcy Court on or before September 30, 2010; (ii) the Plan is not confirmed by December 15, 2010; or (iii) the Effective Date of the Plan has not occurred by January 31, 2011; provided, however, that the right to terminate this Agreement pursuant to this Section 11 shall not be available to either Party whose failure to fulfill any obligation under the Agreement has been the cause of, or resulted in, (i) the failure to obtain approval of the Bankruptcy Court of the re-solicitation of acceptances of the Plan by the Holders on or before September 30, 2010; (ii) the failure of the Plan to be confirmed by December 15, 2010; or (iii) the failure of the Effective Date to occur by January 31, 2011. Termination of this Agreement in accordance with this Section 11 shall be effective upon delivery of written notice of termination to the undersigned counsel for the Debtors or the Representatives, as the case may be. Upon an effective termination, this Agreement shall be null and void, including without limitation all obligations of the Representatives contained in section 4 hereof, and the Parties shall be restored to the *status*

12. **Publication.** Neither Party shall issue any press release concerning this Agreement without first providing the other Party with reasonable notice of the proposed text.

13. **Entire Agreement.** This Agreement contains the entire agreement among the Parties relating to this settlement. It specifically supersedes any and all prior negotiations, understandings and agreements, oral or written, by and between any of the Parties. This Agreement may not be amended or modified except by a writing duly executed by the Parties.

14. **Binding Effect.** Each person who executes this Agreement represents that he or she is duly authorized to execute this Agreement on behalf of the respective Parties hereto. This Agreement binds and inures to the benefit of the Parties hereto, their assigns, heirs, administrators, executors and successors.

15. **Counterparts.** This Agreement may be executed by exchange of facsimile or electronically transmitted and executed signature pages, and any signature transmitted by facsimile or in electronic form shall be deemed an original signature for purposes of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

16. **Retention of Jurisdiction.** The Bankruptcy Court shall retain jurisdiction to enforce this Agreement. Any dispute regarding this Agreement shall be adjudicated exclusively by the Bankruptcy Court.

Signatures on Following Page

Dated: September 17, 2010

Adam P. Storchak
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Dated: September 17, 2010

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*Attorneys for Representatives under Contingent
Stock Agreement dated January 1, 1996*