
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 25, 2011

THE HOWARD HUGHES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34856
(Commission File Number)

36-4673192
(I.R.S. Employer
Identification No.)

**One Galleria Tower
13355 Noel Road, Suite 950
Dallas, Texas 75240**
(Address of principal executive offices)

Registrant's telephone number, including area code: **(214) 741-7744**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.02 Unregistered Sales of Equity Securities.

On February 25, 2011, The Howard Hughes Corporation (the "Company") entered into a warrant purchase agreement with Andrew C. Richardson (the "Warrant Agreement"). Pursuant to the Warrant Agreement, Mr. Richardson has the opportunity to purchase for \$2 million a warrant to acquire 178,971 shares of Company common stock (the "Warrant Shares") at an exercise price of \$54.50 per share. The warrant will be fully vested at the time of purchase. The warrant will generally become exercisable in February 2017, except in the event of a Change in Control, termination of Mr. Richardson's employment with the Company without Cause, or the separation of Mr. Richardson from the Company for Good Reason (as such capitalized terms are defined in the Warrant Agreement). The warrant will expire in February 2018. The Company will have the right to repurchase all or a portion of the Warrant Shares, depending on the circumstances, if (a) Mr. Richardson's employment with the Company is terminated for any reason (other than death or disability) prior to February 25, 2016, or (b) Mr. Richardson does not commence employment with the Company on or before March 28, 2011.

The warrant is subject to anti-dilution adjustments in connection with stock splits, tender offers and certain other events, and provides for a right to require that the warrant be assumed by a successor entity or receive the same consideration as stockholders upon certain change of control events. In addition, Mr. Richardson is prohibited from selling, hedging or otherwise reducing his net long exposure to the Warrant Shares until February 2017. The warrant was issued in a transaction exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended.

The foregoing summary of the Warrant Agreement is qualified in its entirety by reference to the full text of the Warrant Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference to this Item 3.02.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 25, 2011, the Company entered into an employment agreement with Andrew C. Richardson to serve as Chief Financial Officer of the Company, effective as of the date he commences employment with the Company. Mr. Richardson's employment with the Company will commence no later than March 28, 2011. Grant Herlitz, the President and Interim Chief Financial Officer of the Company, will continue to serve as Interim Chief Financial Officer until Mr. Richardson commences his employment with the Company.

Mr. Richardson, age 44, has served as Executive Vice President, Chief Financial Officer and Treasurer of Northstar Realty Finance Corp. since April 2006. Northstar Realty is a publicly traded commercial real estate finance company focused on investment in real estate loans, fixed income securities and net-leased real estate properties. From March 2000 to March 2006, Mr. Richardson was head of the capital markets group for iStar Financial Inc., most recently as executive vice president. Mr. Richardson joined iStar Financial from Salomon Smith Barney, where from 1995 to 2000 he was an investment banker in the Global Mergers and Acquisitions and Real Estate and Lodging Groups, most recently serving as a vice president providing merger and acquisition advisory services and raising debt and equity capital for public and private real estate companies. Prior to joining Salomon Smith Barney, from 1988 to 1993, Mr. Richardson worked for Ernst & Young LLP and was a certified public accountant. Mr. Richardson holds an M.B.A. from the University of Chicago, and a B.B.A. in accountancy from the University of Notre Dame.

The employment agreement has a term of six years and expires in March 2017, unless earlier terminated. Under the agreement, Mr. Richardson's annual base salary will be no less than \$500,000, and he will be eligible to earn an annual cash bonus of up to 140% of his annual base salary upon the achievement of performance goals that will be established by the Compensation Committee of the

Company's Board of Directors. Mr. Richardson will also receive a one-time cash payment of \$100,000 for expenses in relocating to the Dallas, Texas area. In addition, the Company has agreed to make a one-time restricted stock grant of 20,000 shares of Company common stock to Mr. Richardson pursuant to the terms of the Company's 2010 Equity Incentive Plan. The grant of restricted stock will be made on the date that Mr. Richardson commences employment with the Company (the "Grant Date"). The shares of restricted stock will cliff vest on March 28, 2016, unless earlier vested in whole or in part as a result of a change of control of the Company or the termination of Mr. Richardson's employment with the Company under certain circumstances.

Pursuant to the employment agreement, Mr. Richardson has agreed to restrictive covenants, including non-solicitation and non-competition covenants, applicable during the term of his employment with the Company and for a 12-month period following his termination for any reason. In the event Mr. Richardson's employment terminates in connection with a change of control, Mr. Richardson may be entitled to severance payments depending on the circumstances.

The Company will enter into an indemnification agreement with Mr. Richardson upon his commencement of employment with the Company. The indemnification agreement will require the Company to indemnify Mr. Richardson to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts reasonably incurred by him in any action or proceeding arising out of his service as an executive officer of the Company. The indemnification agreement will be in the form previously approved by the Company's Board of Directors for indemnification of directors and certain officers of the Company.

The foregoing summaries of the employment agreement and indemnification agreement with Mr. Richardson are qualified in their entirety by reference to the full text of the employment agreement and indemnification agreement, which are filed as Exhibits 10.2 and 10.3 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

On February 25, 2011, the Company entered into the Warrant Agreement with Mr. Richardson. The description of the Warrant Agreement included in Item 3.02 of this Current Report on Form 8-K is incorporated by reference into this Item 5.02.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Warrant Purchase Agreement, dated February 25, 2011, between The Howard Hughes Corporation and Andrew C. Richardson
10.2	Employment Agreement, dated February 25, 2011, between The Howard Hughes Corporation and Andrew C. Richardson
10.3	Form of indemnification agreement for officers and directors of The Howard Hughes Corporation (incorporated by reference from Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 12, 2010)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE HOWARD HUGHES CORPORATION

By: /s/ Grant Herlitz
Grant Herlitz
President

Date: March 3, 2011

**THE HOWARD HUGHES CORPORATION
WARRANT PURCHASE AGREEMENT**

Purchaser: Andrew C. Richardson

Date of Purchase: February 25, 2011

Purchase Price: \$2,000,000

Number of Shares Underlying Warrant: 178,971

Exercise Price Per Share: \$54.50

THE HOWARD HUGHES CORPORATION, a Delaware corporation (the "*Corporation*"), is pleased to give you the opportunity to purchase a Warrant (the "*Warrant*") to purchase shares of the Corporation's authorized common stock, par value \$0.01 per share, subject to the terms and conditions set forth in this Warrant Purchase Agreement (this "*Agreement*"). The purchase of the Warrant is specifically conditioned upon the execution by you of this Agreement. The Date of Purchase of the Warrant, the number of shares issuable upon exercise of the Warrant (the "*Warrant Shares*"), and the Exercise Price per share are stated above. The Purchase Price shall be paid to the Corporation no later than three Business Days following the Effective Date (as defined below) and if not so paid this Agreement shall terminate without further action. This Agreement was entered into prior to your election as Chief Financial Officer of the Corporation and is not governed by The Howard Hughes Corporation 2010 Equity Incentive Plan.

This Agreement sets forth the terms of the agreement between you and the Corporation with respect to the Warrant. By accepting this Agreement, you agree to be bound by all of the terms hereof.

1. **Definitions.** As used in this Agreement, the following terms have the meanings set forth below:

(a) "**Board of Directors**" means the board of directors of the Corporation.

(b) "**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Delaware are authorized or obligated by law or executive order to close.

(c) "**Cause**" shall mean, as determined in good faith by a unanimous vote (excluding you if you are a member of the Board of Directors) of the Board of Directors at a meeting of the Board of Directors held for such purpose, and where you and your counsel had an opportunity (on at least 15 days prior notice) to be heard before the Board of Directors, your:

(i) conviction, plea of guilty or no contest to any felony;

(ii) gross negligence or willful misconduct in the performance of your duties;

(iii) drug addiction or habitual intoxication;

(iv) commission of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty, violation of law, or a material act of dishonesty against the Corporation, in each case that the Board of Directors determines was willful;

(v) material and continued breach of the Employment Agreement, after notice for substantial performance is delivered by the Corporation in writing that identifies in reasonable detail the manner in which the Corporation believes you are in breach of this Employment Agreement;

(vi) willful material breach of Corporation policy or code of conduct; or

(vii) willful and continued failure to substantially perform your duties under the Employment Agreement (other than such failure resulting from your incapacity due to physical or mental illness);

unless, in each case, the event constituting Cause is curable and has been cured by you within 30 days of your receipt of notice from the Corporation that an event constituting Cause has occurred and specifying the details of such event. If you cure an event during such period that would otherwise constitute Cause, then the Corporation will have no right to terminate your employment for Cause. For purposes of this provision, no act or omission on your part shall be considered “*willful*” unless it is done or omitted not in good faith or without reasonable belief that the act or omission was in the best interests of the Corporation. Any act or omission based upon a resolution duly adopted by the Board of Directors or advice of counsel for the Corporation shall be conclusively presumed to have been done or omitted in good faith and in the best interests of the Corporation.

(d) “*Change in Control*” means the occurrence of any of the following events:

(i) A “change in the ownership of the Corporation” which shall occur on the date that any one person, or more than one person acting as a group, excluding Pershing Square Management, L.P. and its Affiliates (as defined under the Securities Act of 1933), acquires ownership of stock in the Corporation that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Corporation; however, if any one person or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Corporation, the acquisition of additional stock by the same person or persons will not be considered a “change in the ownership of the Corporation” (or to cause a “change in the effective control of the Corporation” within the meaning of Section 1(d)(ii) below) and an increase of the effective percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Corporation acquires its stock in exchange for property will be

treated as an acquisition of stock for purposes of this paragraph; provided further, however, that for purposes of this Section 1(d)(i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any entity controlled by the Corporation, or (B) any acquisition by investors (immediately prior to such acquisition) in the Corporation for financing purposes, as determined by the Board of Directors in its sole discretion. This Section 1(d)(i) applies only when there is a transfer of the stock of the Corporation (or issuance of stock) and stock in the Corporation remains outstanding after the transaction.

(ii) A “change in the effective control of the Corporation” which shall occur on the date that either (A) any one person, or more than one person acting as a group, excluding Pershing Square Management, L.P. and its Affiliates, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Corporation possessing 35% or more of the total voting power of the stock of the Corporation, except for (1) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any entity controlled by the Corporation, or (2) any acquisition by investors (immediately prior to such acquisition) in the Corporation for financing purposes, as determined by the Board of Directors in its sole discretion; or (B) a majority of the members of the Board of Directors are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors prior to the date of the appointment or election. For purposes of a “change in the effective control of the Corporation,” if any one person, or more than one person acting as a group, is considered to effectively control the Corporation within the meaning of this Section 1(d)(ii), the acquisition of additional control of the Corporation by the same person or persons is not considered a “change in the effective control of the Corporation,” or to cause a “change in the ownership of the Corporation” within the meaning of Section 1(d)(i) above.

(iii) The occurrence of any of the transactions contemplated by Section 1(d)(i) or 1(d)(ii) above (including any acquisition by Pershing Square Management, L.P. or its Affiliates), in connection with which the stock of the Corporation ceases to be publicly traded on a national securities exchange.

(iv) A “change in the ownership of a substantial portion of the Corporation’s assets” which shall occur on the date that any one person, or more than one person acting as a group, excluding Pershing Square Management, L.P. and its Affiliates, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets of the Corporation that have a total gross fair market value equal to or more than 60% of the total gross fair market value of all the assets of the Corporation immediately prior to such acquisition or acquisitions; provided that the proceeds of such acquisition or acquisitions are distributed to the shareholders of the Corporation in connection with such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Any transfer of assets to an entity that is controlled by the

shareholders of the Corporation immediately after the transfer, as provided in guidance issued pursuant to Section 409A of the Code, shall not constitute a Change in Control.

For purposes of this Section 1(d), the provisions of Section 318(a) of the Code regarding the constructive ownership of stock will apply to determine stock ownership; provided, that stock underlying unvested options (including options exercisable for stock that is not substantially vested) will not be treated as owned by the individual who holds the option. In addition, for purposes of this Section 1(d), "Corporation" includes (A) the Corporation and (B) an entity that is a stockholder owning more than 50% of the total fair market value and total voting power (a "Majority Shareholder") of the Corporation, or any entity in a chain of entities in which each entity is a Majority Shareholder of another entity in the chain, ending in the Corporation

- (e) "**Code**" means the Internal Revenue Code of 1986, as amended.
- (f) "**Common Stock**" means the authorized common stock, par value \$0.01 per share, as described in the Corporation's Certificate of Incorporation.
- (g) "**Date of Purchase**" means the date designated as such in the first paragraph of this Agreement.
- (h) "**Disability**" means the good faith determination by the Board of Directors that you are permanently disabled.
- (i) "**Effective Date**" has the same meaning as set forth in the Employment Agreement.
- (j) "**Employment Agreement**" means the employment agreement entered into between the Corporation and Andrew C. Richardson on February 25, 2011.
- (k) "**Exchange Act**" means the Securities Exchange Act of 1934.
- (l) "**Exercise Notice**" means the written exercise notice in the form provided by the Board of Directors.
- (m) "**Exercise Price**" means the exercise price per share designated as such in the first paragraph of this Agreement.
- (n) "**Expiration Date**" means the seventh year anniversary of the Date of Purchase.
- (o) "**Fair Market Value**" per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on NYSE, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as the price is reported by the National Association of Securities Dealers on NYSE. If there is no closing selling price for the Common Stock on the date in question,

then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any stock exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the stock exchange determined by the Board of Directors to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) If the Common Stock is at the time neither listed on any stock exchange nor traded on NYSE, then the Fair Market Value shall be determined in good faith by the Board of Directors after taking into account such factors as the Board of Directors shall deem appropriate.

(p) “**Good Reason**” shall mean the occurrence of any of the following events without your written consent:

- (i) a material diminution in your base compensation;
- (ii) a material diminution in your authority, duties or responsibilities;
- (iii) you no longer report directly to the Chief Executive Officer or the Board of Directors; or
- (iv) any other action or inaction that constitutes a material breach by the Corporation of the Employment Agreement;

provided that, in each case, you must provide a notice of termination to the Corporation within 60 days of the initial occurrence of the event constituting Good Reason, and the Corporation shall have the opportunity to cure such event within 30 days of receiving such notice. If the Corporation cures an event during such period that would otherwise constitute Good Reason, then you will have no right to terminate your employment for Good Reason. Following the occurrence of a Change in Control, any claim by you that Good Reason exists shall be presumed to be correct unless a court of competent jurisdiction determines that the Corporation has established by clear and convincing evidence that Good Reason does not exist.

(q) “**Immediate Family**” means your child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships.

(r) “**Non-Repurchasable Purchased Shares**” means the Purchased Shares issuable upon exercise of the Non-Repurchasable Warrant Shares.

(s) “**Non-Repurchasable Warrant Shares**” means 20% of the Warrant Shares or, if applicable, none of the Warrant Shares in the case of the circumstances described in the last sentence of Section 4(f)(iii).

(t) “**NYSE**” means The New York Stock Exchange.

(u) “**Repurchasable Purchased Shares**” means the Purchased Shares issuable upon the exercise of the Repurchasable Warrant Shares.

(v) “**Repurchasable Warrant Shares**” means 80% of the Warrant Shares or, if applicable, 100% of the Warrant Shares in the case of the circumstances described in the last sentence of Section 4(f)(iii).

2. **Vesting and Exercisability.** This Warrant will be fully vested at the time of purchase. Except as provided in Section 3, you may only exercise your Warrant after the sixth year anniversary of the Date of Purchase (February 25, 2017) and before the Expiration Date. To the extent it has not already been exercised, the Warrant shall terminate on the Expiration Date.

3. **Special Lifting of Restrictions and Change in Control.** (a) Immediately prior to the effective date of a Change in Control or upon the date of a termination of your employment by the Company without Cause or by you for Good Reason, the Warrant shall be immediately exercisable and transferable, notwithstanding the restrictions enumerated in Section 2.

(b) Notwithstanding the provisions of Section 6, in the event of a termination of your employment by reason of your death or Disability, you or your estate (as the case may be) may sell the Warrant to a third party; provided, however, that all terms and restrictions applicable to the Warrant prior to the sale shall continue to apply to the Warrant after the sale to a third party purchaser.

(c) In the event of a Change in Control, you shall elect that either:

(i) this Warrant be assumed by the successor entity in connection with a Change in Control, in which case this Warrant shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities which would have been issuable to you upon the consummation of such Change in Control had the Warrant been exercised immediately prior to such Change in Control, and appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same, or

(ii) this Warrant terminate and cease to be outstanding, in which case the successor entity shall pay to you upon the Change in Control an amount equal to the product of (A) the per share consideration paid to the shareholders of the Corporation by the successor entity in conjunction with the Change in Control, and (B) the number of Shares underlying the unexercised portion of this Warrant on the date of the Change in Control, minus the cumulative Exercise Price for those Warrant Shares.

(d) Subject to Section 5, this Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize, otherwise change its capital or business structure, to merge, consolidate, dissolve, liquidate, or sell or transfer all or any part of its business or assets, and in any such transaction involving only cash consideration you shall be deemed to have elected to receive cash pursuant to Section 3(c)(ii) if so provided in the agreement providing for such transaction.

4. **Exercise of Warrant.** (a) In order to exercise this Warrant with respect to all or any part of the Warrant Shares for which this Warrant is exercisable, you (or any other person or persons exercising the Warrant in accordance with the terms hereof) must take the following actions:

(i) Execute and deliver to the Corporation an Exercise Notice for the Warrant Shares for which the Warrant is exercised (the "**Purchased Shares**") which Exercise Notice (1) states the number of Purchased Shares (which must be a whole number of shares) and (2) is signed or otherwise given by you (or any other authorized person exercising the Warrant).

(ii) Pay the aggregate Exercise Price for the Purchased Shares, at the time of delivery of the Exercise Notice, (1) in cash or an equivalent means acceptable to the Corporation, or (2) with shares of Common Stock owned by you (including shares received upon exercise of the Warrant or restricted shares, if any, already held by you) and having a Fair Market Value at least equal to the aggregate Exercise Price for the shares of Common Stock to which the Warrant is being exercised, or (3) by any combination of clauses (1) and (2), or (4) by net issue exercise, pursuant to which the Corporation will issue to you a number of shares of Common Stock as to which the Warrant is exercised, less a number of shares with a Fair Market Value as of the date of exercise equal to the Exercise Price. The number of shares to settle the transaction shall be the gross number of shares (subject to the transaction, e.g., 178,971 in the case of a full exercise), multiplied by the Exercise Price, and divided by the SA (as defined below). If shares of Common Stock are used for payment of all or any portion of the Exercise Price, then (for purposes of payment of the Exercise Price) those shares of Common Stock shall be deemed to have a cash value equal to their aggregate Fair Market Value determined as of the date of the delivery of the Exercise Notice, giving effect to all purchases of Warrant Shares.

(iii) Certify in a writing reasonably acceptable to the Corporation that you have complied with the provisions of Section 6 hereof at all times since the Date of Purchase and, if the Warrant is exercised in respect of fewer than the total Warrant Shares to which this Warrant then relates, that you will continue to comply with such covenants in respect of the Warrant Shares which remain subject to this Warrant.

(b) Notwithstanding any other provision hereof, the number of shares of Common Stock that you shall receive upon a full or partial exercise of the Warrant shall be adjusted upward or downward, as the case may be, based upon the following formula:

$$QA = (SA - K) \times Q / ST$$

Where:

- **QA** is the adjusted number of shares of Common Stock to be received, rounded to the nearest whole number.
- **SA** is the average reported closing sales price for the Common Stock over the 22 most recent days of trading on a stock exchange, if so traded, ending on the last trading day prior to the date of the Corporation's receipt of a Notice of Exercise (the "**Exercise Date**"). If the Warrant Shares are not traded on a national securities exchange on the Exercise Date, then the value of such Warrant Shares for the purposes of this Section 4(b) shall be deemed to be the Fair Market Value.
- **K** is the Exercise Price.
- **Q** is the unadjusted number of shares of Common Stock.
- **ST** is the Fair Market Value of the Warrant Shares on the last trading day prior to the Exercise Date.

For purposes of clarity, if QA calculated as above results in a negative number, it shall be set to zero.

For example, if you held a warrant to purchase 100 Warrant Shares with an exercise price of \$5, the Fair Market Value of the Warrant Shares on the Exercise Date was \$10, and the average trading price over the last 22 trading days was \$11, then you would receive \$600 worth of Common Stock or 60 shares of Common Stock; conversely, if the average trading price over the last 22 trading days was \$9, you would receive \$400 worth of Common Stock or 40 shares of Common Stock.

(c) As soon as practicable after the Exercise Date, the Corporation shall issue to or on behalf of the Warrant holder (or any other person or persons exercising this Warrant in accordance with the terms hereof) a certificate for the purchased Warrant Shares, with the appropriate legends affixed thereto.

(d) In no event may this Warrant be exercised for any fractional shares. Fractional shares shall be satisfied in cash.

(e) The Warrant shall not be deemed to have been exercised unless all of these requirements are satisfied.

(f) Repurchase Right. (i) The Company will have the right (the "**Repurchase Right**") to repurchase some or all of the Repurchasable Warrant Shares (or in the event the Warrant has been exercised, the Repurchasable Purchased Shares), in the amount set forth in clause (f)(iii) below, upon termination of your employment for any reason (other than due to death or Disability) or upon your failure to commence employment with the Company, for any reason, on or prior to the Effective Date (any such event, a "**Repurchase Event**"). The Repurchase Right may be exercised by the Company within 90 days following the date of such

event (the “*Repurchase Period*”), and during the Repurchase Period, the Repurchasable Purchased Shares may not be sold. The Repurchase Right may be exercised by the Company by giving the holder written notice on or before the last day of the Repurchase Period of its intention to exercise the Repurchase Right, and, together with such notice, tendering to the holder the amount determined by multiplying the Repurchasable Warrant Shares (or if applicable, the Repurchasable Purchased Shares) being repurchased by the lesser of (A) the per share Fair Market Value of the Common Stock or (B) the per share purchase price of the Warrant Shares (determined by dividing the Purchase Price (i.e., \$2,000,000) by the aggregate number of Warrant Shares (i.e., 178,971)). Upon exercise of the Repurchase Right, you (or your successor in interest) will deliver to the Company the stock certificate or certificates representing the Repurchasable Warrant Shares (or if applicable, the Repurchasable Purchased Shares) being repurchased, duly endorsed and free and clear of any and all liens, charges, and encumbrances.

(ii) If the Repurchasable Warrant Shares (or if applicable, the Repurchasable Purchased Shares) are not purchased under the Repurchase Right, you and your successor in interest, if any, will thereafter beneficially own any such shares in his or her possession subject to all of the provisions of this Agreement, including the transferability restrictions.

(iii) Other than as expressly set forth in the last sentence of this Section 4(f)(iii), the Company’s Repurchase Right will be in respect of the following portions of the Repurchasable Warrant Shares (or if applicable, the Repurchasable Purchased Shares): 100% if the Repurchase Event occurs on or prior to the first anniversary of the Date of Purchase, 80% if the Repurchase Event occurs following the first anniversary of the Date of Purchase but on or prior to the second anniversary of the Date of Purchase, 60% if the Repurchase Event occurs following the second anniversary of the Date of Purchase but on or prior to the third anniversary of the Date of Purchase, 40% if the Repurchase Event occurs following the third anniversary of the Date of Purchase but on or prior to the fourth anniversary of the Date of Purchase, and 20% if the Repurchase Event occurs following the fourth anniversary of the Date of Purchase but prior to the fifth anniversary of the Date of Purchase. The Repurchase Right will terminate on the fifth anniversary of the Date of Purchase. For the avoidance of doubt, other than as set forth in the last sentence of this Section 4(f)(iii), under no other circumstances whatsoever shall the Non-Repurchasable Warrant Shares (and the corresponding Non-Repurchasable Purchased Shares) ever be subject to this Repurchase Right and, upon the exercise of the Non-Repurchasable Warrant Shares, the Non-Repurchasable Purchased Shares shall be beneficially owned by you and your successor-in-interest, if any, and shall be subject to all of the provisions of this Agreement, including the transferability restrictions. Notwithstanding anything set forth herein to the contrary, all Warrant Shares shall be deemed to be Repurchasable Warrant Shares (or, if applicable, Repurchasable Purchased Shares) hereunder and shall be subject to the Repurchase Right if: (A) your employment with the Company is terminated by you without Good Reason or by the Company for Cause on or prior to the second year anniversary of the Effective Date; or (B) you do not commence employment with the Company on or prior to the Effective Date for any reason (including death and Disability) other than the Company’s decision to terminate the Employment Agreement for a reason other than those that would otherwise provide the Company the right to terminate your employment for Cause (assuming that you were employed by the Company under the Employment Agreement).

5. **Adjustment Provisions.** The number of shares of Common Stock that may be acquired under the Warrant, shall be subject to adjustment, from time to time, in accordance with the following provisions:

(a) If at any time or from time to time, the Corporation shall subdivide as a whole (by reclassification, by a stock split, by the issuance of a distribution on stock payable in stock or otherwise, including a dividend designated as such by the Board of Directors) the number of shares of Common Stock then outstanding into a greater number of shares of Common Stock, then (a) the number of shares of Common Stock that may be acquired under the Warrant shall be increased proportionately and (b) the Exercise Price for each share of Common Stock subject to the Warrant shall be reduced proportionately, without changing the aggregate purchase price as to which the Warrant remains exercisable.

(b) If at any time or from time to time, the Corporation shall consolidate as a whole (by reclassification, reverse stock split, or otherwise) the number of shares of Common Stock then outstanding into a lesser number of shares of Common Stock, then (a) the number of shares of Common Stock that may be acquired under the Warrant shall be decreased proportionately, and (b) the Exercise Price for each share of Common Stock subject to the Warrant shall be increased proportionately, without changing the aggregate purchase price or value as to which the Warrant remains exercisable.

(c) Should any other change be made to the Common Stock by reason of any exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to the class of securities subject to this Warrant in such manner and to the extent deemed appropriate by the Board of Directors.

(d) Whenever the number of shares of Common Stock subject to the Warrant is required to be adjusted as provided in this Section 5, the Corporation shall, within 30 days following such adjustment, prepare and give to you a written notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in price and the number of shares of Common Stock, other securities, cash or property purchasable subject to the Warrant after giving effect to the adjustment.

(e) Adjustments under Section 5(a), (b) and (c) shall be made by the Board of Directors, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding and conclusive. No fractional interest shall be issued on account of any such adjustments.

6. **Transferability.** (a) This Warrant may be assigned in whole or in part during your lifetime either as (i) a gift to one or more members of your Immediate Family or to a trust in which you and/or one or more such family members hold more than 50% of the beneficial interest or (ii) pursuant to a domestic relations order. The assigned portion shall be exercisable only by the person or persons who acquire a proprietary interest in the Warrant pursuant to such assignment. The terms applicable to the assigned portion shall be the same as those in effect for

this Warrant immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Board of Directors may deem appropriate.

(b) Except for assignments to a person or an entity expressly permitted pursuant to the first sentence of Section 6(a) (a "**Permitted Transferee**"), the Warrant may not be assigned, transferred, pledged, or otherwise hypothecated by you or any Permitted Transferee. Additionally, you or any Permitted Transferee may not hedge or enter into any derivative or other transaction in respect of the Warrant Shares (the intention of the parties being that you, together with any Permitted Transferee, shall maintain a net long position in respect of the Warrant Shares). You shall (i) cause any Permitted Transferee to comply with the covenants herein and (ii) upon the written request of the Corporation certify as to your compliance with the covenants herein from time to time.

(c) Notwithstanding anything to the contrary herein, the covenants and limits on transferability in this Section 6 shall terminate on the earliest of (x) the sixth year anniversary of the Date of Purchase, (y) the termination of your employment by the Corporation without Cause or by you for Good Reason, or (z) a Change in Control.

7. **Delivery of Certificates of Stock.** After the exercise of the Warrant the Corporation shall promptly issue and deliver a certificate representing the number of shares of Common Stock as to which the Warrant has been exercised after the Corporation receives (a) the Exercise Notice, (b) payment of the Exercise Price, and (c) any tax withholding as may be requested. The value of the shares of Common Stock shall not bear any interest owing to the passage of time.

8. **Rights as a Stockholder.** You shall have no right as a stockholder with respect to any shares covered by this Agreement unless and until a certificate representing those shares is issued in your name.

9. **Rights Offerings.** If at any time the Corporation shall distribute rights or warrants to all or substantially all holders of its Common Stock entitling them, for a period of not more than 45 days, to subscribe for or purchase shares of Common Stock at a price per share less than the Fair Market Value of the Common Stock on the last trading day preceding the date on which the Board of Directors declares such distribution of rights or warrants, the Exercise Price in effect immediately prior to the close of business on the record date for such distribution shall be reduced immediately thereafter to the price determined by multiplying such Exercise Price by the quotient of (x) the number of shares of Common Stock outstanding at the close of business on such record date plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Fair Market Value divided by (y) the number of shares of Common Stock outstanding at the close of business on such record date plus the number of shares of Common Stock so offered for subscription or purchase. In such event, the number of shares of Common Stock issuable upon the exercise of the Warrant as in effect immediately prior to the close of business on such record date shall be increased immediately thereafter to the amount determined by multiplying such number by the quotient of (x) the Exercise Price in effect immediately prior to the adjustment contemplated by the immediately preceding sentence divided by (y) the new Exercise Price determined in accordance with the immediately preceding

sentence. In case any rights or warrants referred to in this Section 9 in respect of which an adjustment shall have been made shall expire unexercised and any shares that would have been underlying such rights or warrants shall not have been allocated pursuant to any backstop commitment or any similar arrangement, the Exercise Price and the number of shares of Common Stock issuable upon exercise of the Warrant then in effect shall be readjusted at the time of such expiration to the Exercise Price that would then be in effect and the number of Shares that would then be issuable upon exercise of the Warrant if no adjustment had been made on account of such expired rights or warrants.

10. **Tender or Exchange Offers.** If the Corporation or any subsidiary of the Corporation shall consummate a tender or exchange offer for all or any portion of the Common Stock for a consideration per share with a Fair Market Value greater than the Fair Market Value of the Common Stock on the date such tender or exchange offer is first publicly announced (the "**Announcement Date**"), the Exercise Price in effect immediately prior to the expiration date for such tender or exchange offer shall be reduced immediately thereafter to the price determined by multiplying such Exercise Price by the quotient of (x) the Fair Market Value of the Common Stock on the Announcement Date minus the Premium Per Post-Tender Share divided by (y) the Fair Market Value of the Common Stock on the Announcement Date. In such event, the number of shares of Common Stock issuable upon the exercise of the Warrant as in effect immediately prior to such expiration date shall be increased immediately thereafter to the amount determined by multiplying such number by the quotient of (x) the Exercise Price in effect immediately prior to the adjustment contemplated by the immediately preceding sentence divided by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. As used in this Section 10 with respect to any tender or exchange offer, "**Premium Per Post-Tender Share**" means the quotient of (x) the amount by which the aggregate Fair Market Value of the consideration paid in such tender or exchange offer exceeds the aggregate Fair Market Value on the Announcement Date of the shares of Common Stock purchased therein divided by (y) the number of shares of Common Stock outstanding at the close of business on the expiration date for such tender or exchange offer (after giving pro forma effect to the purchase of shares being purchased in the tender or exchange offer).

11. **Furnish Information.** You shall furnish to the Corporation all information requested by the Corporation to enable it to comply with any reporting or other requirement imposed upon the Corporation by or under any applicable statute or regulation.

12. **Registration and Listing of Warrant Shares.** The Corporation shall file a registration statement with the Securities and Exchange Commission to register the sale of Warrant Shares as soon as reasonably practicable. The Corporation will file a listing application for listing on NYSE with respect to the Warrant Shares as soon as practicable after the date hereof.

13. **Obligation to Exercise.** The purchase of the Warrant through this Agreement shall impose no obligation upon you to exercise the same or any part thereof.

14. **Remedies.** You shall be entitled to recover from the Corporation reasonable fees incurred in connection with the enforcement of the terms and provisions of this Agreement, whether by an action to enforce specific performance or for damages for its breach or otherwise.

15. **Right of the Corporation and Subsidiaries to Terminate Employment.** Nothing contained in this Agreement shall confer upon you the right to continue in the employ of the Corporation or any subsidiary, or interfere in any way with the rights of the Corporation or any subsidiary to terminate your employment at any time.

16. **Exchange Act Compliance.** The Board of Directors shall take all steps necessary to ensure that the purchase and exercise of the Warrant are exempt from Section 16(b) of the Exchange Act.

17. **No Guarantee of Interests.** The Board of Directors and the Corporation do not guarantee the Common Stock of the Corporation from loss or depreciation.

18. **Corporation Action.** Any action required of the Corporation shall be by resolution of its Board of Directors or by a person or committee authorized to act by resolution of the Board of Directors.

19. **Severability.** If any provision of this Agreement is for any reason held to be illegal, invalid, or to violate any law or listing requirement applicable to the Corporation, the illegality, invalidity, or violation shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein and you and the Corporation shall amend this Agreement, preserving, to the maximum extent reasonably possible, the intended economic effects of this Agreement as executed by the parties hereto.

20. **Notices.** Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by electronic facsimile transmission. Any such notice required or permitted to be delivered hereunder shall be deemed to be delivered on the next Business Day after which it is personally delivered or transmitted by electronic facsimile to the person who is to receive it at the address which such person has theretofore specified by written notice delivered in accordance herewith.

The Corporation and you agree that any notices shall be given to the Corporation or to you at the following addresses; provided that the Corporation or you may change, at any time and from time to time, by written notice to the other, the address which it or he had previously specified for receiving notices.

Corporation:	The Howard Hughes Corporation One Galleria Tower 13355 Noel Road, Suite 950 Dallas, Texas 75240 Attn: Office of the General Counsel
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with a copy simultaneously by like means to:	William A. Ackman, Chairman of the Board 888 Seventh Avenue, 42 nd Floor New York, NY 10019
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Holder:	At your current address as shown in the Corporation's records.
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with a copy simultaneously by like means to:

Zukerman Gore Brandeis & Crossman, LLP
875 Third Avenue
New York, NY 10022
Attn: Clifford A. Brandeis, Esq.

21. **Waiver of Notice.** Any person entitled to notice hereunder may waive such notice.
22. **Successors.** This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Corporation, its successors and assigns.
23. **Headings.** The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.
24. **Governing Law.** All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Delaware except to the extent Delaware law is preempted by federal law.
25. **Word Usage.** Words used in the masculine shall apply to the feminine where applicable, and wherever the context of this Agreement dictates, the plural shall be read as the singular and the singular as the plural.

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IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer as of the Date of Purchase first above written.

THE HOWARD HUGHES CORPORATION

By: /s/ Grant Herlitz
Grant Herlitz
President

ACKNOWLEDGED AND AGREED:

/s/ Andrew C. Richardson
Andrew C. Richardson

APPENDIX A

SECTION 83(b) ELECTION

This statement is made under Section 83(b) of the Internal Revenue Code of 1986, as amended, pursuant to Treasury Regulations Section 1.83-2.

1. The taxpayer who purchased the property is:

Name: Andrew C. Richardson

Address: _____

Social Security No.: _____

2. The property with respect to which the election is made is a warrant (the "Warrant") to purchase 178,971 shares of the common stock, par value \$0.01 per share, (the "Shares") of The Howard Hughes Corporation (the "Corporation").
3. The property was purchased on _____, 2011 (the "Date of Purchase").
4. The taxable year for which the election is made is the calendar year 2011.
5. Pursuant to the terms of the Warrant Purchase Agreement (the "Agreement") the Warrant will be fully vested and nonforfeitable on Date of Purchase.
6. The fair market value of such property at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse) is \$2,000,000.
7. The amount paid for such property is \$2,000,000.
8. A copy of this statement was furnished to the Corporation, from whom the taxpayer purchased such property.
9. This statement is executed on _____, ____.

Signature of Spouse (if any)

Signature of Taxpayer

This election must be filed with the Internal Revenue Service Center with which the taxpayer files his or her federal income tax returns and must be filed within 30 days after the Date of Purchase. This filing should be made by registered or certified mail, return receipt requested. The taxpayer must retain two copies of the completed form for filing with his or her federal and state tax returns for the current tax year and an additional copy for his or her records.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "*Agreement*"), dated February 25, 2011, is entered into by and between The Howard Hughes Corporation, a Delaware corporation (the "*Company*"), and Andrew C. Richardson (the "*Executive*").

RECITALS

The Company desires to employ the Executive upon and subject to the terms and conditions set forth in this Agreement and to enter into an agreement embodying the terms of such employment.

The Executive desires to accept such employment upon and subject to the terms and conditions set forth in this Agreement.

The parties desire to enter into this Agreement.

NOW THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. **Employment Period.** The Company hereby agrees to employ the Executive, and the Executive hereby agrees to work in the employ of the Company, subject to the terms and conditions of this Agreement, for the period commencing on March 28, 2011 (the "*Effective Date*") and ending, unless terminated earlier pursuant to Section 3 hereof, on the sixth year anniversary of the Effective Date (the "*Employment Period*"). Notwithstanding anything herein to the contrary, this Agreement shall become null and void, *ab initio*, in the event the Executive does not commence employment with the Company, for any reason, on or prior to March 28, 2011.

2. Terms of Employment.*(a) Position and Duties.*

(i) During the Employment Period, the Executive shall serve as Chief Financial Officer of the Company, with the appropriate authority, duties and responsibilities attendant to such position and any other duties commensurate with the position of Chief Financial Officer of the Company that may be reasonably assigned by the Company's Board of Directors (the "*Board*"). The Executive shall report directly to the Chief Executive Officer of the Company or to the Board or a committee thereof.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote all of his business attention and time to the business and affairs of the Company, and to use his reasonable best efforts to perform such responsibilities. During the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) consistent with Company governance policies, serve on corporate boards or committees of businesses that are not competitors of the Company, with prior written approval of the Board or an authorized committee thereof, (B) serve on civic or charitable boards or

committees, (C) manage personal and family investments, and (D) engage in lectures or teaching, so long as any such activities do not, individually or in the aggregate, interfere with the discharge of the Executive's responsibilities pursuant to this Agreement; provided, however, for the avoidance of doubt, during the Employment Period, the Executive shall not hold any other management positions at other companies.

(iii) The Executive represents and warrants to the Company that (A) neither the execution nor delivery of this Agreement nor the performance of the Executive's duties hereunder violates or will violate the provisions of any other agreement to which the Executive is a party or by which the Executive is bound and (B) the Executive will not use or disclose, in connection with his employment by the Company or otherwise, any confidential and/or trade secret information of any of his prior employers or any other party.

(iv) *Place of Performance.* The principal place of employment of the Executive will be in the Dallas, Texas metropolitan area (the "*Principal Location*"). The Executive understands that he shall regularly be required to travel in connection with the performance of his duties hereunder.

(b) *Compensation.*

(i) *Annual Base Salary.* During the Employment Period, unless increased by the Board in its sole discretion, the Executive shall receive an annual base salary of \$500,000 (the "*Annual Base Salary*"), payable in equal installments in accordance with the Company's normal payroll practice for its senior executives, subject to the Executive's continued active employment with the Company.

(ii) *Bonus.* Commencing with the 2011 fiscal year, the Executive shall be eligible for an annual cash bonus (the "*Annual Bonus*"). The Annual Bonus shall be subject to such performance measures and objectives as may be established by the Compensation Committee of the Board (the "*Compensation Committee*"); provided that (A) the Annual Bonus payable upon achievement of the threshold performance level shall be equal to 60% of the Annual Base Salary, (B) the Annual Bonus payable upon achievement of the target performance level shall be equal to 100% of the Annual Base Salary, and (C) the Annual Bonus payable upon achievement of the maximum performance level shall be equal to 140% of the Annual Base Salary. To the extent that the Executive's achievement level falls between performance goal achievement levels, the Annual Bonus shall be determined using straight line interpolation between the applicable two performance goal achievement levels. The determination as to whether the performance goal achievement levels shall have been achieved shall be made in the sole discretion of the Board (or a duly authorized committee thereof) and, to the extent Section 162(m) of the Internal Revenue Code of 1986, as amended (the "*Code*"), is applicable, shall be consistent with and subject to the requirements set forth in Section 162(m) of the Code. The Annual Bonus for each year shall be paid to the Executive as soon as reasonably practicable following the end of such year and at the same time that other senior executives of the Company receive bonus payments, but in no event later than March 15th following the end of the fiscal year to which such Annual Bonus relates.

(iii) *Equity Award.* On the Effective Date, the Company shall make a one-time restricted stock grant to the Executive of 20,000 shares of the Company's common stock (the "*Restricted Stock Award*"). The Restricted Stock Award shall be subject to the terms of The Howard Hughes Corporation 2010 Equity Incentive Plan and a restricted stock award agreement, which award agreement shall not be inconsistent with the terms of this Agreement. The Restricted Stock Award shall vest 100% on the fifth year anniversary of the Effective Date, and shall be subject to: (A) pro rata acceleration (determined by dividing (1) the number of months the Executive was employed following the Effective Date through the Date of Termination by (2) 60) upon termination of the Executive's employment by the Company without Cause, by the Executive for Good Reason, or due to the Executive's death or Disability, in each case following the third year anniversary of the Effective Date; and (B) full acceleration upon the occurrence of a Change in Control at any time. Notwithstanding anything herein to the contrary, in no event shall the Restricted Stock Award be subject to acceleration upon termination of the Executive's employment for any reason on or prior to the third year anniversary of the Effective Date, absent a Change in Control prior thereto.

(iv) *Relocation.* If the Board requests the Executive to relocate from the Principal Location during the Employment Term, then the Company shall provide the Executive with (A) home sale services (at market price and with no reimbursement for any loss on home price) and (B) reimbursement in accordance with Company policy for the Executive's reasonable and properly documented moving expenses, which shall include the costs of moving the Executive, his family and possessions from the Principal Location to the location requested by the Board.

(v) *Indemnification.* On the Effective Date, or as promptly as practicable thereafter, the Company and the Executive will enter into an indemnification agreement on substantially the same terms as the indemnification agreements entered into by the Company and each of its directors prior to the Effective Date.

(c) *Benefits.* During the Employment Period, except as otherwise expressly provided herein, the Executive shall be entitled to participate in all employee welfare benefit plans, practices, policies and programs and fringe benefits to the extent applicable generally and on a basis no less favorable than that provided to all other senior officers of the Company, including, without limitation, health, medical, dental, long-term disability and life insurance plans. The Executive shall be entitled to paid annual vacation totaling four weeks per year in accordance with the Company's vacation policy in effect from time to time.

(d) *Expenses.* The Company shall reimburse the Executive for all reasonable and necessary expenses actually incurred by the Executive in connection with the business affairs of the Company and the performance of the Executive's duties hereunder, in accordance with Company policy as in effect from time to time. In addition, within three days following the Effective Date, the Executive shall receive from the Company a one-time cash payment as reimbursement for all of the Executive's out-of-pocket transitory relocation expenses to Dallas, Texas from New York, New York, including transitory housing and travel expenses, in the amount of \$100,000 (less applicable withholdings).

3. Termination of Employment.

(a) *Death or Disability.* The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines that the permanent disability of the Executive, as determined in good faith by the Board ("*Disability*"), has occurred during the Employment Period, the Company may give to the Executive written notice, in accordance with Section 12(b), of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after the Executive's receipt of such notice by the Company (the "*Disability Effective Date*"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. The Executive shall fully cooperate in connection with the determination of whether Disability exists.

(b) *Cause.* The Company may terminate the Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "*Cause*" shall mean, as determined in good faith by a unanimous vote (excluding the Executive if he is then a member of the Board) of the Board at a meeting of the Board held for such purpose, and where the Executive and the Executive's counsel had an opportunity (on at least 15 days prior notice) to be heard before the Board, the Executive's:

- (i) conviction, plea of guilty or no contest to any felony;
- (ii) gross negligence or willful misconduct in the performance of the Executive's duties;
- (iii) drug addiction or habitual intoxication;
- (iv) commission of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty, violation of law, or a material act of dishonesty against the Company, in each case that the Board determines was willful;
- (v) material and continued breach of this Agreement, after notice for substantial performance is delivered by the Company in writing that identifies in reasonable detail the manner in which the Company believes the Executive is in breach of this Agreement;
- (vi) willful material breach of Company policy or code of conduct; or
- (vii) willful and continued failure to substantially perform his duties hereunder (other than such failure resulting from the Executive's incapacity due to physical or mental illness);

unless, in each case, the event constituting Cause is curable and has been cured by the Executive within 30 days of his receipt of notice from the Company that an event constituting Cause has occurred and specifying the details of such event. If the Executive cures an event during such period that would otherwise constitute Cause, then the Company will have no right to terminate the Executive's employment for Cause. For purposes of this provision, no act or omission on the part of the Executive shall be considered "willful" unless it is done or omitted not in good faith

or without reasonable belief that the act or omission was in the best interests of the Company. Any act or omission based upon a resolution duly adopted by the Board or advice of counsel for the Company shall be conclusively presumed to have been done or omitted in good faith and in the best interests of the Company. This Section 3(b) shall not prevent the Executive from challenging in any court of competent jurisdiction whether the Board acted in good faith in determining that Cause exists or that the Executive has failed to cure any act (or failure to act) that purportedly formed the basis for the Board's determination. For the avoidance of doubt, the burden of proof regarding the existence of Cause shall be on the Company.

(c) *Resignation.* The Executive may terminate the Executive's employment during the Employment Period for Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events without the Executive's written consent:

- (i) a diminution in the Executive's base compensation;
- (ii) a material diminution in the Executive's authority, duties or responsibilities;
- (iii) the Executive no longer reports directly to the Chief Executive Officer or the Board; or
- (iv) any other action or inaction that constitutes a material breach by the Company of this Agreement;

provided that, in each case, the Executive must provide a Notice of Termination (as defined below) to the Company within 60 days of the initial occurrence of the event constituting Good Reason, and the Company shall have the opportunity to cure such event within 30 days of receiving such notice. If the Company cures an event during such period that would otherwise constitute Good Reason, then the Executive will have no right to terminate his employment for Good Reason. Following the occurrence of a Change in Control (as defined below), any claim by the Executive that Good Reason exists shall be presumed to be correct unless a court of competent jurisdiction determines that the Company has established by clear and convincing evidence that Good Reason does not exist.

(d) *Without Cause.* The Company shall have the right to terminate the Executive's employment hereunder without Cause by providing the Executive with a Notice of Termination, and such termination shall not in and of itself be, nor shall it be deemed to be, a breach of this Agreement. This means that, notwithstanding this Agreement, the Executive's employment with the Company shall be "at will."

(e) *Without Good Reason.* The Executive will have the right to terminate his employment hereunder without Good Reason by providing the Company with a Notice of Termination not less than 45 days prior to the effective date thereof, and such termination shall not in and of itself be, nor shall it be deemed to be, a breach of this Agreement.

(f) *Notice of Termination.* Any termination by the Company or by the Executive shall be communicated by Notice of Termination to the other party hereto given in

accordance with Section 12(b). For purposes of this Agreement, a “*Notice of Termination*” means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination. The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder, or preclude the Company from asserting such fact or circumstance in enforcing the Company’s rights hereunder.

(g) *Date of Termination*. “*Date of Termination*” means (i) if the Executive’s employment is terminated by the Company other than for Disability, the date of receipt of the Notice of Termination or any later date specified therein within 90 days of such notice, (ii) if the Executive’s employment is terminated by the Executive, 45 days after receipt of the Notice of Termination (provided that the Company may accelerate the Date of Termination to an earlier date by providing the Executive with notice of such action), (iii) if the Executive’s employment is terminated by reason of the Executive’s death or Disability, the Date of Termination shall be the date of the Executive’s death or the Disability Effective Date, as the case may be, and (iv) if the Executive’s employment is terminated by expiration of this Agreement, the date of expiration of this Agreement.

4. Obligations of the Company upon Termination

(a) *Change in Control Termination*. If, during the Employment Period, the Company shall terminate the Executive’s employment other than for Cause (and other than upon the Executive’s death or Disability), or if the Executive shall terminate his employment for Good Reason, in either case, within four months prior and in connection with, or within 12 months following, a Change in Control (any such termination of employment, a “*Change in Control Termination*”), the Company shall have no further obligations to the Executive except as follows:

(i) the Company shall pay or provide the Executive, to the extent not theretofore paid, as soon as practicable after the Date of Termination (but in no event later than 60 days after the Date of Termination): (A) a lump sum cash amount equal to the sum of (1) the Annual Base Salary (which shall be the Annual Base Salary prior to reduction if the termination is for Good Reason because of a reduction in Annual Base Salary) through the Date of Termination, and (2) accrued vacation pay through the Date of Termination; (B) any other amounts or benefits required to be paid or provided pursuant to applicable law; (C) any reimbursement to which the Executive is entitled pursuant to Company policy, but which was not reimbursed prior to the Date of Termination; (D) any other earned but unpaid outstanding compensatory arrangements; and (E) a lump sum cash payment of a pro rata portion of the Annual Bonus that the Executive would have been entitled to receive pursuant to Section 2(b)(ii) hereof for the fiscal year in which the Date of Termination occurs, based upon the percentage of the fiscal year that elapsed through the Date of Termination (determined by dividing (1) the number of days the Executive was employed during such year through the Date of Termination by (2) the number of days in such fiscal year) and based on the Executive’s, the Company’s and its Affiliates’, as applicable, actual performance for the applicable

performance period through the Date of Termination (based on the good faith determination by the Board (or a duly authorized committee thereof) of the achievement of the applicable performance goals) ((A), (B), (C), (D) and (E), together, the “Accrued Benefits”);

(ii) the Company shall pay the Executive, on the 60th day following the Date of Termination or Change in Control, whichever is later, a lump sum cash amount equal to the sum of (A) 200% of the Annual Base Salary (which shall be the Annual Base Salary prior to reduction if the termination is for Good Reason because of a reduction in Annual Base Salary), plus (B) 200% of the Target Annual Bonus (which shall be the Target Annual Bonus prior to reduction if the termination is for Good Reason because of a reduction in Target Annual Bonus); and

(iii) on the 60th day following the Date of Termination, outstanding compensatory awards, if any, that are subject to forfeiture shall vest and become non-forfeitable.

(b) *Non-Change in Control Termination.* If, during the Employment Period, the Executive’s employment shall terminate in any manner that does not constitute a Change in Control Termination, then the Company shall have no further obligations to the Executive other than the obligation to pay the Executive the Accrued Benefits in accordance with Section 4(a)(i) hereof.

(c) *Condition.* The Company shall not be required to make the payments and provide the benefits specified in Sections 4(a)(ii) and (iii) hereof unless, prior to payment, the parties hereto have entered into a release substantially in the form attached hereto as Attachment A (for which the applicable seven-day revocation period has expired), prior to the 60th day following the Date of Termination, under which the Executive releases the Company, its affiliates and their officers, directors and employees from all liability (other than the payments and benefits under this Agreement). In the event that such release is not executed and delivered to the Company in accordance with this Section 4(c) prior to the 60th day following the Date of Termination (with the applicable seven-day revocation period having expired), the Executive shall forfeit the payments and benefits specified in Sections 4(a)(ii) and (iii) hereof.

(d) *Resignation from Certain Directorships.* Following the Employment Period or the termination of the Executive’s employment for any reason, if and to the extent requested by the Board, the Executive agrees to resign from the Board, all fiduciary positions (including as trustee) and from all other offices and positions he holds with the Company and any of its Affiliates; provided, however, that if the Executive refuses to tender his resignation after the Board has made such request, then the Board shall be empowered to tender the Executive’s resignation from such offices and positions.

5. Change in Control.

(a) For purposes of this Agreement, “Change in Control” means the occurrence of any of the following events:

(i) A “change in the ownership of the Company” which shall occur on the date that any one person, or more than one person acting as a group, excluding Pershing Square Management, L.P. and its Affiliates, acquires ownership of stock in the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; however, if any one person or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons will not be considered a “change in the ownership of the Company” (or to cause a “change in the effective control of the Company” within the meaning of Section 5(a)(ii) below) and an increase of the effective percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this paragraph; provided further, however, that for purposes of this Section 5(a)(i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (B) any acquisition by investors (immediately prior to such acquisition) in the Company for financing purposes, as determined by the Board in its sole discretion. This Section 5(a)(i) applies only when there is a transfer of the stock of the Company (or issuance of stock) and stock in the Company remains outstanding after the transaction.

(ii) A “change in the effective control of the Company” which shall occur on the date that either (A) any one person, or more than one person acting as a group, excluding Pershing Square Management, L.P. and its Affiliates, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company, except for (1) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (2) any acquisition by investors (immediately prior to such acquisition) in the Company for financing purposes, as determined by the Board in its sole discretion; or (B) a majority of the members of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of a “change in the effective control of the Company,” if any one person, or more than one person acting as a group, is considered to effectively control the Company within the meaning of this Section 5(a)(ii), the acquisition of additional control of the Company by the same person or persons is not considered a “change in the effective control of the Company,” or to cause a “change in the ownership of the Company” within the meaning of Section 5(a)(i) above.

(iii) The occurrence of any of the transactions contemplated by Section 5(a)(i) or 5(a)(ii) above (including any acquisition by Pershing Square Management, L.P. or its Affiliates), in connection with which the stock of the Company ceases to be publicly traded on a national securities exchange.

(iv) A “change in the ownership of a substantial portion of the Company’s assets” which shall occur on the date that any one person, or more than one person acting as a group, excluding Pershing Square Management, L.P. and its Affiliates, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets of the Company that have a total gross fair market value equal to or more than 60% of the total gross fair market value of all the assets of the Company immediately prior to such acquisition or acquisitions; provided that the proceeds of such acquisition or acquisitions are distributed to the shareholders of the Company in connection with such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Any transfer of assets to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided in guidance issued pursuant to Section 409A of the Code, shall not constitute a Change in Control.

(v) For purposes of this Section 5(a), the provisions of Section 318(a) of the Code regarding the constructive ownership of stock will apply to determine stock ownership; provided, that stock underlying unvested options (including options exercisable for stock that is not substantially vested) will not be treated as owned by the individual who holds the option. In addition, for purposes of this Section 5(a), “Company” includes (A) the Company and (B) an entity that is a stockholder owning more than 50% of the total fair market value and total voting power (a “Majority Shareholder”) of the Company, or any entity in a chain of entities in which each entity is a Majority Shareholder of another entity in the chain, ending in the Company. For purposes of this Agreement, the term “Affiliate” has the meaning given to such term under the Securities Act of 1933.

6. **Full Settlement.** In no event shall the Executive be obligated to seek other employment, or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced, whether or not the Executive obtains other employment. The Company may offset any amounts that it owes to the Executive by any amounts relating to employment matters that the Executive owes to the Company or its Affiliates; provided that in no event shall any payment under this Agreement that constitutes “nonqualified deferred compensation” for purposes of Section 409A of the Code be subject to offset by any other amount unless otherwise permitted by Section 409A of the Code.

7. **Potential Reductions.**

(a) Notwithstanding any other provisions in this Agreement, in the event that any payment or benefit received or to be received by the Executive (including, without limitation, any payment or benefit received in connection with a Change in Control or the termination of the Executive’s employment, whether pursuant to the terms of this Agreement or any other plan, program, arrangement or agreement) (all such payments and benefits, together, the “Total Payments”) would be subject (in whole or part), to any excise tax imposed under Section 4999 of the Code, or any successor provision thereto (the “Excise Tax”), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of

the Code in such other plan, program, arrangement or agreement, the Company will reduce the Executive's payments and/or benefits under this Agreement, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax (but in no event to less than zero), in the following order: (i) any cash severance amounts set forth in Section 4(a)(ii) hereof; (ii) any cash severance amount derived based upon the payment of the pro rata portion of the Annual Bonus, as described in Section 4(a)(i)(E) hereof; and (iii) any acceleration of outstanding compensatory awards, as described in Section 4(a)(iii) hereof (the payments and benefits set forth in clauses (i) through (iii) of this Section 7(a), together, the "*Potential Payments*"); provided, however, that the Potential Payments shall only be reduced if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax: (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("*Tax Counsel*") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor (the "*Auditor*"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including, without limitation, by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(c) At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including, without limitation, any opinions or other advice the Company received from Tax Counsel, the Auditor, or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). If the Executive objects to the Company's calculations, the Company shall pay to the Executive such portion of the Potential Payments (up to 100% thereof) as the Executive determines is necessary to result in the proper application of this Section 7. All determinations required by this Section 7 (or requested by the Company or the Executive in connection with this Section 7) shall be at the expense of the Company. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 7

shall not of itself limit or otherwise affect any other rights of the Executive under this Agreement.

8. Restrictive Covenants.

(a) *Non-Solicit.* During the Employment Period, and for a 12-month period after the Executive's employment is terminated for any reason, the Executive shall not (except in connection with the performance of his duties for the Company) in any manner, directly or indirectly (without the prior written consent of the Company) Solicit (as defined below) anyone who is (i) then an employee of the Company or its Affiliates (or who was such an employee within the prior 12 months) or (ii) then an independent contractor who provides exclusive services to the Company or its Affiliates (or who was such an independent contractor within the prior 12 months), in either case, to resign from the Company or its Affiliates or to apply for or accept employment with any other business or enterprise. For purposes of this Agreement, "Solicit" means any direct or indirect communication of any kind, regardless of who initiates it, that in any way invites, advises, encourages or requests any person to take or refrain from taking any action; provided, however, that the foregoing shall not apply, and the term "Solicit" in this Agreement shall not include solicitations made to the public or the industry generally through advertising or electronic listings which are not specifically targeted at employees of the Company or its Affiliates or independent contractors who provide exclusive services to the Company or its Affiliates.

(b) *Confidential Information.* The Executive hereby acknowledges that, as an employee of the Company, he will be making use of, acquiring and adding to confidential information of a special and unique nature and value relating to the Company and its Affiliates and their strategic plan and financial operations. The Executive further recognizes and acknowledges that all confidential information is the exclusive property of the Company and its Affiliates, is material and confidential, and is critical to the successful conduct of the business of the Company and its Affiliates. Accordingly, the Executive hereby covenants and agrees that he will use confidential information for the benefit of the Company and its Affiliates only and shall not at any time, directly or indirectly, during the term of this Agreement and thereafter divulge, reveal or communicate any confidential information to any person, firm, corporation or entity whatsoever, or use any confidential information for his own benefit or for the benefit of others. Notwithstanding the foregoing, the Executive shall be authorized to disclose confidential information (i) as may be required by law or legal process after providing the Company with prior written notice and an opportunity to respond to such disclosure (unless such notice is prohibited by law), (ii) with the prior written consent of the Company, or (iii) that becomes publicly available other than as a result of disclosure by the Executive.

(c) *Non-Competition.* During the Employment Period, and for a 12-month period after the Executive's employment is terminated for any reason, the Executive shall not directly or indirectly (whether for compensation or otherwise) own or hold any interest in, manage, operate, control, consult with, render services for, or in any manner participate in any business that is competitive with the business of the Company, either as a general or limited partner, proprietor, shareholder, officer, director, agent, employee, consultant, trustee, Affiliate or otherwise. Nothing herein shall prohibit the Executive from being a passive owner of not

more than 2% of the outstanding securities of any publicly traded company engaged in the business of the Company.

(d) *Survival.* Any termination of the Executive's employment or of this Agreement (or breach of this Agreement by the Executive or the Company) shall have no effect on the continuing operation of this Section 8.

(e) *Non-Disparagement.* During the Employment Period and thereafter, the Executive shall not, in any manner, directly or indirectly through another person or entity, knowingly make any false or any disparaging or derogatory statements about the Company, any of its Affiliates or any of their employees, officers or directors. The Company, in turn, agrees that it will not make, in any authorized corporate communications to third parties, and it will direct the members of the Board and the Chief Executive Officer, not to in any manner, directly or indirectly through another person or entity, knowingly make any false or any disparaging or derogatory statements about the Executive; provided, however, that nothing herein shall prevent either party from giving truthful testimony or from otherwise making good faith statements in connection with legal investigations or other proceedings.

(f) *Enforcement.* If, at the time of enforcement of this Section 8, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area. Because the Executive's services are unique and because the Executive has access to confidential information, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Section 8. Therefore, in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Upon the occurrence of a Change in Control, the Company will similarly require the acquiring entity to assume the Company's obligations under this Agreement. As used in this Agreement, "*Company*" shall mean the Company as hereinbefore

defined and any successor to its business and/or assets (or the acquiring entity upon the occurrence of a Change in Control) as aforesaid.

10. Disputes.

(a) *Jurisdiction and Choice of Forum.* All disputes arising under or related to the employment of the Executive or the provisions of this Agreement shall be settled by arbitration under the rules of the American Arbitration Association then in effect, such arbitration to be held in Wilmington, Delaware, as the sole and exclusive remedy of either party. The arbitration shall be heard by one arbitrator mutually agreed upon by the parties, who must be a former judge. In the event that the parties cannot agree upon the selection of the arbitrator within ten days, each party shall select one arbitrator and those arbitrators shall select a third arbitrator who will serve as the sole arbitrator. The arbitrator shall have the authority to order expedited discovery, hearing and decision, including, without limitation, the ability to set outside time limits for such discovery, hearing and decision. The parties shall direct the arbitrator to render a decision not later than 90 days following the arbitration hearing. Judgment on any arbitration award may be entered in any court of competent jurisdiction.

(b) *Governing Law.* This Agreement will be governed by and construed in accordance with the law of the State of Delaware applicable to contracts made and to be performed entirely within that State.

11. Section 409A of the Code.

(a) *Compliance.* The intent of the parties is that payments and benefits under this Agreement are either exempt from or comply with Section 409A of the Code (“Section 409A”) and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to that end. The parties acknowledge and agree that the interpretation of Section 409A and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. In no event whatsoever shall the Company be liable for any tax, interest or penalties that may be imposed on the Executive by Section 409A or any damages for failing to comply with Section 409A.

(b) *Six Month Delay for Specified Employees.* If any payment, compensation or other benefit provided to the Executive in connection with his employment termination is determined, in whole or in part, to constitute “nonqualified deferred compensation” within the meaning of Section 409A and the Executive is a “specified employee” as defined in Section 409A, no part of such payments shall be paid before the day that is six months plus one day after the Executive’s date of termination or, if earlier, the Executive’s death (the “New Payment Date”). The aggregate of any payments that otherwise would have been paid to the Executive during the period between the date of termination and the New Payment Date shall be paid to the Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

(c) *Termination as a Separation from Service.* A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing

for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment until such termination is also a “*separation from service*” within the meaning of Section 409A and for purposes of any such provision of this Agreement, references to a “*resignation*,” “*termination*,” “*terminate*,” “*termination of employment*” or like terms shall mean separation from service.

(d) *Payments for Reimbursements and In-Kind Benefits.* All reimbursements for costs and expenses under this Agreement shall be paid in no event later than the end of the calendar year following the calendar year in which the Executive incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (ii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

(e) *Payments within Specified Number of Days.* Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “payment shall be made within 30 days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(f) *Installments as Separate Payment.* If under this Agreement, an amount is paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

12. Miscellaneous.

(a) *Amendment.* This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) *Notices.* Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by electronic facsimile transmission. The parties agree that any notices shall be given at the following addresses; provided that the parties may change, at any time and from time to time, by written notice to the other, the address which it or he had previously specified for receiving notices:

If to the Executive:

at the Executive’s primary residential address
as shown on the records of the Company

with a copy simultaneously by like means to:

Zukerman Gore Brandeis & Crossman, LLP
875 Third Avenue
New York, New York 10022
Attention: Clifford A. Brandeis, Esq.

If to the Company:

The Howard Hughes Corporation
One Galleria Tower
13355 Noel Road, Suite 950
Dallas, Texas 75240
Attention: Office of the General Counsel

with a copy simultaneously by like means to:

William A. Ackman, Chairman of the Board
888 Seventh Avenue, 42nd Floor
New York, NY 10019

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) *Severability*. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) *Tax Withholding*. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) *Late Payments*. The Company shall pay interest at a rate of 10% per year (compounded daily) on any payments that are due to the Executive under the terms of this Agreement, and which are paid to the Executive later than the applicable due date.

(f) *Compliance with Dodd-Frank*. All payments under this Agreement, if and to the extent subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "*Dodd-Frank Act*"), shall be subject to any incentive compensation policy established from time to time by the Company to comply with the Dodd-Frank Act.

(g) *No Waiver*. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the Company's right to terminate the Executive for Cause pursuant to [Section 3](#) (subject to the Executive's right to challenge the Board's determination of Cause in a court of competent jurisdiction as described in [Section 3\(b\)](#) hereof), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) *No Strict Construction.* It is the parties' intention that this Agreement not be construed more strictly with regard to the Executive or the Company.

(i) *Entire Agreement.* This Agreement shall supersede any other employment or severance agreement or similar arrangements between the parties, and shall supersede any prior understandings, agreements or representations by or among the parties, written or oral, whether in term sheets, presentations or otherwise, relating to the subject matter hereof.

(j) *Counterparts.* This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(k) *Section References; Captions.* Any reference to a Section herein is a reference to a section of this Agreement unless otherwise stated. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board or other duly authorized governing body, the Company has caused these presents to be executed in its name on its behalf, all as of February 25, 2011.

EXECUTIVE

/s/ Andrew C. Richardson
Andrew C. Richardson

THE HOWARD HUGHES CORPORATION

By /s/ Grant Herlitz
Grant Herlitz
President

ATTACHMENT A
WAIVER AND RELEASE AGREEMENT

This Waiver and Release Agreement (hereinafter "*Release*") is entered into among Andrew C. Richardson (hereinafter "*Executive*") and The Howard Hughes Corporation, a Delaware corporation (the "*Company*").

The parties previously entered into an employment agreement dated February 25, 2011 (the "*Employment Agreement*"), pursuant to which Executive is entitled to certain payments and benefits upon termination of employment subject to the execution and nonrevocation of this Release. Executive has had a termination of employment pursuant to the Employment Agreement.

NOW THEREFORE, in consideration of certain payments and benefits under the Employment Agreement,

Executive and the Company agree as follows:

1. Executive expressly waives and releases the Company, its affiliates and related entities, parent corporations and subsidiaries, and all current and former directors, administrators, supervisors, managers, agents, officers, partners, stockholders, attorneys, insurers and employees of the Company and its affiliates, related entities, parent corporations and subsidiaries, and their successors and assigns, from any and all claims, actions and causes of action, at law or in equity, known or unknown, including, without limitation, those directly or indirectly relating to or connected with Executive's employment with the Company or termination of such employment, including but not limited to any and all claims under the Texas Commission on Human Rights Act, the Texas Payday Act, the Employee Retirement Income Security Act of 1974, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, as such Acts have been amended, and all other forms of employment discrimination whether under federal, state or local statute or ordinance, wrongful termination, retaliatory discharge, breach of express, implied, or oral contract, interference with contractual relations, defamation, intentional infliction of emotional distress and any other tort or contract claim under common law of any state or for attorneys' fees, based on any act, transaction, circumstance or event arising up to and including the date of Executive's execution of this Release; provided, however, that nothing herein shall limit or impede Executive's right to file or pursue an administrative charge with, or participate in, any investigation before the Equal Employment Opportunity Commission, or any similar local, state or federal agency, or to file a claim for unemployment compensation benefits, and/or any causes of action which by law Executive may not legally waive. Executive agrees, however, that if Executive or anyone acting on Executive's behalf, brings any action concerning or related to any cause of action or liability released in this Release, Executive waives any right to, and will not accept, any payments, monies, damages, or other relief, awarded in connection therewith.

2. Executive acknowledges: (a) that Executive has been advised in writing hereby to consult with an attorney before signing this Release, and (b) that Executive has had at least twenty-one (21) days after receipt of this information and Release to consider whether to accept

or reject this Release. Executive understands that Executive may sign this Release prior to the end of such twenty-one (21) day period, but is not required to do so. In addition, Executive has seven (7) days after Executive signs this Release to revoke it. Such revocation must be in writing and delivered either by hand or mailed and postmarked within the seven (7) day revocation period. If sent by mail, it is requested that it be sent by certified mail, return receipt requested to the Company, in care of the office of the General Counsel. If Executive revokes this Release as provided herein, it shall be null and void. If Executive does not revoke this Release within seven (7) days after signing it, this Release shall become enforceable and effective on the eighth (8th) day after the Executive signs this Release (the "Effective Date").

3. Executive and the Company agree that neither this Release nor the performance hereunder constitutes an admission by the Company of any violation of any federal, state or local law, regulation, or common law, or any breach of any contract or any other wrongdoing of any type.

4. This Release shall be construed and enforced pursuant to the laws of the State of Delaware as to substance and procedure, including all questions of conflicts of laws.

5. This Release constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, if any, between the parties relating to the subject matter thereof; provided that this Release does not apply to: (a) any claims under employee benefit plans subject to the Employee Retirement Income Security Act of 1974 in accordance with the terms of the applicable employee benefit plan, or any option agreement or other agreement pursuant to which Executive may exercise rights after termination of employment to acquire stock or other equity of the Company, (b) any claim under or based on a breach of this Release or Section 8 of the Employment Agreement after the date that Executive signs this Release; (c) rights or claims that may arise under the Age Discrimination in Employment Act or otherwise after the date that Executive signs this Release; or (d) any right to indemnification or directors and officers liability insurance coverage to which Executive is otherwise entitled in accordance with the Employment Agreement.

6. EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS FULLY READ AND FULLY UNDERSTANDS THIS RELEASE; AND THAT EXECUTIVE ENTERED INTO IT FREELY AND VOLUNTARILY AND WITHOUT COERCION OR PROMISES NOT CONTAINED IN THIS RELEASE.

EXECUTIVE

Andrew C. Richardson

THE HOWARD HUGHES CORPORATION

By: _____
Name: _____
Title: _____