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Objection Deadline: July 16, 2010, 4:00 p.m. (EDT)

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Stock Agreement dated January 1, 1996*

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

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

**OPPOSITION OF THE REPRESENTATIVES UNDER THAT CERTAIN
CONTINGENT STOCK AGREEMENT, EFFECTIVE AS OF JANUARY 1, 1996,
TO DEBTORS' MOTION TO ESTIMATE THE HUGHES HEIRS OBLIGATIONS**

Platt W. Davis III, David G. Elkins and David R. Lummis, the representatives (collectively, the "Representatives") under that certain Contingent Stock Agreement (the "CSA"), effective as of January 1, 1996, executed by General Growth Properties, Inc. (as successor to the Rouse Company) ("GGP") in favor of and for the benefit of the Holders and the Representatives (as such capitalized terms are defined in the CSA)¹ respectfully submit this

¹ The CSA authorizes and empowers the Representatives to represent the Holders with respect to all matters arising under the CSA. The Representatives (including, in the case of one of the Representatives, his predecessor-in-interest) have been representing the Holders since the execution of the CSA in 1996. In connection with these



opposition (the “Opposition”) to the Debtors’ Motion To Estimate The Hughes Heirs Obligations [Docket No. 5410] (the “Estimation Motion”). In support thereof, the Representatives respectfully submit as follows:

PRELIMINARY STATEMENT

1. There are two competing motions before this Court regarding GGP’s unique obligations to the Holders under the CSA (also known as the “Hughes Heirs”). On June 18, 2010, the Representatives filed the Motion Of The Representatives Under That Certain Contingent Stock Agreement, Effective As Of January 1, 1996, For Relief From Stay To Liquidate And Determine The Claims Of The CSA Beneficiaries (Also Known As The “Hughes Heirs”) And To Compel Arbitration [Docket No. 5360] (the “Stay Relief Motion”)². The Stay Relief Motion simply requests that the Debtors fulfill their contractual obligations by complying with certain bargained-for and agreed-upon procedures to determine the amount owed to the Hughes Heirs. Specifically, the Stay Relief Motion contemplates two cost-effective and efficient procedures to liquidate the claims of the Hughes Heirs without court intervention or unnecessary litigation. First, the Stay Relief Motion requests that an Appraisal Panel determine the value of all unsold CSA Assets as required by the CSA. If followed, the Appraisal Panel process would conclusively determine, by September 20, 2010, the largest of several amounts owed to the Hughes Heirs, which all parties acknowledge is in the range of hundreds of millions of dollars. Second, the Stay Relief Motion requests that any disputes relating to the CSA, including \$3,454,000 in pre-petition underpayments to the Hughes Heirs and other miscellaneous claims,

chapter 11 cases, all but two of the Holders owning collectively less than 0.5% of the interests under the CSA (the “Consenting Holders”) entered into a Consent and Agreement of Holder providing the Representatives with specific authority in connection with the representation of the Consenting Holders in these cases. Pursuant to the CSA and to the extent provided in the Consent and Agreement of Holder, the Representatives are the representatives of the Consenting Holders with respect to these chapter 11 cases.

² Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Estimation Motion.

be submitted to mediation³ and arbitration in accordance with the dispute resolution provisions of the CSA. To date, the Debtors have not objected to any of these claims of the Hughes Heirs and, accordingly, it is uncertain whether any disputes would even be submitted to arbitration. If the Debtors object to any such claims, the CSA's arbitration procedures would require the resolution of the claims within forty-five days of the selection of an arbitrator.

2. As set forth at length in the Stay Relief Motion, it is black letter law that a bankruptcy court's role in solvent debtor cases is simply to enforce the terms of a contract. The contract requires that the claim of the Hughes Heirs regarding the unsold CSA Assets, including Summerlin, be determined by the Appraisal Panel process. Simply put, the Appraisal Panel process was designed to keep all parties honest by avoiding the typical valuation fight where at least one party presents a weighted appraisal and a court is left to reconcile the valuations of competing experts. Instead, the Appraisal Panel process contemplates that each of GGP and the Representatives would appoint an appraiser, and the two so-appointed appraisers would select a third independent, qualified appraiser. Pursuant to the CSA, the most extreme of the three appraisals is entirely disregarded, and the valuation of the unsold CSA Assets is determined by averaging the remaining two valuations. The Hughes Heirs are entitled to the value and processes GGP contractually agreed to in the CSA. Anything short of complying with the procedures set forth in the CSA would raise a host of other bankruptcy issues, including a further claim for damages and the creation of an impaired class for plan confirmation.⁴

³ The Hughes Heirs will waive the right to mediate and proceed immediately to arbitration to alleviate any concerns by the Debtors of delay resulting from non-binding mediation.

⁴ The Debtors' current proposed plan of reorganization does not identify what treatment is proposed for the Hughes Heirs or even whether the Hughes Heirs will ultimately be impaired. Specifically, the proposed plan currently provides:

“On the Effective Date, each holder of Allowed Hughes Heirs Obligations shall receive (A) (1) its pro rata share of the value of the Hughes Heirs Obligations, as determined by the Bankruptcy Court, paid at the Plan Debtors' option in (a) the

3. In response to the Stay Relief Motion, the Debtors filed their Estimation Motion on June 29, 2010. By the Estimation Motion, the Debtors seek to impair the claims of the Hughes Heirs by avoiding the Appraisal Panel process and arbitration in favor of estimation litigation. To support their request for litigation, the Debtors assert that following the procedures they agreed to in the CSA would somehow delay the conclusion of the Debtors' chapter 11 cases. The Debtors' own proposed timeline, however, effectively mirrors the timeline advocated by the Hughes Heirs in the Stay Relief Motion, and any assertion of delay is without basis.

4. Instead of addressing the legal merits of following the procedures required under the CSA, the Debtors engage in a thinly-veiled attack on the character of the Hughes Heirs by suggesting that the Hughes Heirs have already received more value for the CSA Assets than was originally contemplated. The net cash flows previously generated by the CSA Assets, however, have been shared by both GGP and the Hughes Heirs, all as negotiated and agreed to in the CSA, and there are no equitable grounds in this solvent case for transferring value under the CSA from those contractually entitled to it. GGP's own share of profits from the CSA Assets have greatly exceeded original expectations to date, and will generate hundreds of millions of dollars in future profits.⁵

5. The Debtors also assert in the Estimation Motion that the Hughes Heirs are holders of "contingent equity interests" entitled to a distribution *pari passu* with existing holders

Hughes Heirs Note, (b) equal proportions of New GGP Common Stock and New Spinco Common Stock, and/or (c) Cash; or (2) such other property as may be agreed by the Plan Debtors and such holders or (B) such other treatment as to be unimpaired under section 1124 of the Bankruptcy Code."

Plan Debtors' Joint Plan Of Reorganization Under Chapter 11 Of The Bankruptcy Code [Docket No. 5464] (the "Plan") at 35.

⁵ The Debtors project in their disclosure statement that Summerlin will generate \$854.8 million in revenue through 2015, which results in \$378.7 million in free cash flow over the next five years alone. *See* Disclosure Statement for Plan Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Disclosure Statement") at Exhibit 6, pgs. 4, 7. The Debtors have elsewhere projected that Summerlin will continue to generate cash over the next thirty years.

of GGP common stock. While the Hughes Heirs will more fully address their classification in connection with plan confirmation, the Debtors' suggestion that the Hughes Heirs are contingent equity holders is misplaced. First, the CSA is abundantly clear that the claim of the Hughes Heirs is calculated and denominated in cash, and payable in a finite amount of shares of GGP common stock based on current market values ("Equivalent Value Shares"). In contrast, equity holders are entitled to the value of the Debtors that remain after all other obligations are paid in full, including the payment of the Equivalent Value Shares to the Hughes Heirs. The Debtors also point to the fact that one of the Representatives, Platt Davis, sits on the Equity Committee. Again, this argument misses the point. In his individual capacity, Mr. Davis has been a stockholder of GGP since 2005, and he continues to be the beneficial owner of a significant number of GGP shares. There is no conflict between the appointment of Mr. Davis by the United States Trustee to the equity committee and the positions advocated by the Hughes Heirs. In his capacity as a member of the Equity Committee, Mr. Davis does not represent the Hughes Heirs, but instead owes fiduciary duties to all GGP shareholders, including himself.

6. Lastly, the Debtors suggest that even if the Hughes Heirs were classified as general unsecured claims, section 510(b) of the Bankruptcy Code would nevertheless subordinate their claims. Setting aside whether section 510(b) is applicable to the claims under the CSA, subordination is a red herring. All secured and unsecured claims in these cases are to be paid in full, and thus there are no claims to be subordinated to. If the Hughes Heirs are treated as unimpaired, the Hughes Heirs would, pursuant to the CSA, receive Equivalent Value Shares. To the extent that the Debtors continue to insist on impairing the claims of the Hughes Heirs, the

implications of such treatment will be addressed in due course in connection with plan confirmation.⁶

BACKGROUND

7. In 1996, The Rouse Company (“Rouse”) completed two separate mergers involving entities owned by the Hughes Heirs, namely The Hughes Corporation and Howard Hughes Properties, Limited Partnership. Pursuant to the 1996 mergers, Rouse acquired numerous valuable properties from the Hughes Heirs, only some of which were the CSA Assets. The properties acquired include:

- Hughes Center, an 83-acre master-planned, mixed-use business center fully entitled for 1.2 million square feet and located one-half mile from the Las Vegas Strip, including nine completed office buildings totaling 779,000 square feet;
- Hughes Airport Center, a 383-acre master-planned business and industrial park in Las Vegas, including twenty-five buildings totaling 1.6 million square feet;
- Hughes Cheyenne Center, a 205-acre master-planned industrial park in North Las Vegas, including completed buildings totaling 295,000 square feet;
- A 75% interest in the highly acclaimed Fashion Show Mall on the Las Vegas Strip, currently one of GGP’s flagship malls;
- Summerlin, a highly successful, award winning 22,500-acre master-planned community in Las Vegas, including significant infrastructure improvements and completed buildings totaling 465,000 square feet in several planned commercial properties, including The Crossing Business Center, Pueblo Village, and The Plaza at Summerlin;
- Howard Hughes Center, a 49-acre master-planned mixed use development fronting the San Diego Freeway in West Los Angeles and fully entitled for 2.7 million square feet of office plus 300 hotel rooms, including completed buildings totaling 455,00 square feet and buildings under construction totaling 200,000 square feet;
- A 40% interest in Playa Vista, a 1,040-acre master-planned, mixed-use community in the Playa del Rey area of Los Angeles;
- West Bluffs, a subdivision consisting of 101 proposed single family detached residential lots in the Playa del Rey area of Los Angeles;
- A 58-acre undeveloped site on the south end of the Las Vegas Strip;

⁶ The Hughes Heirs do not address herein whether section 502(b) of the Bankruptcy Code requires that the claims of the Hughes Heirs be converted to U.S. dollars as of the Petition Date. The applicable conversion date need not be addressed if the Hughes Heirs are treated as unimpaired.

- Other properties, including 457 acres of land in northern Nevada, 553 acres of land in North Las Vegas, a 6-acre parcel in northwest Las Vegas (I-95 interchange parcel), 240 acres in San Bernardino County, California, 138 acres in the Hollywood Hills, 2.5 acres in Clear Creek County, Colorado, 3 parcels in Los Angeles (Arizona Avenue, Topsail and Del Rey Block 14) and miscellaneous Ballona Lagoon properties in Los Angeles.

8. The Debtors falsely assert that the Hughes Heirs received more than \$520 million in connection with their 1996 sale of the CSA Assets to Rouse, including \$226.4 million in cash. In fact, other than their rights under the CSA, the only consideration paid to the Hughes Heirs in connection with the 1996 mergers on account of all the assets identified above, including the CSA Assets and the non-CSA Assets, was \$27.7 million in cash and \$176.4 million of common stock in Rouse.

9. The assertion that the Hughes Heirs received more than originally contemplated is insincere. Rouse and GGP are the ultimate beneficiaries of the tremendous initial risks, investment, and foresight of the Hughes Heirs. The current and future success of Summerlin is founded upon the early planning decisions, capital investments, and financial risks undertaken by the Hughes Heirs, including:

- avoiding leverage on the property by requiring the project to be self-funded, which was accomplished by selling three outparcels for a total of \$76 million before any development of Summerlin;
- initiating the passage of legislation in Nevada to assure the protection of development rights and enabling the creation of Special Improvement Districts for the public financing of infrastructure;
- constructing the Summerlin Parkway, a full freeway, to bring access and utilities to the previously remote property;
- negotiating and entering into development agreements with Clark County and the city of Las Vegas, assuring the right to develop the entire property;
- entering into a land exchange with the Bureau of Land Management by providing difficult to develop, but environmentally sensitive land in exchange for land closer to Las Vegas with greater development potential;
- partnering with established entities, such as the PGA Tour, Del Webb, prestigious institutions, and the Clark County School District, in the planning process to establish, *inter alia*, ideally located public schools at every level, a system of parks, an

amphitheater, a mixed-use library, and other public amenities, all before any homes were sold in Summerlin;

- recruiting and subsidizing the start-up of major facilities by Bank of America and Household Credit Services for the creation of jobs in the community;
- recruiting leading homebuilders to be the preferred builders in the early phases of development; and
- recruiting and retaining an experienced and highly qualified management team responsible for the assets, including all planning, development, marketing, and sales.

10. By the time of the 1996 merger, the Hughes Heirs had turned Summerlin into the best-selling master planned community in the United States, a distinction it held for five years leading to Rouse's acquisition in 1996. Neither Rouse nor GGP had to make any significant investment in Summerlin to obtain their share of cash flow generated by the asset or significant development fees. Further, GGP inherited the management team selected by the Hughes Heirs more than fifteen years ago, which team remains today. The benefits of this early planning and investment by the Hughes Heirs in Summerlin has been shared by GGP and the Hughes Heirs, all as contemplated in the CSA, and GGP and/or its successors will realize hundreds of millions of dollars in future profits.

I. THE REMAINING CSA ASSETS SUBJECT TO VALUATION

11. The value of Summerlin is undoubtedly the largest component of the amount due to the Hughes Heirs for the Final Valuation Date Payment. To the extent not barred by the automatic stay, the Hughes Heirs appointed First Service/PGP Valuation, Inc. ("PGP") to the Appraisal Panel on January 5, 2010, in accordance with the CSA. To date, GGP has not appointed an appraiser to the Appraisal Panel. Instead, the Debtors advocate for litigating the valuation of Summerlin. In support of litigation, the Debtors imply that they have already provided PGP with information sufficient to properly value Summerlin so that formal discovery would be minimal. Despite numerous requests, however, the Debtors continue to refuse to

provide PGP with certain information, including proposed or pending transactions for the sale of land, which has a direct bearing on the appraisal of the remaining Summerlin assets.⁷ To date, the Debtors have either asserted that no such potential sales existed or refused to provide any such information. As demonstrated by the recently filed motion seeking approval to sell significant portions of Summerlin,⁸ the Debtors have had at least one agreement for the sale of portions of Summerlin in hand no later than May 6, 2010, and the agreement for another portion no later than June 22, 2010 (the dates of the purchase agreements attached to the Sale Motion). Notably, the stalking horse bids reflected in the Sale Motion supports a high valuation of Summerlin.

12. Despite the Debtors' sole focus on Summerlin in the Estimation Motion, there remains other significant CSA Assets that must be valued to determine the amount of the Final Valuation Date Payment. Specifically, the other CSA Assets that remain subject to valuation include, but are not limited to:

- Participation rights related to the Mira Villa Property in Summerlin North;
- Participation rights related to approximately twenty properties which have been previously sold in Summerlin South and Summerlin West;
- Reimbursement rights from two Tournament Players Club golf courses, TPC Summerlin and TPC Las Vegas;
- Participation rights related to the sale of the West Bluffs property in West Los Angeles;
- Participation rights related to the Playa Vista development in West Los Angeles; and

⁷ The Debtors have also provided PGP with projections regarding future build-out or infrastructure costs associated with the future development of Summerlin. Specifically, the Debtors have projected such costs will amount to approximately \$2.4 billion. Despite several requests by PGP and counsel for the Hughes Heirs, the Debtors have failed to provide PGP with any details on this extraordinary figure, which is one of the most significant factors in the valuation of a master-planned community.

⁸ See Selling Debtors' Omnibus Motion for (A) the Entry of an Order (I) Approving Bidding and Sale Procedures, a Break-Up Fee, and an Expense Reimbursement, (II) Approving the Form and Manner of Notice, (III) Scheduling a Sale Hearing for the Sale of Certain Property in the Mesa Village of the Summerlin Master Planned Community in Clark County, Nevada, and (IV) Establishing Procedures for Forthcoming Sales of Additional Property; and (B) the Entry of Orders Authorizing and Approving the Sales of Property in the Mesa Village Free and Clear of All Liens, Claims, Encumbrances, and Other Interests [Docket No. 5418] (the "Sale Motion").

- Participation rights in the Management Agreements related to Summerlin North, Summerlin South, and Summerlin West.

To date, the Debtors have not provided PGP or the Hughes Heirs with any information regarding the valuation of these other CSA Assets.

II. OTHER AMOUNTS OWED TO THE HUGHES HEIRS

13. The Debtors also failed to address in their Estimation Motion the various other claims of the Hughes Heirs. In addition to the Final Valuation Date Payment based on the valuation of the remaining CSA Assets, the proofs of claim filed by the Representatives also included claims for (i) a final ECF Sharing Payment for the six-month period ended December 31, 2009; (ii) \$3,454,000 for underpayments with respect to three previous ECF Sharing Payments, together with dividend adjustments and late payment interest; and (iii) reimbursement of improvement costs and miscellaneous other items. To date, the Debtors have not objected to any of these claims or provided any insight into which of these claims the Debtors seek to dispute in either litigation or arbitration.

A. The Final ECF Sharing Payment

14. The Hughes Heirs are owed an unliquidated amount for the final ECF Sharing Payment, which is due for the six-month computation period ended December 31, 2009 (the “Final ECF Sharing Payment”). To date, GGP has failed to provide the Hughes Heirs with any information regarding the excess cash flow generated by the CSA Assets for this period. Accordingly, the Representatives do not have sufficient information to determine the magnitude of this claim.

B. The ECF Underpayments

15. The Proofs of Claim also included various claims totaling \$3,454,000 for underpayments with respect to three previous ECF Sharing Payments (collectively, the “ECF

Underpayments”). The bases for such claims are set forth at length in the Proofs of Claim and are summarized herein.

i. The December 31, 2006 and December 31, 2007 ECF Sharing Payments

16. Two of the ECF Underpayments made to the Hughes Heirs involve the computation of excess cash flow. For purposes of calculating ECF Sharing Payments, the CSA defines excess cash flow as receipts less the sum of expenditures and the “Computation Period Tax Adjustment” (the “CPTA”), if any. Accordingly, an increase in CPTA reduces the amount of the ECF Sharing Payment, and, likewise, a decrease in CPTA increases the ECF Sharing payment.

17. In February, 2007, GGP contended that its CPTA charges for certain years prior to 2005 were understated and that this understatement resulted in overpayments to the Hughes Heirs totaling approximately \$1,270,000. Despite express CSA provisions precluding such retroactive adjustments, GGP unilaterally charged the Hughes Heirs with approximately \$2,540,000 of additional CPTA for the December 31, 2006 ECF Sharing Payment. Consequently, the December 31, 2006 ECF Sharing Payment was approximately \$1,270,000 less than required by the CSA. The Representatives timely informed GGP of the discovery of the improper CPTA charges. GGP failed to respond to the Representatives’ request for an explanation.

18. Similarly, when calculating the December 31, 2007 ECF Sharing Payment, GGP overstated CPTA by \$346,972, causing excess cash flow to be understated by the same amount. As a result, the December 31, 2007 ECF Sharing Payment was approximately \$173,000 less than required by the CSA. Although GGP acknowledged and agreed to correct the error, no adjustment payment has been made.

ii. The December 31, 2008 ECF Sharing Payment.

19. The remaining ECF Underpayment involves GGP's improper setoff of cash flow of different business units. Pursuant to the CSA, ECF Sharing Payments are based on cash flows derived from the sales of assets assigned to separate "business units." Accordingly, the Hughes Heirs were entitled to receive ECF Sharing Payments from any business unit with positive cash flow. Any business unit with negative cash flow would not result in an ECF Sharing Payment attributable to such business unit, but such a business unit's negative cash flow would not impair the right to receive ECF Sharing Payments based on positive cash flow from another business unit.

20. Due to valuation difficulties and other considerations, the Representatives and GGP agreed in early 2001 to postpone the close-out valuation of certain assets subject to the December 31, 2000 valuation date (the "2000 Assets"). For the sole purpose of postponing the close-out valuation to December 31, 2009, the 2000 Assets were reassigned from the General Business Unit to the Summerlin Business Unit (as such terms are defined in the CSA). Accordingly, GGP remained obligated to make ECF Sharing Payments based on the excess cash flow generated from the sales of the 2000 Assets as if such assets remained in the General Business Unit. Nevertheless, GGP improperly setoff positive excess cash flow generated from the General Business Unit against negative excess cash flow generated from the Summerlin Business Unit. As a result, GGP failed to recognize approximately \$4 million in excess cash flow of the General Business Unit relating to the 2000 Assets, which deprived the Hughes Heirs of an ECF Sharing Payment in the amount of \$2,011,000. The Representatives promptly informed GGP of the improper setoff, which GGP disputed by maintaining that the 2000 Assets were reassigned from the General Business Unit for purposes of calculating ECF Sharing

Payments as well as for purposes of postponing the close-out valuation of the 2000 Assets to December 31, 2009.

iii. Dividend Adjustment and Late Payment Interest

21. In addition to their entitlement to the ECF Underpayments, the Hughes Heirs are also entitled to a “Dividend Adjustment” and late payment interest with respect to each ECF Underpayment pursuant to sections 2.08 and 7.18 of the CSA. The Dividend Adjustment equals the sum of all dividends and other distributions paid on shares of GGP common stock that the CSA Beneficiaries would have received but for the ECF Underpayments.

C. Reimbursed Improvement Costs

22. Amounts expended for infrastructure improvements to the CSA Assets on or before December 31, 2009, are deducted in the calculation of excess cash flow, resulting in a decrease to the amounts of relevant ECF Sharing Payments. In many instances, GGP was reimbursed for such improvement costs out of the proceeds from bond sales made by “Special Improvement Districts” established pursuant to applicable Nevada law. To the extent GGP was reimbursed, or becomes entitled to be reimbursed, after December 31, 2009 on account of such bonds for improvement costs deducted in calculations of excess cash flow, the Hughes Heirs are entitled to receive the portion of those improvement costs borne by them. The Proofs of Claim include a claim for the CSA Beneficiaries’ rightful share for all such reimbursements. The Proofs of Claim also include a claim for the improvement expenses borne by the Hughes Heirs with respect to CSA Assets sold after December 31, 2009, which are not subject to reimbursement by means of such bond sales. The Representatives do not have sufficient information to determine the magnitude of these claims.

ARGUMENT

23. As set forth at length in the Stay Relief Motion, there is no justification to deny the Hughes Heirs their contractual rights under the CSA, including the determination of the Final Valuation Date Payment pursuant to the Appraisal Panel Process. Further, in light of the strong federal policy in favor of arbitration, any dispute regarding the claims of the Hughes Heirs under the CSA must be submitted to arbitration in accordance with the dispute resolution provisions of the CSA. The Debtors have not addressed such arguments in their Estimation Motion, and instead have indicated that they will file an objection to the Stay Relief Motion. Instead of repeating the arguments set forth at length in the Stay Relief Motion,⁹ this Opposition focuses on the blanket assertions made by the Debtors in their Estimation Motion.¹⁰

I. THE UTILIZATION OF THE APPRAISAL PANEL PROCESS AND ARBITRATION WOULD NOT DELAY THE CHAPTER 11 CASES

24. The Debtors' principal argument in favor of estimation litigation is that the procedures required by the CSA would somehow delay the chapter 11 cases and that full-fledged litigation would be more efficient. The Debtors provide no support or any basis for this assertion. Indeed, the Debtors' assertion ignores the timeline proposed by the Hughes Heirs in the Stay Relief Motion. Further, the Debtors misconstrue the procedures required by the CSA in suggesting that the Hughes Heirs are requesting to arbitrate the valuation of the remaining CSA Assets.

⁹ The Hughes Heirs incorporate by reference the arguments set forth in the Stay Relief Motion as if set forth in full herein.

¹⁰ To the extent the Debtors supplement their arguments in an objection to the Hughes Heirs' Stay Relief Motion, the Hughes Heirs will file a reply to such arguments in due course.

A. *The Appraisal Panel Process Contemplates A Binding Determination Of The Largest Amounts Owed To The Hughes Heirs By September 20, 2010*

25. The Stay Relief Motion requests that the Appraisal Panel process be followed to determine the amount of the Final Valuation Date Payment, which all parties acknowledge is in the range of hundreds of millions of dollars. Pursuant to the CSA, each of GGP and the Representatives are to appoint an appraiser, and the two so-appointed appraisers select a third appraiser. The binding valuation of the unsold CSA Assets is determined by disregarding the valuation that deviates the most from the median valuation, and averaging the two remaining valuations. Once the valuation of the remaining CSA Assets is determined, the amount of the Final Valuation Date Payment is calculated pursuant to a formula in the CSA. No arbitration would be required if the Appraisal Panel process set forth in the CSA is followed. As a result, the Stay Relief Motion contemplates the binding determination of the amount of the Final Valuation Date Payment by September 20, 2010, as follows:

August 1, 2010	Deadline for GGP and the Representatives to Each Appoint An Appraiser to the Appraisal Panel
August 6, 2010	The Appraisers Appointed by GGP and the Representatives Appoint a Third Appraiser to the Appraisal Panel
September 20, 2010	Appraisal Panel Provides Written Report of Valuation Determination

26. The Debtors' request to conduct a full-fledged litigation in the same time period is not only unnecessary, but impractical. The Debtors' proposed timeline only provides three weeks for fact discovery on claims amounting to hundreds of millions of dollars, and contemplates the exchange of expert appraisal reports three days thereafter. As discussed above, the Debtors have not provided the Hughes Heirs' appraiser with significant information regarding Summerlin or any information regarding the other CSA Assets, the Final ECF Sharing Payment, the ECF Underpayments, or the other claims set forth in the Proofs of Claim. All of

this information is solely within the Debtors' control. The Debtors' attempt to compress a litigation schedule within the timeframe contemplated by the Stay Relief Motion is not feasible or appropriate.

B. The Debtors Have Not Objected To Any Of The Claims Of The Hughes Heirs

27. The Stay Relief Motion requests that the Debtors be compelled to arbitrate, pursuant to the expedited dispute resolution provisions of the CSA, any disputed claims of the Hughes Heirs if, as, and when the Debtors or any party in interest with standing objects to any such claim. To date, the Debtors have not objected to any of the claims set forth in the Proofs of Claim, including the ECF Sharing Underpayments totaling \$3,454,000 (plus dividend adjustments and late payment interest). Pursuant to section 502(a) of the Bankruptcy Code, such claims are deemed allowed unless objected to. Accordingly, the Debtors have not provided any indication as to the true scope of the litigation contemplated by the Estimation Motion. Any objection by the Debtors to such claims only compounds the issues that would need to be determined by this Court and further demonstrates the inadequacy of the litigation schedule proposed by the Debtors.

28. As set forth in the Stay Relief Motion, the arbitration of any objections to the claims of the Hughes Heirs is required pursuant to the Federal Arbitration Act. Not only is arbitration required, but arbitration would also timely resolve any objections to the claims of the Hughes Heirs. The CSA dispute resolution provisions require accelerated arbitration under the Expedited Procedures of the Commercial Arbitration Rules of the American Arbitration Association (the "Expedited Procedures"). The Expedited Procedures require a hearing within thirty days of the arbitrator's appointment with a decision rendered not later than two weeks after the hearing. The Debtors, however, have not objected to any of the claims set forth in the Proofs of Claim. Accordingly, it is not certain which claims, if any, would be arbitrated. In the event

that any such claims are objected to and submitted to arbitration, the Expedited Procedures would timely resolve the claims. To the extent the Debtors have any objections to such claims, the Hughes Heirs propose that the Debtors be required to file their objections by July 28, 2010, which would result in the following arbitration schedule to timely resolve such claims:

July 28, 2010	Deadline For GGP To Object To Any Claims Of The Hughes Heirs
August 4, 2010	Hughes Heirs Submit To Arbitration Any Dispute(s) Of Claims Objected To By Filing And Serving Arbitration Demand
August 4, 2010 – approx. Sept. 29, 2010	Discovery, With Disputes Determined By Arbitrator
August 19, 2010	Debtors File And Serve Answering Statement
September 3, 2010 (or sooner if parties can agree on selection)	Appointment of Arbitrator
No later than October 4, 2010	Arbitration Hearing
No later than October 18, 2010	Arbitration Award

29. To the extent the Court determines to proceed with estimation litigation instead of the procedures required by the CSA, the Hughes Heirs request that the Debtors promptly identify which claims are to be litigated no later than July 28, 2010, by filing objections to such claims. Further, the three weeks of fact discovery proposed by the Debtors is insufficient time for discovery on both the valuation of the remaining CSA Assets and the other claims filed by the Hughes Heirs. All of the documents pertinent to such claims are within the possession of the Debtors, and given the Debtors unwillingness to voluntarily produce many of these documents to date, three weeks is insufficient to engage in formal discovery requests and any motion practice that may be needed regarding discovery. Accordingly, the Hughes Heirs request that six weeks be allocated for fact discovery and the exchange of expert reports one week thereafter, which

would result in the following estimation litigation schedule:

July 28, 2010	Deadline For GGP To Object To Any Claims Of The Hughes Heirs
July 28, 2010 – September 8, 2010	Fact Discovery
September 15, 2010	Exchange of Expert Reports
Week of September 20, 2010	Depositions of Experts
Week of October 11, 2010	Estimation Hearing

II. THE TREATMENT OF THE CLAIMS OF THE HUGHES HEIRS IS NOT APPROPRIATE FOR DETERMINATION IN CONNECTION WITH ESTIMATION

30. The Debtors request in the Estimation Motion that legal issues concerning the treatment of the Hughes Heirs under the Debtors' proposed Plan be determined in connection with an estimation proceeding. Plan issues, however, should be reserved for the plan process, particularly where, as here, the Debtors do not identify what plan treatment is even proposed for the Hughes Heirs. Instead, the proposed Plan provides that the treatment of the Hughes Heirs is to be announced later. Specifically, the Plan proposes:

On the Effective Date, each holder of Allowed Hughes Heirs Obligations shall receive (A) (1) its pro rata share of the value of the Hughes Heirs Obligations, as determined by the Bankruptcy Court, paid at the Plan Debtors' option in (a) the Hughes Heirs Note, (b) equal proportions of New GGP Common Stock and New Spinco Common Stock, and/or (c) Cash; or (2) such other property as may be agreed by the Plan Debtors and such holders or (B) such other treatment as to be unimpaired under section 1124 of the Bankruptcy Code."

Plan at 35.

WHEREFORE, the Representatives respectfully request that this Court (i) deny the Estimation Motion; (ii) grant the Stay Relief Motion; (iii) grant relief from the automatic stay

imposed by 11 U.S.C. § 362(a) to the full extent necessary to quantify and determine the amount of the Final Valuation Date Payment in accordance with the procedures set forth in the CSA, including, without limitation, the appointment of appraisers to the Appraisal Panel; (iv) set August 1, 2010 as the deadline by which GGP and the Representatives are to appoint appraisers to the Appraisal Panel pursuant to section 2.07(b) of the CSA; and (v) compel the binding arbitration in accordance with section 7.02 of the CSA of any disputes regarding any and all claims under the CSA, including, without limitation, (a) any dispute that may arise regarding the procedures for, or other issues relating to, the quantification and determination of the amount of the Final Valuation Date Payment, and (b) any dispute as to any claim set forth in the Proofs of Claim if, as, and when the Debtors or any party in interest with standing objects to any such claim.

Respectfully submitted,

Dated: July 16, 2010
New York, New York

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-and-

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