

**THE HOWARD HUGHES CORPORATION
AUDIT COMMITTEE CHARTER**

Purpose

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of The Howard Hughes Corporation (the “Company”) to assist the Board in monitoring (1) the quality and integrity of the financial statements of the Company, including its financial accounting principles and policies and its internal controls over financial reporting, (2) the independent auditor’s qualifications, performance and independence, (3) the performance of the Company’s internal audit function and independent auditors, (4) the compliance by the Company with legal and regulatory requirements, and (5) the other responsibilities set out herein.

The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “Commission”) to be included in the Company’s annual proxy statement.

Committee Membership

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence and experience requirements of the New York Stock Exchange (subject to the applicable transition rules, as in effect from time to time, set forth in the listing requirements of the New York Stock Exchange), Section 10A(m)(3) and Rule 10A-3 of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Commission. All members of the Committee shall be independent and “financially literate”, as determined by the Board, and the Committee will have at least one member, as determined by the Board, qualified as an “audit committee financial expert” as defined by the rules and regulations of the Commission. A person who satisfies the definition of “audit committee financial expert” will also be presumed to have accounting or related financial management expertise.

Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of a member to effectively serve on the Committee. The Board shall annually appoint the members of the Committee on the recommendation of the Nominating and Corporate Governance Committee of the Company. The Board shall also annually appoint a chairperson of the Committee. Committee members may be replaced by the Board.

Meetings

The Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall meet periodically with management, the internal auditors and the independent auditor (without any member of management present) in separate executive sessions. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Committee procedures shall be governed by Article III of the Company’s Amended and Restated Bylaws.

Committee Authority and Responsibilities

The Committee shall have the sole authority to appoint, retain or replace (on behalf of the Company) the independent auditor (subject, if applicable, to stockholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall preapprove all auditing services, internal control related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and the rules and regulations of the Commission, which are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, *provided* that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the resources and authority, to the extent it deems necessary or appropriate, to retain and compensate independent legal, accounting or other advisors and experts. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

The Committee shall make regular reports to the Board on its findings and recommendations, including on any significant issues that arise with respect to the quality and integrity of the Company's financial statements, the oversight of the Company's compliance with legal or regulatory requirements, the performance of the internal audit function or the performance of the independent auditor. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review the Committee's own performance.

The Committee, to the extent it deems necessary or appropriate, or as otherwise required by applicable laws, rules or regulations shall:

Financial Statement and Disclosure Matters

1. Meet to review and discuss with management and the independent auditor the Company's annual audited financial statements (including the related notes) prior to the filing of its Form 10-K, including the form of audit opinion to be issued by the independent auditors and specific disclosures made in management's discussion and analysis of financial condition and results of operations, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Meet to review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including specific disclosures made in management's discussion and analysis of financial condition and results of operations and the results of the independent auditor's review of the quarterly financial statements.

3. Discuss with management, the independent auditor and the internal auditor any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant issues or changes in the Company's selection or application of accounting principles or auditing standards, any major issues as to the adequacy and effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting (including differences between management's assessment and that of the independent auditor), any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal controls over financial reporting.
4. Review and discuss with the independent auditors:
 - (a) all critical accounting policies and practices to be used;
 - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
5. Review and discuss with management, the independent auditor and the internal auditor the Company's internal controls report and the independent auditor's attestation of the report prior to the filing of the Company's Form 10-K or Form 10-Q, as applicable.
6. Review and discuss with management and the independent auditors the Company's earnings press releases and corporate policies with respect thereto, including the use of "pro forma" or non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
7. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives on the Company's financial statements.
8. Review and discuss with management and the independent auditor the Company's major financial and accounting risk exposures.
9. Discuss in coordination with the chairpersons of the Risk Committee and the Nominating and Corporate Governance Committee the effect of the Board's leadership structure on the Board's role in the risk oversight of the Company.
10. Review and approve the terms of the engagement of the independent auditor and the scope and expected timing of the annual audit.
11. Discuss with the independent auditor the matters required to be discussed by The Public Company Accounting Oversight Board Auditing Standard No. 16 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

12. Discuss plan to perform annual assessment of effectiveness of internal controls over financial reporting with management, the independent auditor and the internal auditor.
13. Review and, as appropriate, discuss with management, the independent auditor and/or a member of the internal audit function any special audit steps adopted by the independent auditor or the internal audit function in light of any material weakness in the Company's internal controls over financial reporting and any material changes required in the scope of the audit plan.
14. Review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting and any significant changes thereto. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q's about any: (i) significant deficiencies in the design or operation of disclosure controls and procedures and internal controls over financial reporting or material weaknesses therein; and (ii) any fraud involving management or other employees who have a significant role in the Company's disclosure controls and procedures and internal controls over financial reporting.
15. Provide oversight of remediation actions and review management's and the independent auditor's conclusions regarding remediation efforts.
16. Prior to release of the quarterly financial statements or the annual audited financial statements, meet with the independent auditor without any management member present to discuss the independent auditor's views about the qualitative aspects of the Company's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
17. Approve, evaluate, compensate, oversee the work of, and, if appropriate, terminate the appointment of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, including the resolution of any disagreements between management and the auditor regarding financial reporting, each of which firms shall report to the Committee.
18. Review and discuss with the Company's independent auditors and management (1) any audit problems or difficulties, including difficulties encountered by the Company's independent auditors during their audit work (such as restrictions on the scope of their activities or their access to information), (2) any significant disagreements with management and (3) management's response to these problems, difficulties or disagreements; and to resolve any disagreements between the Company's auditors and management.

Oversight of the Company's Relationship with the Independent Auditor

19. Appoint, oversee and evaluate the performance of the work of the independent auditor. At least annually, review and evaluate the lead partner of the independent auditor team and consider regular rotation of the accounting firm serving as the Company's independent auditors.
20. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company and any other relationships that may adversely affect the auditor's independence. Evaluate the qualifications, per-

formance and independence of the independent auditor, including discussing with the independent auditor any relationships or services that may impact the objectivity and independence of the independent auditor, considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors. The chairperson shall present the Committee's conclusions with respect to the independent auditor to the Board.

21. As and to the extent, if any, required by law, ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit, the audit partner responsible for reviewing the audit and other members of the audit engagement team.
22. Set policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company, which policies shall reflect any limitations required by law.
23. Discuss with the Company's independent auditors any consultations that they have had with their national office regarding the Company and matters of audit quality and consistency.
24. Meet with the independent auditor prior to the audit to discuss the (1) the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (2) the overall audit strategy, (3) the planning, staffing, scope and timing of the annual audit, (4) any significant risks identified during the auditors' risk assessment procedures and (5) when completed, the results, including significant findings, of the annual audit.

Oversight of the Company's Internal Audit Function

25. Select, monitor, evaluate, approve the compensation of and, if necessary, replace the internal auditor. The internal auditor shall have unfettered access to the Committee.
26. Review the Internal Audit Charter as necessary.
27. Review reports to management prepared by the internal audit function and management's responses, including any results of investigations.
28. Discuss with the independent auditor, internal auditor and management the internal audit function's responsibilities, procedures, plans, budget and staffing and any recommended changes in the planned scope or timing of the internal audit.

Oversight of Other Members of Management

29. Discuss with management (including the senior information technology executive) the status of information technology systems.
30. Discuss with management (including the senior tax executive) tax matters affecting the Company.

Compliance Oversight Responsibilities

31. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.

32. Discuss with management, the independent auditor and the internal auditor whether the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements.
33. Review and approve transactions under the Company's related party transactions policy included in the Company's Corporate Governance Guidelines.
34. Advise the Board of non-compliance with respect to applicable laws and regulations that have a material impact on the Company's financial statements.
35. Establish and review the effectiveness of procedures for the receipt, retention, resolution and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting financial reporting or auditing matters.
36. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
37. Discuss with the Company's General Counsel or, as appropriate, outside counsel, legal and regulatory matters that may have a material impact on the financial statements or the Company's compliance policies.

Limitation of Committee's Role

The Committee's function is one of oversight. The Company's management is responsible for preparing the Company's financial statements and, along with the internal auditors, for developing and maintaining systems of internal accounting and financial controls, while the auditors will assist the Committee and the Board in fulfilling their responsibilities for their review of these financial statements and internal controls. The Committee expects the auditors to call to their attention any accounting, auditing, internal accounting control, regulatory or other related matters that they believe warrant consideration or action. The Committee recognizes that the financial management and the internal and outside auditors have more knowledge and information about the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee does not provide any expert or special assurance as to the Company's financial statements or internal controls over financial reporting or any professional certification as to the auditor's work.