

GAYLORD ENTERTAINMENT[®]

*Bennett Westbrook, Senior Vice President, Development, Design &
Construction*

July 6, 2007

The Honorable Cheryl Cox, Mayor
City Council Members
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

The Honorable Sylvia C. Rios, Chairperson
Board of Port Commissioners
Port of San Diego
P.O. Box 102488
San Diego, CA 92112-0488

Dear Mayor Cox, City Council Members, Chairperson Rios and Port Commissioners,

It is with deep regret that we inform you that Gaylord Entertainment will no longer be pursuing the Chula Vista Bayfront project.

After over a year of unproductive discussions with the San Diego Building and Construction Trades Council, we have concluded that their unwavering, unreasonable demands render the project unfeasible for our company and our shareholders. Accepting the Building and Construction Trades Council's primary demand, which is to effectively limit construction bidding to only union contractors and subcontractors, will add between \$50 million and \$75 million in cost to our project. Absent accepting their demands, the Trades Council, working in conjunction with the Environmental Health Coalition, has made it clear that it will take all steps to disrupt the project. These measures include filing lawsuits within the CEQA process, which will significantly delay the project and further increase costs. We believe the effect of these lawsuits will potentially disrupt the sale of the project's infrastructure bonds, which are to be issued in the public debt markets.

The Building and Construction Trades Council has repeatedly stated that its primary objective is to protect local jobs. In truth, the unions are attempting to generate jobs for only its union members, who account for a small minority of the construction workers in the local market. In the San Diego region, 80%-85% of the commercial contractors and subcontractors are non-union. At every meeting with the unions, Gaylord has stated its

desire and intent to hire and contract locally to the fullest extent that the local market can supply our project. Further, we have included a local preference provision in the agreement we proposed with the unions. For their own ulterior purposes, they have consistently misrepresented this fact.

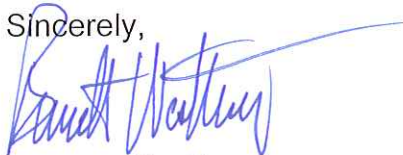
Gaylord has worked hard to earn its good reputation within the hospitality industry, in the communities it operates and with its 8,000 employees. Our decision to cease work on this project now, as opposed to months from now, stems in part from our unwillingness to continue to spend our shareholders' capital on a project that is sure to be mired in litigation and delays. Our reputation is very important to us and we will not be the subject of the union's smear campaign, which is based on lies and distortions. Finally, we also think it imprudent to continue to invest our time and money on the project, and to ask the City and Port to continue to spend its resources, when the effect of our combined efforts will simply increase the leverage of the unions in advancing their unreasonable demands.

We enjoy a good working relationship with the unions at our \$870 million project under construction outside of Washington, DC, where we have signed a neutrality agreement for the operation of the facility and where the union construction trades are building almost 50% of the project. We set out in Chula Vista in a cooperative spirit with the unions, evidenced by our signing of a neutrality agreement for the project with UNITE HERE (the hotel workers' unions). With the local construction trades, we have consistently sought to create a level playing field so that the union trades can compete with the open market, without disadvantage. We remain perplexed by the ultra-aggressive, unreasonable position that the Building and Construction Trades Council has taken.

We would like to take this opportunity to express our respect and gratitude to the Port and City officials and your respective staff with whom we have had the pleasure of working with on this project. You have dealt with us professionally and honorably at all times, and at all levels of your organizations. Your project staff, led by Denny Stone and Randa Coniglio, are dedicated and passionate about their jobs and routinely went the "extra mile" to advance this project. We will miss working with them.

Such an abrupt ending comes with a great deal of regret for our company, because we are not accustomed to withdrawing from projects and know that we all were on the verge of developing one of the hallmark West Coast hospitality projects of our time. We would welcome the opportunity to work with the City and Port under different circumstances in the future.

Sincerely,



Bennett Westbrook

cc: Randa Coniglio
Denny Stone
Bruce Raynor, General President, UNITE HERE