

IN RE CNL HOTELS & RESORTS, INC.  
SECURITIES LITIGATION

Case No. 6:04-cv-1231-Orl-31KRS

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED ANY SECURITIES OF CNL HOTELS & RESORTS, INC. (F/K/A CNL HOSPITALITY PROPERTIES, INC.) ("CHR") PURSUANT TO OR BY MEANS OF CHR'S OFFERINGS, REGISTRATION STATEMENTS, AND/OR PROSPECTUSES BETWEEN AUGUST 16, 2001 AND AUGUST 16, 2004, INCLUSIVE ("CLASS PERIOD") ("PURCHASER CLASS");

AND / OR

ALL PERSONS WHO WERE CHR STOCKHOLDERS ENTITLED TO VOTE ON THE PROPOSALS PRESENTED IN CHR'S PROXY STATEMENT DATED JUNE 21, 2004 ("PROXY CLASS").

YOU ARE HEREBY NOTIFIED that the above-captioned Action has been certified as a class action for the purpose of the proposed Settlement. The Settlement has two principal components:

1. The Proxy Class claims are proposed to be settled by (a) CHR entering into an Amended Merger Agreement, subject to shareholder approval, which significantly reduces the amount that CHR will pay to acquire its Advisor, CNL Hospitality Corp., compared to the Original Merger Agreement approved by CHR stockholders pursuant to the June 2004 Proxy; (b) CHR entering into certain Advisor Fee Reduction Agreements, which significantly reduce certain historic, current, and future advisory fees that CHR pays its Advisor before the Merger; and (c) the adoption of certain corporate governance provisions by the CHR Board of Directors. Those Settling Defendants who were directors of CHR during the negotiation and execution of the Amended Merger Agreement and the Advisor Fee Reduction Agreements (the "New Agreements") have acknowledged that this Action was among the material factors taken into account in connection with the terms of the New Agreements. It is Plaintiffs' position that the net amount that CHR will pay in merger consideration and for advisory fees as a result of the New Agreements will be approximately **\$200,000,000** less than CHR would have paid under the terms of the Original Merger Agreement and the prior advisory fee structure had the Original Merger Agreement become effective on a timely basis.

2. The Purchaser Class claims are proposed to be settled by Settling Defendants' payment of **\$35,000,000**, payable in three annual installments (January 2007 to January 2009). These monies, after payment of fees and expenses, will be distributed pursuant to a Plan of Allocation to all eligible members of the Purchaser Class.

The Settlement will resolve all claims, including known and unknown claims, that could have been alleged in the Action through the date when Judgment is entered dismissing the Action with prejudice, of Named Plaintiffs and the Proxy Class and

the Purchaser Class against all present and former Defendants and their affiliates, including CNL Hotels & Resorts, Inc. (f/k/a CNL Hospitality Properties, Inc.), CNL Securities Corp. ("CSC"), CNL Hospitality Corp. (the "Advisor"), James M. Seneff, Jr., Robert A. Bourne, Thomas J. Hutchison III, John A. Griswold, Charles E. Adams, Lawrence A. Dustin, Craig M. McAllaster, and Robert E. Parsons, Jr. ("Settling Defendants"). A hearing will be held on July 26, 2006, at 1:00 p.m., before the Honorable Gregory A. Pressnell at the United States District Court for the Middle District of Florida ("Court"), Courtroom No. 3, George C. Young U.S. Courthouse and Federal Bldg., 80 N. Hughey Avenue, Orlando, FL 32801 ("Final Settlement Hearing") to determine whether the proposed Settlement and Plan of Allocation should be approved by the Court as fair, reasonable, and adequate, and to consider the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of litigation expenses.

IF YOU ARE A MEMBER OF THE CLASSES DESCRIBED ABOVE AND MORE FULLY IN THE CLASS NOTICE, YOUR RIGHTS WILL BE AFFECTED BY THE SETTLEMENT. IF YOU ARE A MEMBER OF THE PURCHASER CLASS, YOU MAY BE ENTITLED TO SHARE IN THE NET SETTLEMENT CONSIDERATION. If you have not yet received the Notice of Pendency and Proposed Settlement of Class Action (the "Class Notice"), you may obtain copies of this and related documents by contacting: *In re CNL Hotels & Resorts, Inc. Securities Litigation*, c/o Complete Claim Solutions, Inc., Claims Administrator, P.O. Box 24706, West Palm Beach, FL 33416, (877) 318-6652. Copies of the Class Notice and related documents also may be downloaded from: [www.chimicles.com](http://www.chimicles.com) or [www.CompleteClaimSolutions.com](http://www.CompleteClaimSolutions.com). If you are a member of the Purchaser Class, you will be receiving an Investment Data Form ("IDF") and a Proof of Claim. If the information on the IDF is correct, you will need to do nothing in order to share in the Settlement consideration. Depending on how, and on what date, you acquired and/or disposed of your shares of CHR stock, you may be required to submit a Proof of Claim in order to be eligible to share in the Settlement consideration. You must submit any changes to the IDF and/or the Proof of Claim, along with any supporting documentation, to be postmarked **no later than November 3, 2006**. You will be bound by any judgment entered in the Action whether or not you make a claim.

IF YOU DESIRE TO BE EXCLUDED FROM THE PURCHASER CLASS, you must file a Request for Exclusion by July 12, 2006, in the manner and form explained in the Class Notice. All Purchaser Class Members who do not request exclusion from the Purchaser Class will be bound by any judgment entered in the Action. Members of the Proxy Class, which is certified pursuant to Federal Rule of Civil Procedure 23(b)(2), shall not have the right to opt out or request exclusion from the Proxy Class.

ANY OBJECTION TO THE PROPOSED SETTLEMENT, Plan of Allocation or application for attorneys' fees and reimbursement of litigation expenses must be filed with the Court and delivered to counsel for the Parties, in the manner and form explained in the Class Notice, no later than July 12, 2006.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.

**INQUIRIES MAY BE MADE TO:**

Nicholas E. Chimicles, Esq.  
Kimberly M. Donaldson, Esq.  
**CHIMICLES & TIKELLIS LLP**  
361 West Lancaster Avenue  
Haverford, PA 19041  
Phone: (610) 642-8500  
Email: [CNLHotelsSettlement@Chimicles.com](mailto:CNLHotelsSettlement@Chimicles.com)  
[www.chimicles.com](http://www.chimicles.com)  
**Lead Litigation Counsel**

Lawrence A. Sucharow, Esq.  
**LABATON SUCHAROW & RUOFF LLP**  
100 Park Avenue  
New York, NY 10017  
Phone: (212) 907-0700  
[www.labaton.com](http://www.labaton.com)  
**Co-Lead Counsel**

Lawrence P. Kolker, Esq.  
**WOLF HALDENSTEIN ADLER  
FREEMAN & HERZ LLP**  
270 Madison Avenue  
New York, NY 10016  
Phone: (212) 545-4600  
[www.whafh.com](http://www.whafh.com)  
**Co-Lead Counsel**