

May 30, 2012

Mayor Alvin Brown  
City of Jacksonville  
117 W. Duval Street, Suite 400  
Jacksonville, FL 32202

RE: Lease Default and Termination

Dear Mayor Brown:

Approximately five months ago I invested nearly \$800 million dollars in the City of Jacksonville by the purchase of the Jacksonville Jaguars National Football League franchise. Since the acquisition of the football team I have continued to actively invest in the success of both the franchise and the City of Jacksonville. Some of the actions taken to support that commitment are:

- Immediate participation in philanthropic activities including a \$1 million pledge to a veteran's guidance center project as you requested.
- I acted as a global ambassador for Jacksonville by raising the City's profile during business trips in Europe, Asia and South America.
- Each time I have met with national public officials I have encouraged support for Jacksonville and its ports.
- Substantial increase in the budget for communication with the military in Jacksonville to underscore the appreciation of both the City and the franchise to our military personnel.
- An unprecedented expenditure of funds to acquire free agents so that the chances of on-field validation of our actions will have every opportunity.
- Construction of a nearly \$3 million dollar locker room using my personal funds to assure that players who are able to make a choice will look favorably on coming to Jacksonville.
- Greatly increase marketing expenditures to engage the community.
- Hiring world class front office personnel to assure the best game day experience available for fans.

Suffice it to say I am committed to the economic growth of Jacksonville and its NFL franchise. A large part of the decision making process for my investment in Jacksonville was full reliance upon the terms of the lease between the City of Jacksonville and the Jacksonville Jaguars.

Mayor Alvin Brown  
May 30, 2012  
Page 2 of 3

Less than ninety days into my operation of the Jaguars, the City of Jacksonville issued a request for proposals for a facility manager that initiated a process in clear violation of our lease.

In an attempt to resolve this matter with the City, the Jaguars organization reached out using the dispute mechanism set forth in the lease. We did not send a letter holding the City in default. We did not attempt to terminate the lease. We did not attempt to sensationalize or elevate the issue by exposure to the media.

Despite the violation of our lease rights we worked with the City in considerable good faith to find an agreeable process for selection of a facilities manager. Additionally, we amicably agreed upon numerous terms in the proposed contract with the facility manager to benefit the City operationally and economically. As an aside, the process appears to have been successful as the vendor we have recommended provided a bid saving the City over \$1 million a year.

The agreed upon process for the selection of the facilities manager could not be more clear. I reference you to Section 2.5(E) set forth in Addendum 13 of the RFP. The process as written states that the Jaguars would concurrently and separately review the submittals to the RFP and advise the City of the Jaguars recommended selection for EverBank Field. The process stated the City would evaluate the proposals after the recommended selection by the Jaguars. The Jaguars organization has followed exactly the process agreed to by the team and the City and as set forth in the RFP documents.

Immediately upon our advising the City of our recommended selection, your lawyer delivered to the Jaguars organization a default letter putting in motion a termination of our lease. This default letter was published to the newspaper concurrently with delivery of the letter to the team. The result of the delivery of the letter to the newspaper was a front page headline stating that the Jaguars were in a contract dispute with the City. The timing of the headline from the City's media activity could not have been timed worse for our ticket sales effort. The comments by City representatives and the story have created uncertainty and concern by our fan base.

The action of sending the default letter is unprecedented. The default mechanism of the lease has not been implemented in the 18 years the lease has been in effect. While we certainly take the default claim seriously, the only response we can make to your letter is to cure the claimed default. However, it is not possible to cure as we are in full compliance with the lease.

Mayor, I hope you can understand that I am shocked and perplexed at the City's actions. I am at a loss to understand the purpose of this drastic and unprecedented action. I am hopeful that the letter is as a result of an overzealous lawyer and not the result of the philosophy of your administration in dealing with the partnership between the City of Jacksonville and the Jaguars. We have sought to comply exactly with our lease obligations

Mayor Alvin Brown  
May 30, 2012  
Page 3 of 3

but the actions of the City lead us to believe you feel compliance with the lease is discretionary.

If the default letter is indeed only the sentiment of your lawyer and not your thoughts toward the continued activities of the Jaguars in Jacksonville, I would request that the default letter of May 25, 2012, be withdrawn immediately. Failing withdrawal of the default letter I must assume the City intends to proceed with the default and termination of our lease. As previously stated we are not in a position to take any action to "cure" a non-existent default.

Please advise us of the method of your implementation of the default and termination, if that is your intention. We are on the cusp of training camp to begin the NFL season and will need to act quickly.

Thank you for your consideration of these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Shahid Khan", with a stylized, cursive script.

Shahid Khan