

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NO. 1-13079

GAYLORD ENTERTAINMENT COMPANY  
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE  
(State or Other Jurisdiction of  
Incorporation or Organization)

73-0664379  
(I.R.S. Employer Identification No.)

ONE GAYLORD DRIVE, NASHVILLE, TENNESSEE  
(Address of Principal Executive Offices)

37214  
(Zip Code)

(Registrant's Telephone Number, Including Area Code) (615) 316-6000

Securities registered pursuant to Section 12(b) of the Act:

COMMON STOCK - \$.01 PAR VALUE  
(Title of Class)

NEW YORK STOCK EXCHANGE  
(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

NONE  
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of March 18, 2002, there were 33,829,600 shares of Common Stock outstanding. The aggregate market value of the shares of Common Stock held by non-affiliates of the registrant based on the closing price of the

Common Stock on the New York Stock Exchange on March 18, 2002 was approximately \$595,029,906. For purposes of the foregoing calculation only, shares of Common Stock held by non-affiliates exclude only those shares beneficially owned by officers and directors.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held May 14, 2002 are incorporated by reference into Part III of this Form 10-K.

GAYLORD ENTERTAINMENT COMPANY

2001 FORM 10-K ANNUAL REPORT

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PART I

Throughout this report, we refer to Gaylord Entertainment Company, together with its subsidiaries, as "we," "us," "Gaylord Entertainment," "Gaylord," or the "Company."

ITEM 1. BUSINESS

We are a diversified hospitality company operating principally in four groups: (i) Hospitality, (ii) Attractions, (iii) Media, and (iv) Corporate and Other. The Hospitality segment comprises the operations of the Gaylord Hotel properties and the Radisson Hotel at Opryland. The Attractions segment represents all of the Nashville-area attractions, including the Grand Ole Opry, General Jackson Showboat, Ryman Auditorium, Springhouse Golf Club and the Wildhorse Saloon. It also includes the results of Corporate Magic, the Company's corporate event production business. The Media segment includes Acuff-Rose Music Publishing and the Company's three radio stations. The Corporate and Other segment includes corporate expenses and results from investments in sports franchises and minority investments. These four business segments - Hospitality, Attractions, Media, Corporate and Other - represented 70.3%, 20.3%, 7.4%, and 2.0%, respectively of total revenues in the calendar year ended December 31, 2001. Financial information by industry segment and geographic area for each of the three years in the period ended and as of December 31, 2001, appears in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the caption "Results of Operations" and in the Financial Reporting by Business Segments note to our Consolidated Financial Statements included in this annual report on Form 10-K. All periods presented in this annual report on Form 10-K have been restated to conform to the new reporting format of four business segments (as opposed to the three segments - (i) Hospitality and Attractions, (ii) Music, Media and Entertainment, and (iii) Corporate and Other that were used in last year's annual report on Form 10-K).

HOSPITALITY

GAYLORD HOTELS - STRATEGIC PLAN. Gaylord Entertainment's goal is to become the nation's premier brand in the meetings and convention sector. To accomplish this, our business strategy is to develop resorts and convention centers in desirable event destinations that are created based in large part on the needs of meeting planners and attendees. Using the slogan "Everything under one roof," Gaylord Hotels incorporate meeting, convention and exhibition space with a large hotel property so the attendees never have to leave the location during their meetings. This concept of a self-contained destination dedicated primarily to the meetings industry has made our Gaylord Opryland Resort and Convention Center in Nashville one of the leading convention hotels in the country. In addition to operating Gaylord Opryland in Nashville, we opened our Gaylord Palms Resort and Convention Center in Kissimmee, Florida in January 2002, are scheduled to open our new Gaylord hotel in Grapevine, Texas in

mid-2004, and have announced plans to develop a Gaylord hotel in the Washington, D.C. area. The Company believes that its new convention hotels will enable the Company to capture additional convention business from groups that currently utilize Gaylord Opryland but must rotate their meetings to other locations due to their attendees' desires to visit different areas. The Company also anticipates that its new hotels will capture new group business that currently does not come to the Nashville market and will seek to gain additional business at Gaylord Opryland in Nashville once these groups have experienced a Gaylord hotel in other markets.

Plans for the properties to be developed include the following components, which the Company believes are the foundation of its success with Gaylord Opryland: (i) state-of-the-art meeting facilities, including a high ratio of square footage of meeting and exhibit space per guest room; (ii) expansive atriums themed to capture geographical and cultural aspects of the region in which the property is located; and (iii) entertainment components and innovative venues creating a superior guest experience not typically found in convention hotels.

In October 2001, the Company announced a re-branding of the Opryland Hotels under the new brand of "Gaylord Hotels." Opryland Hotel Nashville was renamed Gaylord Opryland and the Opryland Hotel Florida was renamed the Gaylord Palms.

GAYLORD OPRYLAND RESORT AND CONVENTION CENTER - NASHVILLE, TENNESSEE. Our flagship Gaylord Opryland in Nashville is one of the leading convention destinations in the United States. Designed with the lavish

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gardens and magnificent charm of a glorious Southern mansion, the resort is situated on approximately 172 acres in the Opryland complex. Gaylord Opryland is one of the largest hotels in the United States in terms of number of guest rooms. Gaylord Opryland attracts convention business from trade associations and corporations, which accounted for approximately 80% of the hotel's revenues in each of 2001, 2000, and 1999. It also serves as a destination resort for vacationers due to its proximity to the Grand Ole Opry, the General Jackson showboat, the Springhouse Golf Club (the Company's 18-hole championship golf course), and other attractions in the Nashville area. The Company believes that the ambiance created at Gaylord Opryland and the combination of the quality of its convention facilities and availability of live musical entertainment are factors that differentiate it from other convention hotels. In late 1999, the Company began a three-year renovation and capital improvement program to refurbish the hotel. Of the anticipated cost of \$54 million, approximately \$39 million had been spent or committed as of December 31, 2001.

The following table sets forth information concerning the Gaylord Opryland hotel in Nashville for each of the five years in the period ended December 31, 2001.

	YEARS ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997
Average number of guest rooms	2,883	2,883	2,884	2,884	2,866
Occupancy rate	70.3%	75.9%	78.0%	79.1%	85.4%
Average daily rate ("ADR")	\$140.33	\$140.03	\$135.48	\$137.02	\$130.86
Revenue per available room ("RevPAR")	\$98.65	\$106.22	\$105.66	\$108.33	\$111.81
Food and beverage revenues (in thousands)	\$72,800	\$81,093	\$85,686	\$81,518	\$85,186
Total revenues (in thousands)	\$221,953	\$229,859	\$234,435	\$233,645	\$240,969

Gaylord Opryland has 2,883 guest rooms, four ballrooms with

approximately 124,000 square feet, 85 banquet/meeting rooms, and total dedicated exhibition space of approximately 289,000 square feet. Total meeting, exhibit and pre-function space in the hotel is approximately 600,000 square feet.

GAYLORD PALMS RESORT AND CONVENTION CENTER - KISSIMMEE, FLORIDA. We opened our Gaylord Palms Resort and Convention Center in Kissimmee, Florida in January 2002. Gaylord Palms has 1,406 signature guest rooms and approximately 400,000 square feet of total meeting and exhibit space. The hotel is situated on a 65-acre site in Osceola County, Florida and is approximately 5 minutes from the main gate of the Walt Disney World(R) Resort complex. Gaylord Palms is designed similar to Gaylord Opryland, with rooms overlooking large glass-covered atriums. The three atriums at Gaylord Palms are modeled after famous areas from the State of Florida: the Everglades, Key West and St. Augustine. Gaylord Palms also has a full-service spa, which with 20,000-square feet of dedicated space (over 25 treatment rooms) is one of the largest spas in Central Florida. The spa, known as the Canyon Ranch Spa Club, is managed by the Canyon Ranch Spa Company from Arizona, a leader in spa management. Hotel guests also have golf privileges at the world class Falcon's Fire Golf Club, located a half-mile from the property. Total net real estate, construction, and furnishings, fixtures and equipment and capitalized interest costs incurred for Gaylord Palms through December 31, 2001 was \$361 million, \$181.5 million of which was incurred in the year ended December 31, 2001.

THE NEW GAYLORD HOTEL IN GRAPEVINE, TEXAS. We began construction on our new Gaylord hotel in Grapevine, Texas in June of 2000, and the hotel is scheduled to open in mid-2004. The 1,508 room hotel and convention center is located eight minutes from the Dallas/Fort Worth Airport. Like its sister property in Kissimmee, Florida, our Texas hotel will feature a grand atrium enclosing several acres as well as over 400,000 square feet of pre-function, meeting and exhibition space all under one roof. The property will also include a number of themed restaurants with an additional restaurant located on the point overlooking Lake Grapevine. Situated directly on Lake Grapevine, this hotel will be surrounded by 36 holes of golf.

Total net real estate, construction, and furnishings, fixtures and equipment and capitalized interest costs for the new Texas hotel are currently anticipated to be in the range of \$415 million. As of December 31, 2001, the Company has incurred approximately \$86 million of these costs. This property is still in the development phase, and decisions pertaining to the final design of the hotel could impact its estimated cost. Following the September 11, 2001 terrorist attacks, we elected to slow down the construction of our Texas hotel and reduce construction spending in the short term. See "Management's Discussion and Analysis of Financial Condition and Results of

Operations - Terrorist Attacks," for a discussion of the terrorist attacks and the schedule for construction of our Texas property.

GAYLORD HOTELS DEVELOPMENT PLAN. In January 2000, the Company announced plans to develop a Gaylord hotel on property to be acquired from The Peterson Companies on the Potomac River in Prince George's County, Maryland (in the Washington, D.C. market). This project is subject to the availability of financing and final approval of the Company's Board of Directors. Management would also consider other sites in Phoenix, San Diego or Chicago as possible locations for a future Gaylord hotel.

RADISSON HOTEL AT OPRYLAND. We also own and operate the Radisson Hotel at Opryland, a Radisson franchise hotel which is located across the street from Gaylord Opryland. The hotel has 303 rooms and approximately 14,000 square feet of meeting space. The Company purchased the hotel in April 1998 for

approximately \$16 million. A major renovation of the guest rooms and meeting space was completed in 1999 at a cost of approximately \$7 million. In March 2000, the Company entered into a 20-year franchise agreement with Radisson in connection with the operation of this hotel. The franchise agreement contains customary terms and conditions. Pursuant to the franchise agreement, the Company will make additional capital expenditures of approximately \$2 million to be completed during 2002.

#### ATTRACTIONS

**THE GRAND OLE OPRY.** The Grand Ole Opry, which celebrated its 75th anniversary in 2000, is the most widely known platform for country music in the world. The Opry features a live country music show with performances every Friday and Saturday night, as well as Tuesday Night Opry's in the summer. The Opry House, home of the Grand Ole Opry, is located in the Opryland complex. The Grand Ole Opry moved to the Opry House in 1974 from its original home in the Ryman Auditorium in downtown Nashville.

The Grand Ole Opry is broadcast live on the Company's WSM-AM radio station every Friday and Saturday night, and the broadcast of the Opry is also streamed on the Internet via [www.opry.com](http://www.opry.com) and [www.wsmonline.com](http://www.wsmonline.com). The show has been broadcast since 1925 on WSM-AM, making it the longest running live radio program in the world. In 2001, the Company entered into an agreement (the "CMT Opry Live Agreement") with Viacom, Inc. pursuant to which Viacom agreed to move the exhibition of the Opry Live from its TNN channel to CMT. Under the CMT Opry Live Agreement, Viacom will air the Opry Live on CMT each week through September 30, 2003 and will re-air the Opry Live show twice each week for a total of three airings per week.

The Grand Ole Opry currently has approximately 70 performing members who are stars or other notables in the country music field. There are no financial inducements attached to membership in the Grand Ole Opry other than the prestige associated with membership. In addition to performances by members, the Grand Ole Opry presents performances by many other country music artists. Members include traditional favorites, such as Loretta Lynn and George Jones, as well as contemporary artists, like Garth Brooks, Vince Gill, and Trisha Yearwood.

The Opry House contains a 45,000 square foot auditorium with 4,424 seats, a television production center that includes a 300-seat studio and lighting, audio, and video control rooms, and set design and scenery shops. The Opry House is used by the Company for the production of television and other programming and by third parties such as national television networks and the Public Broadcasting System. The Opry House is also rented for concerts, theatrical productions, and special events and is used by Gaylord Opryland for convention entertainment and other events such as the Radio City Christmas Spectacular featuring the world famous Rockettes(TM).

**RYMAN AUDITORIUM.** The Ryman Auditorium, which was built in 1892 and seats approximately 2,300, was recently designated as a National Historic Landmark. The former home of the Grand Ole Opry, the Ryman Auditorium was renovated and re-opened in 1994 for concerts and musical productions. Recent concert performers have included Harry Connick, Jr., Bob Dylan, The Doobie Brothers, Ricky Skaggs, Bruce Springsteen, Alison Krauss and Gladys Knight. The Ryman Auditorium consistently has received local awards as a venue for live music performances, and in January 2001, CitySearch editors listed the Ryman Auditorium among the top five concert venues in the United States for the second year in a row.

Since its reopening, the Ryman Auditorium has featured musicals produced by the Company such as Always . . . Patsy Cline, Lost Highway - The Music & Legend of Hank Williams, and Bye Bye Love - The Everly Brothers Musical. In the fall of 2001, the Ryman Auditorium premiered Stand By Your Man: The Tammy Wynette Story, a new bio-musical based on the life of country music legend Tammy Wynette, and that musical will appear again at the Ryman Auditorium during the fall of 2002. The Grand Ole Opry returns to the Ryman Auditorium periodically, most recently from November 2001 to February 2002. The Ryman Auditorium is also host to a number of special events.

THE GENERAL JACKSON SHOWBOAT. The Company operates the General Jackson, a 300-foot, four-deck paddle wheel showboat, on the Cumberland River, which flows past the Opryland complex. Its Victorian Theatre can seat 620 people for banquets and 1,000 people for theater-style presentations. The showboat stages Broadway-style shows and other theatrical productions. The General Jackson is one of many sources of entertainment that the Company makes available to conventions held at Gaylord Opryland. It contributes to the Company's revenues from convention participants as well as local business. During the day it operates cruises, primarily serving tourists visiting the Opryland complex and the Nashville area.

THE SPRINGHOUSE GOLF CLUB. Home to a Senior PGA Tour event since 1994 and minutes from Gaylord Opryland, the Springhouse Golf Club was designed by former U.S. Open and PGA Champion Larry Nelson. The 43,000 square-foot antebellum-style clubhouse offers meeting space for up to 450 guests.

THE WILDHORSE SALOON. Since 1994, the Company has owned and operated the Wildhorse Saloon, a country music performance venue on historic Second Avenue in downtown Nashville. The three story, 66,000 square-foot facility includes a dance floor of approximately 2,500 square feet, a restaurant and banquet facility which can accommodate up to 2,000 guests, and a 15' x 22' television screen which features country music videos and sporting events. The Wildhorse Saloon has featured performers such as Tim McGraw and the Dixie Chicks. The club has a broadcast-ready stage and facilities to house mobile production units from which broadcasts of live concerts may be distributed nationwide.

CORPORATE MAGIC. In March 2000, the Company acquired Corporate Magic, Inc., a company specializing in the production of creative and entertainment events in support of the corporate and meeting marketplace, for \$9.0 million. We believe the event and corporate entertainment planning function of Corporate Magic complements the meeting and convention aspects of our Gaylord Hotels business.

#### MEDIA

ACUFF-ROSE MUSIC PUBLISHING. Acuff-Rose Music Publishing is primarily engaged in the music publishing business and owns one of the world's largest, as well as Nashville's oldest, catalog of copyrighted country music songs. The Acuff-Rose catalog also includes popular music, with songs by legendary writers such as Hank Williams, Pee Wee King, Roy Orbison, and Don and Phil Everly. The Acuff-Rose catalog contains at least 70 songs that have been publicly performed over a million times. The roster of Acuff-Rose songs includes standards such as "Oh, Pretty Woman," "Blue Eyes Cryin' in the Rain," and "When Will I Be Loved." Acuff-Rose licenses the use of its songs in films, plays, print, commercials, videos, cable, television and toys. In addition to its U.S.-based business, through various subsidiaries and sub-publishers, Acuff-Rose collects royalties on licenses granted in a number of foreign countries. Management has determined that our Acuff-Rose Music Publishing business is not one of our core assets, and as a result, we are considering strategic alternatives with respect to this business. See "Recent Developments and Strategic Direction" below direction for a discussion of this decision.

WSM-AM AND WSM-FM. WSM-AM and WSM-FM commenced broadcasting in 1925 and 1967, respectively. The involvement of the Company's predecessors with country music dates back to the creation of the Grand Ole Opry, which has been broadcast live on WSM-AM since 1925.

WSM-AM and WSM-FM are each broadcast from the Opryland complex and have country music formats. WSM-AM went on the air in 1925 and is one of the nation's 25 "clear channel" stations, meaning that no other station in a 750-mile radius uses the same frequency for nighttime broadcasts. As a result, the station's signal, transmitted by a 50,000 watt transmitter, can be heard at night in much of the United States and parts of Canada. The Company also has radio broadcast studios in Gaylord Opryland, the Wildhorse Saloon, the Ryman Auditorium, and the Opry Mills retail complex in Nashville.

WWTN-FM. In 1995, the Company acquired the assets of radio station WWTN-FM, which operates out of Nashville, Tennessee. WWTN-FM has a news/talk/sports format and is the flagship station of the Nashville Predators, a National Hockey League club in which the Company owns a minority interest.

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#### CORPORATE AND OTHER

OPRY MILLS. The Company owns a one-third partnership interest in Opry Mills, an entertainment/retail complex with 1.2 million square feet of leasable space, located next to Gaylord Opryland. Opened in May 2000, Opry Mills includes more than 200 stores, restaurants and entertainment venues. The Mills Corporation owns the remaining two-thirds interest in the partnership.

BASS PRO SHOPS. From 1993 to December 1999, the Company owned a minority interest in Bass Pro, L.P. As part of a reorganization of Bass Pro in December 1999, the Company contributed its limited partnership interest to a newly formed Delaware corporation, Bass Pro, Inc. for a 19% interest in the new entity. Bass Pro, Inc. owns and operates Bass Pro Shops, a retailer of premium outdoor sporting goods and fishing tackle. Bass Pro Shops serves its customers through an extensive mail order catalog operation, a retail center in Springfield, Missouri, and additional retail stores at Opry Mills in Nashville and in various other U.S. locations.

NASHVILLE PREDATORS. The Company owns a 16.5% interest in the Nashville Hockey Club Limited Partnership, a limited partnership that owns the Nashville Predators, a National Hockey League franchise which began its fourth season in the fall of 2001. In August 1999, the Company entered into a Naming Rights Agreement with the limited partnership whereby the Company purchased the right to name the Nashville Arena as the "Gaylord Entertainment Center" and to place certain advertising within the arena. Under the agreement, which has a 20-year term, the Company is required to make annual payments, beginning at \$2,050,000 in the first year and with a 5% escalation each year thereafter, and to purchase a minimum number of tickets to Predators games each year.

OKLAHOMA REDHAWKS. Since 1993, the Company has owned an interest in OKC Athletic Club Limited Partnership, a limited partnership that owns the Oklahoma Redhawks, a minor league baseball club located in Oklahoma City, and in certain concession rights for the club. In a series of transactions in 1999 and 2000, the Company acquired an additional 10% interest for \$875,000, increasing its position to 75.2% of the interests in OKC Athletic Club Limited Partnership.

#### RECENT DEVELOPMENTS AND STRATEGIC DIRECTION



During the second quarter of 2001, the Company hired a new Chairman of the Board and a new Chief Executive Officer. Once the new senior management team was in place, they devoted a significant portion of 2001 to reviewing the many different businesses they inherited when they joined the Company. After significant review, it was determined that, while the Company had four business segments for financial reporting purposes (Hospitality, Attractions, Media and Corporate and Other - all described above), the future direction of the Company would be based on two core asset groups, which were aligned as follows:

HOSPITALITY CORE ASSET GROUP: consisting of the Gaylord Hotels, the Corporate Magic meeting and event planning business and the various attractions that provide entertainment to guests of the hotels.

OPRY CORE ASSET GROUP: consisting of the Grand Ole Opry, WSM radio, and the Ryman Auditorium.

It was thus determined that Word Entertainment, Music Country/CMT International and GET Management were not core assets of the Company, and as a result each has either been sold or otherwise disposed of by the Company. Gaylord Digital, Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television, Gaylord Production Company, Z Music and the Opryland River Taxis, also not core assets of the Company, had previously been sold or otherwise disposed of by the Company. Remaining businesses to be sold include the Company's interests in the Nashville Predators, Opry Mills and the Oklahoma Redhawks, and certain miscellaneous real estate holdings. Management has yet to make a final decision as to whether to sell its Acuff-Rose Music Publishing business or its minority interest in Bass Pro Shops, both of which have been determined to be non-core assets. Following the decision to divest certain businesses, we restructured the corporate organization to streamline operations and remove duplicative costs. The Opryland Hospitality management group was collapsed into the Corporate management group and all Nashville management employees were consolidated into the Company's Wendell Office Building. Highlights of some of the key developments resulting from this corporate redirection are set forth below.

SALE OF WORD ENTERTAINMENT TO WARNER MUSIC GROUP. On January 4, 2002, the Company completed the sale of its Word Entertainment operations through the contribution of substantially all of the assets and liabilities of

Gaylord Creative Group, Inc. ("GCG"), a wholly-owned subsidiary of the Company, to Idea Entertainment LLC ("Idea"), a wholly-owned subsidiary of GCG, and the sale of all of the outstanding membership interests of Idea to WMGA LLC, an affiliate of Warner Music Group Inc. GCG and its subsidiaries, operating under the trade name "Word Entertainment," engaged in the business of producing, distributing and marketing recorded music and related products, music publishing and creating audio-visual work. The proceeds to the Company from the sale totaled approximately \$84 million in cash.

CLOSING OF INTERNATIONAL CABLE OPERATIONS. On February 25, 2002, the Company closed its cable network operations in Brazil, Asia and Australia by selling its assets associated with MusicCountry Asia and MusicCountry Brazil to the Sound Track Channel ("STC"), a privately owned California limited liability company. In exchange for the assets, STC delivered to the Company promissory notes totaling approximately \$3 million and a 5% equity interest in STC. In addition, as a part of the transaction with STC, STC assumed a portion of the Company's obligations under the Transponder Agreement with PanAmSat Corporation. The Company also closed its international cable operations in Argentina under an agreement with its joint venture partners pursuant to which the Company

transferred its equity in Solo Tango, S.A. and Latin America MusicCountry, S.A. in exchange for cancellation of future obligations the Company had to its minority partners. The Company continues to own a minority investment in Video Rola in Mexico.

SALE OF FIVE BUSINESSES TO OPUBCO. On March 9, 2001, the Company sold its stock and equity interests in five of its businesses to The Oklahoma Publishing Company ("OPUBCO") for a purchase price of \$22 million in cash and the assumption of approximately \$20 million in debt. The businesses sold were Gaylord Production Company, Gaylord Films, Pandora Films, Gaylord Sports Management Group, and Gaylord Event Television. OPUBCO beneficially owns 6.2% of the Company's common stock. Four of the Company's directors, who are the beneficial owners of an additional 26.6% of the Company's common stock, are also directors of OPUBCO and voting trustees of a voting trust that controls OPUBCO. The transaction was reviewed and approved by a special committee of the independent directors of the Company. The Company received an appraisal from a firm that specializes in valuations related to films, entertainment and service businesses as well as a fairness opinion from an investment bank in connection with this transaction.

FINANCING ACTIVITIES. On March 27, 2001, the Company entered into two new loan agreements, a \$275 million senior loan (the "Senior Loan") and a \$100 million mezzanine loan (the "Mezzanine Loan") (collectively, the "Nashville Hotel Loans"). The Senior Loan is secured by a first mortgage lien on the Gaylord Opryland hotel. The Mezzanine Loan is secured by the equity interest in the wholly-owned subsidiary that owns Gaylord Opryland.

On October 9, 2001, the Company entered into a three-year \$210 million delayed-draw senior term loan (the "Term Loan") with Deutsche Banc Alex. Brown Inc., Salomon Smith Barney, Inc. and CIBC World Markets Corp. Proceeds of the Term Loan were used to finance the completion of Gaylord Palms and for general operating needs of the Company. The Term Loan is primarily secured by the Company's ground lease interest in Gaylord Palms.

During May 2000, the Company entered into a seven-year secured forward exchange contract with an affiliate of Credit Suisse First Boston with respect to approximately 10.9 million shares of the Company's Viacom, Inc. Class B non-voting common stock ("Viacom Stock"). The contract has a face amount of \$613.1 million and required contract payments based upon a stated 5% rate. The secured forward exchange contract protects the Company against decreases in the fair market value of the Viacom Stock while providing for participation in increases in the fair market value. By entering into the secured forward exchange contract, the Company realized cash proceeds of \$506.3 million, net of discounted prepaid contract payments related to the first 3.25 years of the contract and transaction costs totaling \$106.7 million. During October 2000, the Company prepaid the remaining contract payments related to the final 3.75 years of the contract for \$83.2 million. As a result of the prepayment of the remaining contract payments, the Company was released from the covenants in the secured forward exchange contract which limited the Company's right to sales of assets, to incur additional indebtedness and to grant liens. The Company utilized \$394.1 million of the net proceeds from the secured forward exchange contract to repay all outstanding indebtedness under its revolving credit facility.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations," for a description of both the Nashville Hotel Loans and the Term Loan and the monetization of the Viacom Stock.

As of December 31, 2001, the Company had approximately 4,495 full-time and 507 part-time and temporary employees. Of these, approximately 3,461 full-time and 181 part-time employees were employed in Hospitality; approximately 416 full-time and 287 part-time employees were employed in Attractions; approximately 320 full-time and 29 part-time employees were employed in Media; and approximately 298 full-time and 10 part-time employees were employed in Corporate and Other. The Company believes its relations with its employees are good.

## COMPETITION

**HOSPITALITY.** The Gaylord Hotel properties compete with numerous other hotels throughout the United States and abroad, particularly the approximately 125 convention hotels located outside of Las Vegas, Nevada that have more than 800 rooms each, as well as the Las Vegas hotel/casinos. Many of these hotels are operated by companies with greater financial, marketing, and human resources than the Company. The Company believes that competition among convention hotels is based on, among other things, factors which include: (i) the hotel's reputation, (ii) the quality of the hotel's facility, (iii) the quality and scope of a hotel's meeting and convention facilities and services, (iv) the desirability of a hotel's location, (v) travel distance to a hotel for meeting attendees, (vi) a hotel facility's accessibility to a recognized airport, (vii) the amount of entertainment and recreational options available in and in the vicinity of the hotel, and (viii) price. The Company's hotels also compete against civic convention centers. These include the largest convention centers (e.g., Orlando, Chicago and Atlanta) as well as, for Gaylord Opryland, mid-size convention centers (between 100,000 and 500,000 square feet of meeting space located in second-tier cities).

The hotel business is management and marketing intensive. The Gaylord Hotels compete with other hotels throughout the United States for high quality management and marketing personnel. There can be no assurance that the Company's hotels will be able to attract and retain employees with the requisite managerial and marketing skills.

**ATTRACTIONS.** The Grand Ole Opry and other attractions businesses of the Company compete with all other forms of entertainment and recreational activities. The success of the Attractions group is dependent upon certain factors beyond the Company's control including economic conditions, the amount of available leisure time, transportation cost, public taste, and weather conditions.

**MEDIA.** The Company's media businesses compete with numerous other types of entertainment businesses, and success is often dependent on taste and fashion, which may fluctuate from time to time. Acuff-Rose competes with other record and music publishing companies to sign songwriters. The Company's ability to sign and re-sign successful songwriters depends on a number of factors, including marketing capabilities and the royalty and advance arrangements offered.

WSM-AM, WSM-FM, and WWTN-FM compete for advertising revenues with other radio stations in the Nashville market on the basis of formats, ratings, market share, and the demographic makeup of their audiences. Advertising rates of the radio stations are based principally on the size, market share, and demographic profile of their listening audiences. The Company's radio stations primarily compete for both audience share and advertising revenues. They also compete with the Internet, newspapers, billboards, cable networks, local cable channels, and magazines for advertising revenues. Management competence and experience, station frequency signal coverage, network affiliation, effectiveness of programming format, sales effort, and level of customer service are all

important factors in determining competitive position.

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## REGULATION AND LEGISLATION

The Gaylord Hotels are subject to certain federal, state, and local governmental regulations including, without limitation, health, safety, and environmental regulations applicable to hotel and restaurant operations. The Company believes that it is in substantial compliance with such regulations. In addition, the sale of alcoholic beverages by a hotel requires a license and is subject to regulation by the applicable state and local authorities. The agencies involved have the power to limit, condition, suspend, or revoke any such license, and any disciplinary action or revocation could have an adverse effect upon the results of operations of the Company's Hospitality and Attractions segments.

The Company's radio stations are subject to regulation under the Communications Act of 1934, as amended (the "Communications Act"). Under the Communications Act, the FCC, among other things, assigns frequency bands for broadcasting; determines the frequencies, location, and signal strength of stations; issues, renews, revokes, and modifies station licenses; regulates equipment used by stations; and adopts and implements regulations and policies that directly or indirectly affect the ownership, operation, and other practices of broadcasting stations.

Licenses issued for radio stations have terms of eight years. Radio broadcast licenses are renewable upon application to the FCC and in the past have been renewed except in rare cases. Competing applications will not be accepted at the time of license renewal, and will not be entertained at all unless the FCC first concludes that renewal of the license would not serve the public interest. A station will be entitled to renewal in the absence of serious violations of the Communications Act or the FCC regulations or other violations which constitute a pattern of abuse. The Company is not aware of any reason why its radio station licenses should not be renewed.

The foregoing is only a brief summary of certain provisions of the Communications Act and FCC regulations. The Communications Act and FCC regulations may be amended from time to time, and the Company cannot predict whether any such legislation will be enacted or whether new or amended FCC regulations will be adopted, or the effect on the Company of any such changes.

## RISK FACTORS

You should carefully consider the following specific risk factors as well as the other information contained or incorporated by reference in this annual report on Form 10-K as these are important factors, among others, that could cause our actual results to differ from our expected or historical results. It is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete statement of all our potential risks or uncertainties. Some statements in this "Business" section and elsewhere in this annual report on Form 10-K are "forward-looking statements." For a discussion of those statements and of other factors to consider see "Forward-Looking Statements," in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

WE MAY NOT BE ABLE TO IMPLEMENT SUCCESSFULLY OUR BUSINESS STRATEGY.

We have refocused our business strategy on the development of additional resort and convention center hotels in selected locations in the

United States and our attractions and media properties which are engaged primarily in the country music genres. The success of our future operating results depends on our ability to implement our business strategy by completing and successfully operating the recently-opened Gaylord Palms, our new Gaylord hotel in Grapevine, Texas, which is under construction, and further exploiting our attractions and media assets. Our ability to do this depends upon many factors, some of which are beyond our control. These include:

- o Our ability to finance and complete the construction of our new Gaylord hotel in Grapevine, Texas on schedule and to achieve positive cash flow from operations within the anticipated ramp-up period.
- o Our ability to hire and retain hotel management, catering and convention-related staff for our hotels.
- o Our ability to capitalize on the strong brand recognition of certain of our media assets.

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- o Our ability to develop new avenues of revenue and to exploit further our music catalogs.

OUR HOTEL AND CONVENTION BUSINESS IS SUBJECT TO SIGNIFICANT MARKET RISKS.

Our ability to continue successfully to operate Gaylord Opryland, Gaylord Palms, and our new Gaylord hotel in Grapevine, Texas upon its completion is subject to factors beyond our control which could adversely impact these properties. These factors include:

- o The desirability and perceived attractiveness of Nashville, Tennessee, Kissimmee, Florida and Grapevine, Texas as tourist and convention destinations.
- o Adverse changes in the national economy and in the levels of tourism and convention business that would affect our hotels.
- o Increased competition for convention and tourism business in Nashville, Tennessee and Kissimmee, Florida.
- o Gaylord Palms is operating and our new Texas hotel will operate in highly competitive markets for convention and tourism business.
- o Our group convention business is subject to reduced levels of demand during the year-end holiday periods, and we may not be able to attract sufficient general tourism guests to offset this seasonality.

WE REQUIRE ADDITIONAL FINANCING TO COMPLETE OUR NEW HOTEL PROJECTS.

We require additional financing to complete the construction for our new Gaylord hotel in Grapevine, Texas. Our ability to obtain additional debt financing for this capital project is limited by our existing level of indebtedness and limitations on our ability to grant liens on unencumbered assets. Accordingly, it is likely that we will need to seek alternative sources of debt capital as well as equity capital. These financing efforts will be subject to market conditions prevailing from time to time as well as our financial condition and prospects. We may also need to divest certain non-core businesses in order to finance additional hotel development, and there can be no guarantee that such divestitures, if required, can be successfully completed. If we are unable to obtain additional financing or divest non-core assets on terms acceptable to us to complete the construction of our hotel projects as currently scheduled, our future prospects could be adversely affected in a material way.

OUR MEDIA ASSETS DEPEND UPON POPULAR TASTES.

The success of our operations in our media division depends to a large degree on popular tastes. There has been a reduction in the popularity and

demand for country music over recent years. A continued decline in the popularity of this genre could adversely affect our revenues and operations.

OUR BUSINESS PROSPECTS DEPEND ON OUR ABILITY TO ATTRACT AND RETAIN SENIOR LEVEL EXECUTIVES.

During 2001, the Company named a new chairman, a new chief executive officer and had numerous changes in senior management. Our future performance depends upon our ability to attract qualified senior executives and to retain their services. Our future financial results also will depend upon our ability to attract and retain highly skilled managerial and marketing personnel in our different areas of operation. Competition for qualified personnel is intense and is likely to increase in the future. We compete for qualified personnel against companies with significantly greater financial resources than ours.

OUR BUSINESS MAY BE ADVERSELY AFFECTED BY OUR LEVERAGE.

As of February 28, 2002, the total amount of our long-term debt, including the current portion, was approximately \$403 million. We intend to continue to make additional borrowings under our credit facilities in connection with the development of new hotel properties and for other general corporate purposes, and the aggregate

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amount of our indebtedness will likely increase, perhaps substantially. The amount of our indebtedness could have important consequences to investors, including the following:

- o Our ability to obtain additional financing in the future may be impaired;
- o A substantial portion of our cash flow from operations must be applied to pay principal and interest on our indebtedness, thus reducing funds available for other purposes;
- o Some of our borrowings, including borrowings under our credit facilities are and will continue to be at variable rates based upon prevailing interest rates, which will expose us to the risk of increased interest rates;
- o We may be further constrained by financial covenants and other restrictive provisions contained in credit agreements and other financing documents;
- o We may be substantially more leveraged than some of our competitors, which may place us at a competitive disadvantage; and
- o Our leverage may limit our flexibility to adjust to changing market conditions, reduce our ability to withstand competitive pressures and make us more vulnerable to a downturn in general economic conditions or our business.

UNANTICIPATED EXPENSES COULD AFFECT THE RESULTS OF HOTELS WE OPEN IN NEW MARKETS.

As part of our growth plans, we may open new hotels in geographic areas in which we have little or no operating experience and in which potential customers may not be familiar with our business. As a result, we may have to incur costs relating to the opening, operation and promotion of those new hotel properties that are substantially greater than those incurred in other areas. Even though we may incur substantial additional costs with these new hotel properties, they may attract fewer customers than our existing hotels. As a result, the results of operations at new hotel properties may be inferior to those of our existing hotels. The new hotels may even operate at a loss. Even if we are able to attract enough customers to our new hotel properties to operate

them at a profit, it is possible that those customers could simply be moving future meetings or conventions from our existing hotel properties to our new hotel properties. Thus, the opening of a new hotel property could reduce the revenue of our existing hotel properties.

FLUCTUATIONS IN OUR OPERATING RESULTS AND OTHER FACTORS MAY RESULT IN DECREASES IN OUR STOCK PRICE.

In recent periods, the market price for our common stock has fluctuated substantially. From time to time, there may be significant volatility in the market price of our common stock. We believe that the current market price of our common stock reflects expectations that we will be able to continue to operate our existing hotels profitably and to develop new hotel properties profitably. If we are unable to accomplish this, investors could sell shares of our common stock at or after the time that it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of our common stock. In addition to our operating results, the operating results of other hospitality companies, changes in financial estimates or recommendations by analysts, adverse weather conditions, increased construction costs, changes in general conditions in the economy or the financial markets or other developments affecting us or our industry, such as the recent terrorist attacks, could cause the market price of our common stock to fluctuate substantially. In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their operating performance.

OUR HOTEL PROPERTIES ARE CONCENTRATED GEOGRAPHICALLY.

Our existing hotel properties are located predominately in the southeastern United States. As a result, our business and our financial operating results may be materially effected by adverse economic, weather or business conditions in the Southeast.

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HOSPITALITY COMPANIES HAVE BEEN THE TARGET OF CLASS ACTIONS AND OTHER LAWSUITS ALLEGING VIOLATIONS OF FEDERAL AND STATE LAW.

We are subject to the risk that our results of operations may be adversely affected by legal or governmental proceedings brought by or on behalf of our employees or customers. In recent years, a number of hospitality companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been instituted against us from time to time, and we cannot assure you that we will not incur substantial damages and expenses resulting from lawsuits of this type, which could have a material adverse effect on our business.

THE VALUE OF THE VIACOM STOCK WE OWN IS SUBJECT TO MARKET RISKS.

The shares of Viacom Stock we own represent a significant asset of the Company. However, we have no right to vote on matters affecting Viacom or to otherwise participate in the direction of the affairs of that corporation. Our investment in Viacom is subject to the risks of declines in the market value of Viacom equity securities. While we have mitigated our exposure to declines in the stock market valuation below \$56.04 per share by entering into the secured forward exchange contract described under the subheading "Financing Activities" under the heading "Corporate and Other" in this Item 1 and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," the value of this asset ultimately is subject to the success of Viacom and its value in the securities markets. Further, accounting principles generally accepted in the United States applicable to the treatment of this contract will require us to record, and to reflect in our Company's financial statements, gains or losses based upon changes in the fair value of the derivatives associated with the

secured forward exchange contract and the changes in the fair value of our Viacom Stock. The effect of this accounting treatment could be material to our results reflected in our consolidated financial statements for relevant periods.

WE HAVE A NUMBER OF OTHER MINORITY EQUITY INTERESTS OVER WHICH WE HAVE NO SIGNIFICANT CONTROL.

We have a number of minority investments which are not liquid and over which we have no rights, or ability, to exercise the direction or control of the respective enterprises. These include our equity interests in Bass Pro, Opry Mills and the Nashville Predators. The ultimate value of each of these investments will be dependent upon the efforts of others over an extended period of time. The nature of our interests and the absence of a market for those interests restricts our ability to dispose of them.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the executive officers and certain other officers of the Company as of December 31, 2001. All officers serve at the discretion of the Board of Directors.

Name	Age	Position
----	---	-----
Michael D. Rose.....	60	Chairman of the Board*
Colin V. Reed.....	54	President and Chief Executive Officer*
David C. Kloppel.....	32	Executive Vice President and Chief Financial Officer*
Jay D. Sevigny.....	42	Senior Vice President, Marketing and Attractions; President, Gaylord Opryland Resort and Convention Center*
Karen L. Spacek.....	42	Senior Vice President, Communications, Human Resources and Systems
John P. Caparella.....	44	Senior Vice President; General Manager, Gaylord Palms Resort and Convention Center
Carter R. Todd.....	44	Senior Vice President, General Counsel and Secretary*
Roderick F. Connor, Jr.....	49	Senior Vice President and Chief Administrative Officer*

\* Subject to the reporting and other requirements of Section 16 of the Securities Exchange Act of 1934, as amended, as of December 31, 2001.

The following is additional information with respect to the above-named executive officers.

Mr. Rose has served as Chairman of the Board of the Company since April 2001. Prior to that time he was a private investor and prior to December 1997, he was Chairman of the Board of Promus Hotel Corporation, Memphis, Tennessee, a franchiser and operator of hotel brands. Prior to January 1997, Mr. Rose was also Chairman of the Board of Harrah's Entertainment, Inc., an owner and manager of casinos in the United States. Mr. Rose is a director of four other public companies, Darden Restaurants, Inc., FelCor Lodging Trust, Inc., First Tennessee National Corporation, and Stein Mart, Inc.



Mr. Reed was elected President and Chief Executive Officer and a director of the Company in April 2001. Prior to that time, he was a member of the three-executive Office of the President of Harrah's Entertainment, Inc., an owner and manager of casinos in the United States, since May 1999 and the Chief Financial Officer of Harrah's since April 1997. Mr. Reed was a director of Harrah's Entertainment from 1998 to May 2001. He was Executive Vice President of Harrah's Entertainment from September 1995 to May 1999 and has served in several other management positions with Harrah's and its predecessor, Holiday Corp., since 1977. As part of his duties at Harrah's, Mr. Reed served as a director and Chairman of the Board of JCC Holding Company, an entity in which Harrah's held a minority interest. On January 4, 2001, JCC Holding Company filed a petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code. He is also a director of ResortQuest International, Inc.

Mr. Kloeppe is the Company's Chief Financial Officer and Executive Vice President. Prior to joining the Company in September of 2001, Mr. Kloeppe worked in the Mergers and Acquisitions Department at Deutsche Bank in New York, where he was responsible for that department's activities in the lodging, leisure and real estate sectors. Mr. Kloeppe earned an MBA from Vanderbilt University's Owen Graduate School of Management, graduating with highest honors. He received his bachelor of science degree from Vanderbilt University, majoring in economics.

Mr. Sevigny was hired in October 2001 as the Senior Vice President in charge of the Company's Marketing and Attractions. In February of 2002, Mr. Sevigny was also named President of the Company's Gaylord Opryland Resort and Convention Center in Nashville. Prior to joining the Company, Mr. Sevigny worked in different capacities for Harrah's Entertainment, most recently as Division President Hotel/Casino in Las Vegas during 2000 and 2001, and as President and Chief Operating Officer of Harrah's New Orleans casino operations from 1998 to 2000. From 1997 to 1998, Mr. Sevigny was President of Midwest Operation Station Casino in Kansas City, Missouri. Mr. Sevigny has a finance degree from the University of Nevada.

Ms. Spacek is the Company's Senior Vice President for Communications, Human Resources and Systems. Prior to joining Gaylord in August of 2001, Ms. Spacek worked for more than five years in different positions with

Harrah's Entertainment, most recently as Vice President of Strategic Sourcing. Ms. Spacek earned both her MBA degree (with honors) and her undergraduate degree from the University of Texas.

Mr. Caparella is a Senior Vice President of the Company and the General Manager of Gaylord Palms. Prior to joining the Company in November 2000, Mr. Caparella served as Executive Vice President, Planning, Development and Administration and President of PlanetHollywood.com for Planet Hollywood International, Inc., a creator and developer of consumer brands relating to movies, sports and other entertainment-based themes, in Orlando, Florida since September 1997. Before joining Planet Hollywood, Mr. Caparella was with ITT Sheraton, an owner and operator of hotel brands, for 17 years in convention, resort, business and 4-star luxury properties, as well as ITT Sheraton's corporate headquarters. Mr. Caparella is a graduate of the State University of New York at Delhi.

Mr. Todd joined Gaylord Entertainment in July 2001 as the Company's Senior Vice President, General Counsel and Secretary. Prior to that time, he was a Corporate and Securities partner in the Nashville office of the regional law firm Baker, Donelson, Bearman & Caldwell. Mr. Todd has practiced law in

Nashville since 1982 and is a graduate of Vanderbilt University School of Law and Davidson College.

Mr. Connor has served as the Senior Vice President and Chief Administrative Officer of the Company since December 1997. From February 1995 to December 1997, Mr. Connor was the Vice President and Corporate Controller of the Company. Prior to February 1995, Mr. Connor was the Corporate Controller of the Company.

## ITEM 2. PROPERTIES

The Company owns its executive offices and headquarters located at One Gaylord Drive, Nashville, Tennessee, which consists of a four-story office building comprising approximately 80,000 square feet. The Company believes that its present facilities for each of its business segments are generally well maintained.

**HOSPITALITY.** The Company owns the land and improvements that comprise the Opryland complex in Nashville, Tennessee. The Opryland complex includes the site of Gaylord Opryland (approximately 172 acres), the site of the Opry Mills retail complex, the General Jackson showboat's docking facility, the production and administration facilities that are currently being leased to CBS for TNN and CMT, the Opry House, and WSM Radio's offices and studios. In connection with the Nashville Hotel Loans, a first mortgage lien was granted on Gaylord Opryland, including the site on which it stands. The Company has executed a 75-year lease with a 24-year renewal option on a 65-acre tract in Osceola County, Florida, on which Gaylord Palms is located. The Company has acquired approximately 100 acres in Grapevine, Texas, through ownership (approximately 75 acres) or ground lease (approximately 25 acres), on which our new Gaylord hotel in Grapevine, Texas is being constructed.

**ATTRACTIONS.** The Company has entered into 99-year lease agreements with The Mills Corporation for approximately 124 acres of the Opryland complex in exchange for, among other consideration, a one-third interest in the partnership formed for the development of Opry Mills. The Company owns the Springhouse Golf Club, an 18-hole golf course situated on approximately 240 acres, and the 6.7-acre site of the Radisson Hotel at Opryland, both located near the Opryland complex. In downtown Nashville, the Company owns the Ryman Auditorium, the Wildhorse Saloon dance hall and production facility, and an office building. The office building, which has approximately 38,800 square feet, was acquired by the Company in September 1999 to serve as administrative and executive office space for Gaylord Digital. The Company currently has this building listed with a real estate broker and is attempting to sell it.

**MEDIA.** The Company owns the Acuff-Rose Music Publishing building (and adjacent real estate) located on "Music Row" near downtown Nashville [SQ. FT.?]. The Company owns the offices and three television studios of TNN and CMT, all of which are located within the Opryland complex and contain approximately 87,000 square feet of space. These facilities are leased to CBS through September 30, 2002, and the Company has received notice that CBS will not renew the lease.

## ITEM 3. LEGAL PROCEEDINGS

The Company maintains various insurance policies, including general liability and property damage insurance, as well as product liability, workers' compensation, business interruption, and other policies, which it believes provide adequate coverage for the risks associated with its range of operations. Various subsidiaries of the Company are involved in lawsuits incidental to the ordinary course of their businesses, such as personal injury actions by guests

and employees and complaints alleging employee discrimination. The Company believes that it is adequately insured against these claims by its existing insurance policies and that the outcome of any pending claims or proceedings will not have a material adverse effect upon its financial position or results of operations.

The Company may have potential liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA" or "Superfund"), for response costs at two Superfund sites. The liability relates to properties formerly owned by Gaylord's predecessor. In 1991, OPUBCO assumed these liabilities and agreed to indemnify the Company for any losses, damages, or other liabilities incurred by it in connection with these matters. The Company believes that OPUBCO's indemnification will fully cover the Company's Superfund liabilities, if any, and that, based on the Company's current estimates of these liabilities, OPUBCO has sufficient financial resources to fulfill its indemnification obligations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of the Company's security holders during the fourth quarter of 2001.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) MARKET INFORMATION

The Company's common stock is listed on the New York Stock Exchange under the symbol GET. The following table sets forth the high and low sales prices for the Company's common stock as reported by the NYSE for the last two years:

2000 ----	HIGH -----	LOW -----
First Quarter	\$30.44	\$24.50
Second Quarter	27.38	20.25
Third Quarter	28.00	19.50
Fourth Quarter	25.50	19.31

2001 ----	HIGH -----	LOW -----
First Quarter	\$26.60	\$20.00
Second Quarter	29.15	24.95
Third Quarter	29.05	19.60
Fourth Quarter	25.50	18.49

(b) HOLDERS

The approximate number of record holders of the Company's common stock on March 18, 2002, was 2,498.

## (c) CASH DIVIDENDS

During 1999, the Company distributed a quarterly cash dividend of \$0.20 per share of the Company's common stock. At its quarterly meeting in February 2000, the Company's Board of Directors voted to discontinue the payment of dividends on its common stock. Accordingly, no dividends were paid during 2000 or 2001 and we do not presently intend to declare any cash dividends. Our Board of Directors may reevaluate this dividend policy in the future in light of our results of operations, financial condition, cash requirements, future prospects, loan agreements and other factors deemed relevant by our Board. Currently, we are prohibited from paying dividends by the terms of our Term Loan.

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## ITEM 6. SELECTED FINANCIAL DATA.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
SELECTED FINANCIAL DATA  
(Amounts in thousands, except per share data)

The following selected historical financial data for the five years ended December 31, 2001 is derived from the Company's audited consolidated financial statements. The information in the following table should be read in conjunction with the Company's audited consolidated financial statements and related notes included herein.

## INCOME STATEMENT DATA:

	YEARS ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997 (10)
Revenues:					
Hospitality	\$ 228,712	\$ 237,260	\$ 239,248	\$ 237,076	\$ 240,969
Attractions	65,878	63,235	57,760	56,602	114,645
Media	24,157	29,013	62,059	75,412	353,161
Corporate and other	6,432	5,954	10,784	11,512	1,425
Total revenues	325,159	335,462	369,851	380,602	710,200
Operating expenses:					
Operating costs	218,357	226,126	234,645	230,425	430,761
Selling, general and administrative	71,718	93,958	80,489	72,195	116,971
Preopening costs (1)	15,141	5,278	1,892	--	--
Impairment and other charges	14,262 (3)	76,597 (3)	--	--	42,006 (11)
Restructuring charges	2,182 (4)	13,098 (4)	2,786 (4)	--	13,654 (12)
Merger costs	--	--	(1,741)	--	22,645 (12)
Depreciation and amortization:					
Hospitality	25,593	24,447	22,828	21,390	19,910
Attractions	5,810	6,443	6,396	5,525	10,979
Media	2,578	9,650	5,918	3,293	13,330
Corporate and other	7,294	7,040	7,591	5,849	4,430
Total depreciation and amortization	41,275	47,580	42,733	36,057	48,649
Total operating expenses	362,935	462,637	360,804	338,677	674,686
Operating income (loss):					
Hospitality	33,915	45,949	43,700	47,031	50,897
Attractions	(2,372)	(8,025)	(6,063)	(3,059)	1,048
Media	1,665	(31,500) (6)	2,153	19,834	88,418
Corporate and other	(39,399)	(38,626)	(27,806)	(21,881)	(26,544)
Preopening costs (1)	(15,141)	(5,278)	(1,892)	--	--
Impairment and other charges	(14,262) (3)	(76,597) (3)	--	--	(42,006) (11)
Restructuring charges	(2,182) (4)	(13,098) (4)	(2,786) (4)	--	(13,654) (12)
Merger costs	--	--	1,741	--	(22,645) (12)
Total operating income (loss)	(37,776)	(127,175)	9,047	41,925	35,514
Interest expense, net of amounts capitalized	(39,365)	(30,319)	(15,047)	(28,942)	(24,215)
Interest income	5,625	4,173	6,090	25,253	24,022
Unrealized gain on Viacom stock, net	782	--	--	--	--
Unrealized gain on derivatives	54,282	--	--	--	--
Other gains and losses	5,976	(1,277)	589,882 (7) (8)	21,369 (8) (9)	145,888 (13)
Income (loss) from continuing operations before income taxes	(10,476)	(154,598)	589,972	59,605	181,209
Provision (benefit) for income taxes	(3,188)	(49,867)	222,342	22,315	16,721 (14)
Income (loss) from continuing operations	(7,288)	(104,731)	367,630	37,290	164,488
Loss from discontinued operations, net of taxes (2)	(52,364)	(48,739)	(17,838)	(6,096)	(13,052)
Cumulative effect of accounting change, net of taxes	11,909 (5)	--	--	--	(7,537) (15)
Net income (loss)	\$ (47,743)	\$ (153,470)	\$ 349,792	\$ 31,194	\$ 143,899

Income (loss) per share:					
Income (loss) from continuing operations	\$ (0.22)	\$ (3.14)	\$ 11.17	\$ 1.20	\$ 5.31
Income (loss) from discontinued operations	(1.55)	(1.46)	(0.54)	(0.25)	(0.63)
Cumulative effect of accounting change	0.35	--	--	--	(0.23)
Net income (loss)	\$ (1.42)	\$ (4.60)	\$ 10.63	\$ 0.95	\$ 4.45
Income (loss) per share - assuming dilution:					
Income (loss) from continuing operations	\$ (0.22)	\$ (3.14)	\$ 11.07	\$ 1.18	\$ 5.26
Income (loss) from discontinued operations	(1.55)	(1.46)	(0.54)	(0.24)	(0.62)
Cumulative effect of accounting change	0.35	--	--	--	(0.23)
Net income (loss)	\$ (1.42)	\$ (4.60)	\$ 10.53	\$ 0.94	\$ 4.41
Dividends per share	\$ --	\$ --	\$ 0.80	\$ 0.65	\$ 1.05

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
SELECTED FINANCIAL DATA  
(Amounts in thousands, except per share data)

## BALANCE SHEET DATA:

	AS OF DECEMBER 31,				
	2001	2000	1999	1998	1997
Total assets	\$2,167,822	\$1,939,553	\$1,732,384 (7)	\$1,011,992	\$1,117,562
Total debt	468,997 (16)	175,500 (7)	297,500	264,078 (8)	388,397
Secured forward exchange contract	613,054 (7)	613,054 (7)	--	--	--
Total stockholders' equity	658,479	727,865	961,159 (7)	525,160	516,224

- (1) Preopening costs are related to the Company's Gaylord Palms Resort and Convention Center hotel in Kissimmee, Florida and its new Gaylord hotel under construction in Grapevine, Texas.
- (2) In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". In accordance with the provisions of SFAS No. 144, the Company has presented the operating results and financial position of the following businesses as discontinued operations: Word Entertainment; GET Management, the Company's artist management business; the Company's international cable networks; the businesses sold to affiliates of The Oklahoma Publishing Company ("OPUBCO") in 2001 consisting of Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company; and the Company's water taxis.
- (3) Reflects the divestiture of certain businesses and reduction in the carrying values of certain assets.
- (4) Related primarily to employee severance and contract termination costs.
- (5) Reflects the cumulative effect of the change in accounting method related to recording the derivatives associated with the secured forward exchange contract at fair value as of January 1, 2001, of \$18,322 less a related tax provision of \$6,413.
- (6) Includes operating losses of \$27,479 related to Gaylord Digital, the Company's internet initiative, and operating losses of \$6,083 related to country record label development, both of which were closed during 2000.
- (7) Includes a pretax gain of \$459,307 on the divestiture of television station KTVT in Dallas-Ft. Worth in exchange for CBS Series B preferred stock (which was later converted into 11,003,000 shares of Viacom, Inc. Class B common stock), \$4,210 of cash, and other consideration. The CBS Series B

preferred stock was included in total assets at its market value of \$648,434 at December 31, 1999. The Viacom, Inc. Class B common stock was included in total assets at its market values of \$485,782 and \$514,391 at December 31, 2001 and 2000, respectively. During 2000, the Company entered into a seven-year forward exchange contract with respect to 10,937,900 shares of the Viacom, Inc. Class B common stock. Prepaid interest related to the secured forward exchange contract of \$144,975 and \$171,863 was included in total assets at December 31, 2001 and 2000, respectively.

- (8) In 1995, the Company sold its cable television systems. Net proceeds were \$198,800 in cash and a note receivable with a face amount of \$165,688, which was recorded at \$150,688, net of a \$15,000 discount. As part of the sale transaction, the Company also received contractual equity participation rights (the "Rights") equal to 15% of the net distributable proceeds from future asset sales. During 1998, the Company collected the full amount of the note receivable and recorded a pretax gain of \$15,000 related to the note receivable discount. During 1999, the Company received cash and recognized a pretax gain of \$129,875 representing the value of the Rights. The proceeds from the note receivable prepayment and the Rights were used to reduce outstanding bank indebtedness.
- (9) Includes a pretax gain of \$16,072 on the sale of the Company's investment in the Texas Rangers Baseball Club, Ltd. and a pretax gain totaling \$8,538 primarily related to the settlement of contingencies from the sales of television stations KHTV in Houston and KSTW in Seattle.
- (10) Includes the results of operations of TNN: The Nashville Network and the U.S. and Canadian operations of CMT: Country Music Television for the first nine months of 1997. On October 1, 1997, TNN and CMT were acquired by CBS in a merger (the "Merger"). Also includes the results of the Opryland theme park which was closed at the end of 1997.
- (11) Charge related to the closing of the Opryland theme park at the end of the 1997 operating season.
- (12) The merger costs and the 1997 restructuring charge are related to the Merger.
- (13) Includes a pretax gain of \$144,259 on the sale of television station KSTW in Seattle.
- (14) Includes a deferred tax benefit of \$55,000 related to the revaluation of certain reserves as a result of the Merger.
- (15) Reflects the cumulative effect of the change in accounting method for deferred preopening costs to expense these costs as incurred, effective January 1, 1997, of \$12,335 less a related tax benefit of \$4,798.
- (16) Related primarily to the construction of the Company's Gaylord Palms Resort and Convention Center hotel in Kissimmee, Florida and its new Gaylord hotel development in Grapevine, Texas.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### OVERVIEW

Gaylord Entertainment Company is a diversified hospitality and entertainment company operating, through its subsidiaries, principally in four business segments: hospitality; attractions; media; and corporate and other. During 2001, the Company restated its reportable segments for all periods presented based upon new management and an internal realignment of operational responsibilities. The Company is managed using the four business segments described above. Certain

events that occurred during 2001, 2000 and 1999 affect the comparability of the Company's results of operations among the periods presented.

#### CRITICAL ACCOUNTING POLICIES

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. Accounting estimates are an integral part of the preparation of the consolidated financial statements and the financial reporting process and are based upon current judgements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Certain accounting estimates are particularly sensitive because of their complexity and the possibility that future events affecting them may differ materially from the Company's current judgements and estimates.

This listing of critical accounting policies is not intended to be a comprehensive list of all of the Company's accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, with no need for management's judgement regarding accounting policy. The Company believes that of its significant accounting policies, as discussed in Note 1 of the consolidated financial statements, the following may involve a higher degree of judgement and complexity.

#### Revenue Recognition

Revenues are recognized when services are provided or goods are shipped, as applicable. Provision for returns and other adjustments are provided for in the same period the revenues are recognized. The Company defers revenues related to deposits on advance room bookings, advance ticket sales at the Company's tourism properties and music publishing advances until such amounts are earned.

#### Impairment Of Long-Lived Assets And Goodwill

In accounting for the Company's long-lived assets other than goodwill, the Company applies the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". The Company adopted the provisions of SFAS No. 144 during 2001 with an effective date of January 1, 2001. The Company previously accounted for goodwill using SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". In June 2001, SFAS No. 142, "Goodwill and Other Intangible Assets" was issued. SFAS No. 142 is effective January 1, 2002. Under SFAS No. 142, goodwill and other intangible assets with indefinite useful lives will not be amortized but will be tested for impairment at least annually and whenever events or circumstances occur indicating that these intangibles may be impaired. The determination and measurement of an impairment loss under these accounting standards require the significant use of judgement and estimates. The determination of fair value of these assets and the timing of an impairment charge are two critical components of recognizing an asset impairment charge that are subject to the significant use of judgement and estimation. Future events may indicate differences from these judgements and estimates.

#### Restructuring Charges

The Company has recognized restructuring charges in accordance with Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" in its consolidated financial statements. Restructuring charges are based

upon certain estimates of liability related to costs to exit an activity. Liability estimates may change as a result of future events, including negotiation of reductions in contract termination liabilities.

#### Derivative Financial Instruments

The Company utilizes derivative financial instruments to reduce interest rate risks and to manage risk exposure to changes in the value of certain owned marketable securities. The Company records derivatives in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which was subsequently amended by SFAS No. 138. SFAS No. 133, as amended, established accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires all derivatives to be recognized in the statement of financial position and to be measured at fair value. Changes in the fair value of those instruments will be reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. The measurement of the derivative's fair value requires the use of estimates and assumptions. Changes in these estimates or assumptions could materially impact the determination of the fair value of the derivatives.

#### ASSESSMENT OF STRATEGIC ALTERNATIVES

During 2001, the Company named a new chairman, a new chief executive officer, and had numerous changes in senior management, primarily because of certain 2000 events discussed below. The new management team instituted a corporate reorganization, re-evaluated the Company's businesses and other investments and is employing certain cost savings initiatives (the "2001 Strategic Assessment"). As a result of the 2001 Strategic Assessment, the Company recorded impairment and other charges and restructuring charges as discussed below.

During 2000, the Company experienced a significant number of departures from its senior management, including the Company's president and chief executive officer. In addition, the Company continued to produce weaker than anticipated operating results during 2000 while attempting to fund its capital requirements related to its hotel construction project in Florida and hotel development activities in Texas. As a result of these factors, during 2000, the Company assessed its strategic alternatives related to its operations and capital requirements and developed a strategic plan designed to refocus the Company's operations, reduce its operating losses and reduce its negative cash flows (the "2000 Strategic Assessment"). As a result of the 2000 Strategic Assessment, the Company sold or ceased operations of several businesses and recorded impairment and other charges and restructuring charges as discussed below.

#### TERRORIST ATTACKS

As a result of the September 11, 2001 terrorist attacks and a slowdown in the U.S. economy, the hospitality industry has experienced occupancy rates that were significantly lower than those experienced in 2000 due to decreased tourism and travel activity. Specifically, the Company received over 30 group cancellations as a result of the terrorist attacks, the majority of which were for bookings in the months of September and October 2001. These cancellations led to a significant decrease in hotel occupancy for that period and had a negative impact on our operations in the third and fourth quarters of 2001. The September 11 terrorist attacks were dramatic in scope and in their impact on the hospitality industry and it is currently not possible to accurately predict if and when travel patterns will be restored to pre-September 11 levels. However, some of the groups that cancelled during 2001 have rescheduled for dates in 2002.

In response to the new economic environment following the September 11, 2001 terrorist attacks, the Company has elected a strategy of capital conservation. Accordingly, the Company is extending the construction period for a new Gaylord hotel in Grapevine, Texas for up to nine months and reducing its construction spending in the short term. The Gaylord hotel in Grapevine, Texas, previously



scheduled to open in August 2003, is now scheduled to open in mid-2004. The Company has also elected to divest certain non-core assets, with the expected proceeds to be utilized as a source of capital. In addition, the Company has implemented certain cost control measures.

#### DISCONTINUED OPERATIONS

In August 2001, the FASB issued SFAS No. 144, which superceded SFAS No. 121 and the accounting and reporting provisions for the disposal of a segment of a business of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the requirements of SFAS No. 121 for the recognition

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and measurement of an impairment loss and broadens the presentation of discontinued operations to include a component of an entity (rather than a segment of a business).

In accordance with the provisions of SFAS No. 144, the Company has presented the operating results, financial position and cash flows of the following businesses as discontinued operations in its financial statements as of December 31, 2001 and 2000 and for each of the three years ended December 31, 2001: Word Entertainment ("Word"), the Company's contemporary Christian music business which was sold in January 2002; GET Management, the Company's artist management business which was sold during 2001; the Company's international cable networks; the businesses sold to affiliates of The Oklahoma Publishing Company ("OPUBCO") in 2001 consisting of Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company; and the Company's water taxis sold in 2001.

#### DERIVATIVES

The Company utilizes derivative financial instruments to reduce interest rate risks and to manage risk exposure to changes in the value of certain owned marketable securities. Effective January 1, 2001, the Company records derivatives in accordance with SFAS No. 133, as amended. SFAS No. 133, as amended, established accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires all derivatives to be recognized in the statement of financial position and to be measured at fair value. Changes in the fair value of those instruments will be reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. During 2000, the Company entered into a seven-year secured forward exchange contract with respect to 10,937,900 shares of its Viacom, Inc. ("Viacom") stock investment acquired, indirectly, as a result of the divestiture of television station KTVT in Dallas-Fort Worth as discussed below. Under SFAS No. 133, components of the secured forward exchange contract are considered derivatives. The adoption of SFAS No. 133 has had a material impact on the Company's results of operations and financial position.

During 2001, the Company entered into three contracts to cap its interest rate risk exposure on its long-term debt. These contracts cap the Company's exposure to one-month LIBOR rates on up to \$375 million of outstanding indebtedness at 7.5% and cap the Company's exposure on one-month Eurodollar rates on up to \$100 million of outstanding indebtedness at 6.625%. These interest rate caps qualify for hedge accounting and changes in the values of these caps are recorded as other comprehensive income and losses.

#### GAYLORD PALMS

The Company's Gaylord Palms Resort and Convention Center hotel ("Gaylord Palms") in Kissimmee, Florida commenced operations in January 2002. The Company recorded \$12.2 million of preopening expenses related to Gaylord Palms in 2001 that will not recur in 2002. Gaylord Palms, with 1,406 rooms and approximately 400,000 square feet of meeting and convention space, will have a material impact on the

Company's results of operations during 2002.

DIVESTITURE OF KTVT

In October 1999, CBS Corporation ("CBS") acquired KTVT from the Company in exchange for \$485.0 million of CBS Series B convertible preferred stock, \$4.2 million of cash and other consideration. The Company recorded a pretax gain of \$459.3 million, which is included in other gains and losses in the consolidated statements of operations, based upon the disposal of the net assets of KTVT of \$29.9 million, including related selling costs. CBS merged with Viacom in May 2000, resulting in the conversion of CBS convertible preferred stock into Viacom stock. The operating results of KTVT reflected in the consolidated statements of operations through the disposal date of October 12, 1999 include revenues of \$36.0 million, depreciation and amortization of \$2.4 million, and operating income of \$8.4 million.

RESULTS OF OPERATIONS

The following table contains selected results of continuing operations data for each of the three years ended December 31, 2001, 2000 and 1999 (in thousands). The table also shows the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues.

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	2001	%	2000	%	1999	%
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<b>REVENUES:</b>						
Hospitality	\$ 228,712	70.3%	\$ 237,260	70.7%	\$ 239,248	64.7%
Attractions	65,878	20.3	63,235	18.9	57,760	15.6
Media	24,157	7.4	29,013	8.6	62,059	16.8
Corporate and other	6,412	2.0	5,954	1.8	10,784	2.9
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Total revenues	325,159	100.0	335,462	100.0	369,851	100.0
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<b>OPERATING EXPENSES:</b>						
Operating costs	218,357	67.1	226,126	67.4	234,645	63.4
Selling, general and administrative	71,718	22.0	93,958	28.0	80,489	21.8
Preopening costs	15,141	4.7	5,278	1.6	1,892	0.5
Impairment and other charges	14,262	4.4	76,597	22.8	--	--
Restructuring charges	2,182	0.7	13,098	3.9	2,786	0.8
Merger costs	--	--	--	--	(1,741)	(0.5)
<b>Depreciation and amortization:</b>						
Hospitality	25,593		24,447		22,828	
Attractions	5,810		6,443		6,396	
Media	2,578		9,650		5,918	
Corporate and other	7,294		7,040		7,591	
	-----	----	-----	----	-----	----
Total depreciation and amortization	41,275	12.7	47,580	14.2	42,733	11.6
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Total operating expenses	362,935	111.6	462,637	137.9	360,804	97.6
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<b>OPERATING INCOME (LOSS):</b>						
Hospitality	33,915	14.8	45,949	19.4	43,700	18.3
Attractions	(2,372)	(3.6)	(8,025)	(12.7)	(6,063)	(10.5)
Media	1,665	6.9	(31,500)	--	2,153	3.5
Corporate and other	(39,399)	--	(38,626)	--	(27,806)	--
Preopening costs	(15,141)	--	(5,278)	--	(1,892)	--
Impairment and other charges	(14,262)	--	(76,597)	--	--	--
Restructuring charges	(2,182)	--	(13,098)	--	(2,786)	--
Merger costs	--	--	--	--	1,741	--
	-----	----	-----	----	-----	----
Total operating income (loss)	\$ (37,776)	(11.6)%	\$ (127,175)	(37.9)%	\$ 9,047	2.4%
	=====	=====	=====	=====	=====	=====

YEAR ENDED DECEMBER 31, 2001, COMPARED TO YEAR ENDED DECEMBER 31, 2000

REVENUES

Total revenues decreased \$10.3 million, or 3.1%, to \$325.2 million in 2001. Excluding the revenues of businesses divested in 2000, including the Orlando-area Wildhorse Saloon, KOA Campground, Gaylord Digital and country music record label development (collectively, the "2000 Divested Businesses") from 2000, total revenues decreased \$1.0 million, or 0.3%, in 2001.

Revenues in the hospitality segment decreased \$8.5 million, or 3.6%, to \$228.7

million in 2001. Revenues of the Gaylord Opryland Resort and Convention Center hotel decreased \$7.9 million to \$222.0 million in 2001. Gaylord Opryland's occupancy rate decreased to 70.3% in 2001 compared to 75.9% in 2000. Revenue per available room (RevPAR) for Gaylord Opryland decreased 7.1% to \$98.65 for 2001 compared to \$106.22 for 2000. This decrease was primarily attributable to the impact of a softer economy and decreased occupancy levels in the weeks following the September 11 terrorist attacks. In the four month period from November 2001 to February 2002, Gaylord Opryland's occupancy rate was 68.8% compared to 72.4% in the corresponding year-ago four month period, while average daily room rates were \$141.92 compared to \$138.18. The collection of a \$2.2 million cancellation fee in 2000 also adversely affects comparisons with the prior year period. Gaylord Opryland's average daily rate increased to \$140.33 in 2001 from \$140.03 in 2000.

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Revenues in the attractions segment increased \$2.6 million, or 4.2%, to \$65.9 million in 2001. Excluding the revenues of the Orlando-area Wildhorse Saloon and the KOA Campground from 2000, revenues in the attractions segment increased \$8.0 million, or 13.8% due to increased revenues of \$10.1 million at Corporate Magic, a company specializing in the production of creative events in the corporate entertainment marketplace that was acquired in March 2000. Revenues of the Grand Ole Opry increased \$1.4 million, or 11.6%, to \$13.4 million in 2001. These increases in revenues were partially offset by decreased revenues of the General Jackson, which decreased \$1.5 million in 2001 as a result of an attendance decline of 16.3% partially offset by an increase in per capita spending of 16.3%.

Revenues in the media segment decreased \$4.9 million, or 16.7%, to \$24.2 million in 2001. Excluding the revenues of Gaylord Digital from 2000, revenues in the media segment decreased \$0.9 million, or 3.7%. Revenues of the Company's radio stations decreased \$1.2 million during 2001 as a result of a weak advertising market and significant competition within the Nashville-area radio broadcasting market.

Revenues in the corporate and other segment increased \$0.5 million to \$6.4 million in 2001. Corporate and other segment revenues consisted primarily of the Company's ownership interest in a minor league baseball team.

#### OPERATING EXPENSES

Total operating expenses decreased \$99.7 million, or 21.6%, to \$362.9 million in 2001. Excluding impairment and other charges and restructuring charges, total operating expenses decreased \$26.5 million, or 7.1%, to \$346.5 million in 2001. Operating costs, as a percentage of revenues, decreased to 67.1% during 2001 as compared to 67.4% during 2000. Selling, general and administrative expenses, as a percentage of revenues, decreased to 22.0% during 2001 as compared to 28.0% in 2000.

Operating costs decreased \$7.8 million, or 3.4%, to \$218.4 million in 2001. Excluding the operating costs of the 2000 Divested Businesses from 2000, operating costs decreased \$9.8 million, or 4.7%, to \$208.6 million in 2001.

Operating costs in the hospitality segment increased \$1.5 million in 2001 primarily as a result of increased operating costs at Gaylord Opryland of \$2.2 million. During 2000, the Company recorded certain nonrecurring operating costs associated primarily with the settlement of tax and utility contingencies related to prior years totaling \$5.0 million in the hospitality segment, \$4.5 million of which was related to Gaylord Opryland. Excluding these nonrecurring costs, operating costs at Gaylord Opryland increased \$6.7 million, or 5.2% due primarily to costs associated with various new shows and exhibits at the hotel in 2001.

Operating costs in the attractions segment increased \$1.0 million, or 2.1%, in 2001. Excluding the operating costs of the Orlando-area Wildhorse Saloon and the KOA Campground from 2000, operating costs in the attractions segment increased \$6.7 million in 2001. The operating costs of Corporate Magic increased \$9.8

million in 2001 as compared to 2000 subsequent to its acquisition in March 2000 due to the fact that a large share of its annual business occurs in the first quarter of each year. This increase was partially offset by a decrease in operating costs of the Acuff Theater, a venue for concerts and theatrical performances, which had reduced operating costs in 2001 as compared to 2000 of \$1.2 million due to decreased utilization of this venue.

Operating costs in the media segment declined \$11.3 million, or 45.5%, in 2001. The decline in costs is almost entirely attributable to operating costs of Gaylord Digital and country music record label development costs in 2000. Excluding these costs, operating costs in the media segment increased \$0.7 million, or 5.2% in 2001.

The operating costs in the corporate and other segment increased \$1.0 million in 2001 as compared to 2000 due to increased overhead and administrative costs related to the management of the Company's hotels.

Selling, general and administrative expenses decreased \$22.2 million, or 23.7%, to \$71.7 million in 2001. Excluding the selling, general and administrative expenses of the 2000 Divested Businesses from 2000, selling, general and administrative expenses decreased \$3.4 million, or 4.5%, in 2001.

Selling, general and administrative expenses in the hospitality segment increased \$0.8 million, or 3.0%, in 2001. Selling, general and administrative expenses at Gaylord Opryland increased \$0.6 million, or 2.1%, in 2001. Selling and promotion expense at Gaylord Opryland increased \$1.9 million due to increased advertising offset by lower general and administrative costs at Gaylord Opryland of \$1.3 million due to cost controls.

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Selling, general and administrative expenses in the attractions segment decreased \$3.4 million, or 21.2%, in 2001. Excluding the selling, general and administrative expenses of the Orlando-area Wildhorse Saloon and the KOA Campground from 2000, selling, general and administrative expenses in the attractions segment decreased \$3.0 million, or 19.0%, in 2001. The decrease in 2001 is primarily attributable to nonrecurring bad debt expense recognized in 2000 of \$2.4 million related to the Company's live entertainment business. In addition, the selling, general and administrative expenses of the Ryman Auditorium decreased \$1.2 million in 2001 as compared to 2000 due to reductions in marketing expenses, fewer shows being produced in 2001 compared to 2000 and a shift to more co-produced shows in 2001 compared to 2000.

Corporate selling, general and administrative expenses, consisting primarily of senior management salaries and benefits, legal, human resources, accounting, and other administrative costs remained unchanged at \$23.3 million in both 2001 and 2000.

Effective December 31, 2001, the Company amended its retirement plan and its retirement savings plan whereby the retirement cash balance benefit was frozen and whereby future Company contributions to the retirement savings plan will include 2% to 4% of the employee's salary, based upon the Company's financial performance, in addition to a one-half match of the employee's salary up to a maximum Company contribution of 3%. As a result of these changes to the retirement plan, the Company expects to record a pretax charge to operations of approximately \$5.7 million in the first quarter of 2002 related to the write-off of unamortized prior service cost in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", and related interpretations.

The Company has amended its postretirement benefit plans effective December 31, 2001 such that only active employees whose age plus years of service total at least 60 and who have at least 10 years of service as of December 31, 2001 remain eligible. In connection with the amendment and curtailment of the plans and in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and related interpretations, the Company measured a gain of \$6.8 million, which will be recognized in future periods.

Preopening costs increased \$9.9 million to \$15.1 million in 2001 related to the Company's hotel development activities in Florida and Texas. In accordance with AICPA SOP 98-5, "Reporting on the Costs of Start-Up Activities", the Company expenses the costs associated with start-up activities and organization costs as incurred.

Depreciation and amortization decreased \$6.3 million, or 13.3%, to \$41.3 million in 2001. Excluding the depreciation and amortization of the 2000 Divested Businesses from 2000, depreciation and amortization increased \$1.7 million, or 4.3%, in 2001. The increase is primarily attributable to increased depreciation expense at Gaylord Opryland of \$0.9 million related to capital expenditures and increased software amortization of \$0.8 million.

#### IMPAIRMENT AND OTHER CHARGES

The Company recognized pretax impairment and other charges as a result of the 2001 and 2000 Strategic Assessments. The components of these charges for the years ended December 31 are as follows (in thousands):

	2001	2000
	-----	-----
Programming, film and other content	\$ 6,858	\$ 8,295
Gaylord Digital and other technology investments	4,576	48,127
Property and equipment	2,828	3,398
Orlando-area Wildhorse Saloon	-	15,854
Other	-	923
	-----	-----
Total impairment and other charges	\$ 14,262	\$ 76,597
	=====	=====

Additional impairment and other charges of \$28.9 million during 2000 are included in discontinued operations.

#### 2001 Impairment and Other Charges

The Company began production of an IMAX movie during 2000 to portray the history of country music. As a result of the 2001 Strategic Assessment, the carrying value of the IMAX film asset was reevaluated on the basis of its estimated future cash flows resulting in an impairment charge of \$6.9 million. At December 31, 2000, the Company held a minority investment in a technology start-up business. During 2001, the unfavorable environment for technology businesses created difficulty for this business to obtain adequate capital to execute its business plan and, subsequently, the Company was notified that this technology business had been unsuccessful in arranging financing, resulting in an impairment charge of \$4.6 million. The Company also recorded an impairment charge related to idle real estate of \$2.0 million during 2001 based upon an assessment of the value of the property. In addition, the Company recorded an impairment charge for other idle property and equipment totaling \$0.8 million during 2001 primarily due to the consolidation of offices resulting from personnel reductions.

#### 2000 Impairment and Other Charges

The Company's 2000 Strategic Assessment of its programming, film and other content assets resulted in pretax impairment and other charges of \$8.3 million based upon the projected cash flows for these assets. This charge included investments of \$5.0 million, other receivables of \$3.0 million and music and film catalogs of \$0.3 million.

The Company closed Gaylord Digital, its Internet-related business in 2000. During 1999 and 2000, Gaylord Digital was unable to produce the operating results initially anticipated and required an extensive amount of capital to fund its operating losses, investments and technology infrastructure. As a result of the closing, the Company recorded a pretax charge of \$48.1 million in 2000 to reduce the carrying value of Gaylord Digital's assets to their fair value based upon estimated selling prices. The Gaylord Digital charge included the write-down of intangible assets of \$25.8 million, property and equipment (including software) of \$14.8 million, investments of \$7.0 million and other assets of \$0.6 million. The operating results of Gaylord Digital are included in continuing operations. Excluding the effect of the impairment and other charges, Gaylord Digital had revenues of \$3.9 million and \$1.6 million, and operating losses of \$27.5 million and \$7.3 million, for the years ended December 31, 2000 and 1999, respectively.

During the course of conducting the 2000 Strategic Assessment, other property and equipment of the Company was reviewed to determine whether the change in the Company's strategic direction resulted in additional impaired assets. This review indicated that certain property and equipment would not be recovered by projected cash flows. The Company recorded pretax impairment and other charges related to its property and equipment of \$3.4 million. These charges included property and equipment write-downs in the hospitality segment of \$1.4 million, in the attractions segment of \$0.3 million, in the media segment of \$0.2 million, and in the corporate and other segment of \$1.5 million.

During November 2000, the Company ceased the operations of the Orlando-area Wildhorse Saloon. Walt Disney World(R) Resort paid the Company approximately \$1.8 million for the net assets of the Orlando-area Wildhorse Saloon and released the Company from its operating lease for the Wildhorse Saloon location. As a result of this divestiture, the Company recorded pretax charges of \$15.9 million to reflect the impairment and other charges related to the divestiture. The Orlando-area Wildhorse Saloon charges included the write-off of equipment of \$9.4 million, intangible assets of \$8.1 million and other working capital items of \$0.1 million offset by the \$1.8 million of proceeds received from Disney. The operating results of the Orlando-area Wildhorse Saloon are included in continuing operations. Excluding the effect of the impairment and other charges, the Orlando-area Wildhorse Saloon had revenues of \$4.4 million, and operating losses of \$1.6 million for the year ended December 31, 2000.

#### RESTRUCTURING CHARGES

During 2001, the Company recognized pretax restructuring charges from continuing operations of \$2.2 million related to streamlining operations and reducing layers of management. The Company recognized additional pretax restructuring charges from discontinued operations of \$3.0 million in 2001. These restructuring charges were recorded in accordance with EITF No. 94-3. The restructuring costs from continuing operations consist of \$4.7 million related to severance and other employee benefits and \$1.1 million related to contract termination costs, offset by the reversal of restructuring charges recorded in 2000 of \$3.7 million primarily related to negotiated reductions in certain contract termination costs. The restructuring costs from discontinued operations consist of \$1.6 million related to severance and other employee benefits and \$1.8 million related to contract termination costs offset by the reversal of restructuring charges recorded in 2000 of \$0.4 million. The 2001 restructuring charges primarily resulted from the Company's

strategic decisions to exit certain businesses and reduce corporate overhead and administrative costs. The 2001 restructuring plan resulted in the termination or notification of pending termination of approximately 150 employees. As of December 31, 2001, the Company has recorded cash charges of \$1.7 million against the 2001 restructuring accrual, all of which related to continuing operations. The remaining balance of the 2001 restructuring accrual related to continuing operations at December 31, 2001 of \$4.2 million is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets. The

remaining balance of the 2001 restructuring accrual related to discontinued operations at December 31, 2001 of \$3.3 million is included in current liabilities of discontinued operations in the consolidated balance sheets. The Company expects the remaining balances of the restructuring accruals for both continuing and discontinued operations to be paid in 2002.

As part of the Company's 2000 Strategic Assessment, the Company recognized pretax restructuring charges of \$13.1 million related to continuing operations during 2000, in accordance with EITF Issue No. 94-3. Additional restructuring charges of \$3.1 million during 2000 are included in discontinued operations. Restructuring charges related to continuing operations consist of contract termination costs of \$8.0 million to exit specific activities and employee severance and related costs of \$5.4 million offset by the reversal of the remaining restructuring accrual from the restructuring charges recorded in 1999 of \$0.2 million. The 2000 restructuring charges relate to the Company's strategic decisions to exit certain lines of business, primarily businesses included in the Company's former music, media and entertainment segment, and to implement its 2000 strategic plan. As part of the Company's 2000 restructuring plan, approximately 375 employees were terminated or were informed of their pending termination. During 2001, the Company negotiated reductions in certain contract termination costs, which allowed the reversal of \$4.0 million of the restructuring charges originally recorded during 2000. As of December 31, 2001, the Company has recorded cash charges of \$10.8 million against the 2000 restructuring accrual. The remaining balance of the 2000 restructuring accrual at December 31, 2001 of \$1.6 million is included in accounts payable and accrued liabilities in the consolidated balance sheets, which the Company expects to be paid in 2002.

#### OPERATING INCOME (LOSS)

Total operating loss decreased \$89.4 million to an operating loss of \$37.8 million during 2001. Excluding the operating losses of the 2000 Divested Businesses from 2000, as well as impairment and other charges and restructuring charges from both periods, total operating income decreased \$19.0 million to an operating loss of \$21.3 million in 2001.

Hospitality segment operating income decreased \$12.0 million to \$33.9 million in 2001 as a result of decreased operating income of Gaylord Opryland. Excluding the operating losses of the Orlando-area Wildhorse Saloon and the KOA Campground from 2000, the operating loss of the attractions segment decreased \$4.0 million to an operating loss of \$2.4 million in 2001 primarily as a result of decreased operating losses of the Acuff Theater, Corporate Magic and the Ryman Auditorium. Media segment operating income was \$1.7 million in 2001 compared to an operating loss of \$31.5 million in 2000. Excluding the operating losses of Gaylord Digital and country music record label development costs from 2000, the operating income of the media segment decreased \$0.4 million 2001 primarily as a result of increased operating losses at the Company's radio stations. The operating loss of the corporate and other segment increased \$0.8 million, or 2.0%, to an operating loss of \$39.4 million in 2001.

#### INTEREST EXPENSE

Interest expense increased \$9.0 million to \$39.4 million in 2001, net of capitalized interest of \$18.8 million, including \$16.4 million of capitalized interest related to Gaylord Palms. The Company will no longer capitalize interest on Gaylord Palms subsequent to its opening date in January 2002. The increase in 2001 interest expense is primarily attributable to higher average borrowing levels including construction-related financing related to Gaylord Palms and the new Gaylord hotel in Grapevine, Texas, the secured forward exchange contract entered into in May 2000 and the amortization of deferred costs related to these financing activities. The Company's weighted average interest rate on its borrowings, including the interest expense associated with the secured forward exchange contract, was 6.3% in 2001 as compared to 6.6% in 2000.

The Company is negotiating with potential additional financing sources regarding the Company's future financing arrangements. The Company's future borrowing levels are expected to be higher than the Company's historical borrowing levels.

## INTEREST INCOME

Interest income increased \$1.5 million to \$5.6 million in 2001. The increase in 2001 primarily relates to an increase in interest income from invested cash balances.

## GAIN (LOSS) ON VIACOM STOCK AND DERIVATIVES

The Company adopted the provisions of SFAS No. 133 on January 1, 2001 and recorded a gain of \$11.9 million, net of taxes of \$6.4 million, as a cumulative effect of an accounting change to record the derivatives associated with the secured forward exchange contract at fair value as of January 1, 2001. For the year ended December 31, 2001, the Company recorded a pretax gain of \$54.3 million related to the increase in fair value of the derivatives associated with the secured forward exchange contract. Additionally, the Company recorded a nonrecurring pretax gain of \$29.4 million on January 1, 2001, related to reclassifying its investment in Viacom stock from available-for-sale to trading as defined by SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". For the year ended December 31, 2001, the Company recorded a pretax loss of \$28.6 million related to the decrease in fair value of the Viacom stock subsequent to January 1, 2001.

## OTHER GAINS AND LOSSES

During 2001, the indemnification period related to the Company's 1999 disposition of television station KTVT in Dallas-Fort Worth ended, resulting in the recognition of a pretax gain of \$4.6 million related to the reversal of previously recorded contingent liabilities.

During 2000, the Company sold its KOA Campground located near Gaylord Opryland for \$2.0 million in cash. The Company recognized a pretax loss on the sale of \$3.2 million.

## INCOME TAXES

The Company's benefit for income taxes was \$3.2 million in 2001 compared to an income tax benefit of \$49.9 million in 2000. The Company's effective tax rate on its loss before benefit for income taxes was 30.4% for 2001 compared to 32.3% for 2000. The decline in the Company's effective tax rate is primarily due to nondeductible foreign and state losses during 2001.

## DISCONTINUED OPERATIONS

The Company has reflected the following businesses as discontinued operations, consistent with the provisions of SFAS No. 144. The results of operations, net of taxes, (prior to their disposal where applicable) and the estimated fair value of the assets and liabilities of these businesses have been reflected in the Company's consolidated financial statements as discontinued operations in accordance with SFAS No. 144 for all periods presented.

## Word

During 2001, the Company committed to a plan to sell Word. As a result of the decision to sell Word, the Company reduced the carrying value of Word to its estimated fair value by recognizing a pretax charge of \$30.4 million in discontinued operations during 2001. The estimated fair value of Word's net assets was determined based upon ongoing negotiations with potential buyers. Related to the decision to sell Word, a pretax restructuring charge of \$1.5 million was recorded in 2001. The restructuring charge consists of \$0.9 million related to lease termination costs and \$0.6 million related to severance costs. In addition, the Company recorded a reversal of \$0.1 million of restructuring charges originally recorded during 2000. Subsequent to December 31, 2001, the Company sold Word's domestic operations to an affiliate of Warner Music Group for \$84.1 million in cash, subject to future purchase price adjustments. The



Company will not recognize a material gain or loss on the divestiture in 2002. Net proceeds from the sale of \$80.0 million were used to reduce the Company's outstanding indebtedness as further discussed below under Liquidity and Capital Resources.

#### International Cable Networks

During the second quarter of 2001, the Company adopted a formal plan to dispose of its international cable networks. As part of this plan, the Company hired investment bankers to facilitate the disposition process, and formal communications with potentially interested parties began in July 2001. In an attempt to simplify the disposition process, in July 2001, the Company acquired an additional 25% ownership interest in its

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music networks in Argentina, bringing its ownership interest from 50% to 75%. In August 2001, the partnerships in Argentina finalized a pending transaction in which a third party acquired a 10% ownership interest in the companies in exchange for satellite, distribution and sales services, bringing the Company's interest to 67.5%.

In December 2001, the Company made the decision to cease funding of its cable networks in Asia and Brazil as well as its partnerships in Argentina if a sale had not been completed by February 28, 2002. At that time the Company recorded pretax restructuring charges of \$1.9 million consisting of \$1.0 million of severance and \$0.9 million of contract termination costs related to the networks. Also during 2001, the Company negotiated reduced contract termination costs with several vendors that resulted in a reversal of \$0.3 million of restructuring charges originally recorded during 2000. Based on the status of its efforts to sell its international cable networks at the end of 2001, the Company recorded pretax impairment and other charges of \$23.3 million during 2001. Included in this charge are the impairment of an investment in the two Argentina-based music channels totaling \$10.9 million, the impairment of fixed assets, including capital leases associated with certain transponders leased by the Company, of \$7.0 million, the impairment of a receivable of \$3.0 million from the Argentina-based channels, current assets of \$1.5 million, and intangible assets of \$1.0 million.

In the first quarter of 2002, the Company finalized a transaction to sell certain assets of its international cable networks as further discussed under "Recent Developments."

#### Businesses Sold to OPUBCO

During 2001, the Company sold five businesses (Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company) to affiliates of OPUBCO for \$22.0 million in cash and the assumption of debt of \$19.3 million. The Company recognized a pretax loss of \$1.7 million related to the sale in discontinued operations in the consolidated statement of operations. OPUBCO owns a minority interest in the Company. Four of the Company's directors are also directors of OPUBCO and voting trustees of a voting trust that controls OPUBCO. Additionally, those four directors collectively own a significant ownership interest in the Company.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the years ended December 31 (amounts in thousands):

	2001	2000
	-----	-----

REVENUES:

Word Entertainment	\$ 115,677	\$ 130,706
International cable networks	5,025	6,606
Businesses sold to OPUBCO	2,195	39,706
Other	609	1,900
	-----	-----
Total revenues	\$ 123,506	\$ 178,918
	=====	=====
OPERATING INCOME (LOSS):		
Word Entertainment	\$ (5,710)	\$ (15,741)
International cable networks	(6,375)	(9,655)
Businesses sold to OPUBCO	(1,459)	(9,370)
Other	(383)	(144)
Impairment and other charges	(53,716)	(28,941)
Restructuring charges	(2,959)	(3,095)
	-----	-----
Total operating loss	(70,602)	(66,946)

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INTEREST EXPENSE	(797)	(1,310)
INTEREST INCOME	128	556
OTHER GAINS AND LOSSES	(3,986)	(4,245)
	-----	-----
Loss before benefit for income taxes	(75,257)	(71,945)
BENEFIT FOR INCOME TAXES	(22,893)	(23,206)
	-----	-----
Net loss from discontinued operations	\$ (52,364)	\$ (48,739)
	=====	=====

During 2000, the Company settled contingencies remaining from the 1997 acquisition of Word, which resulted in a pretax charge of \$3.3 million.

The assets and liabilities of the discontinued operations presented in the consolidated balance sheets are comprised of:

	2001	2000
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,237	\$ 8,005
Trade receivables, less allowance of \$2,785 and \$5,003, respectively	24,814	43,567
Inventories	6,359	12,321
Prepaid expenses	8,779	12,592
Other current assets	691	5,052
	-----	-----
Total current assets	42,880	81,537
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	10,357	22,423
INTANGIBLE ASSETS, NET OF ACCUMULATED AMORTIZATION	29,628	81,954
MUSIC AND FILM CATALOGS	10,696	26,237
OTHER LONG-TERM ASSETS	3,512	11,965
	-----	-----
Total long-term assets	54,193	142,579
Total assets	\$ 97,073	\$224,116
	=====	=====
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 5,515	\$ 1,378
Accounts payable and accrued liabilities	18,120	39,652
	-----	-----
Total current liabilities	23,635	41,030
LONG-TERM DEBT, NET OF CURRENT PORTION	--	20,551
OTHER LONG-TERM LIABILITIES	7	--
	-----	-----

Total long-term liabilities	7	20,551
	-----	-----
Total liabilities	\$ 23,642	\$ 61,581
	=====	=====

YEAR ENDED DECEMBER 31, 2000, COMPARED TO YEAR ENDED DECEMBER 31, 1999

#### REVENUES

Total revenues decreased \$34.4 million, or 9.3%, to \$335.5 million in 2000 primarily due to the divestiture of KTVT, which was divested in 1999, partially offset by revenues of Corporate Magic which was acquired in 2000. Excluding the revenues of significant divested businesses, primarily KTVT and the 2000 Divested Businesses, from both periods, total revenues increased \$0.3 million, or 0.1%, in 2000.

Revenues in the hospitality segment decreased \$2.0 million, or 0.8%, to \$237.3 million in 2000. Revenues of Gaylord Opryland decreased \$3.8 million to \$230.6 million in 2000. Gaylord Opryland's occupancy rate decreased to 75.9% in 2000 compared to 78.0% in 1999. Gaylord Opryland's average daily rate increased to \$140.03 in 2000 from \$135.48 in 1999. The decrease in revenues from Gaylord Opryland was partially offset by increased revenues from the Radisson Hotel at Opryland of \$1.6 million, or 31.7%, in 2000. The occupancy rate of the Radisson Hotel

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at Opryland increased to 59.3% in 2000 from 48.8% in 1999. The increase in revenues for the Radisson Hotel at Opryland is primarily attributable to a renovation project during 1999, which caused a portion of the rooms to be unavailable during 1999.

Revenues in the attractions segment increased \$5.5 million, or 9.5%, to \$63.2 million in 2000. Excluding the revenues of the Orlando-area Wildhorse Saloon and the KOA Campground from both periods, revenues of the attractions segment increased \$6.5 million, or 12.6%, to \$57.9 million. Corporate Magic had revenues subsequent to its acquisition in March 2000 of \$4.2 million.

Revenues in the media segment decreased \$33.0 million, or 53.2%, to \$29.0 million in 2000. Excluding the revenues of KTVT and Gaylord Digital from both periods, revenues in the media segment increased \$0.7 million, or 2.8%, to \$25.1 million in 2000.

Revenues in the corporate and other segment decreased \$4.8 million to \$6.0 million in 2000 related primarily to consulting and other services revenues related to the Opry Mills partnership in 1999, which did not continue beyond 1999.

#### OPERATING EXPENSES

Total operating expenses increased \$101.8 million, or 28.2%, to \$462.6 million in 2000. Excluding the impairment and other charges, restructuring charges and merger costs, total operating expenses increased \$13.2 million, or 3.7%, to \$372.9 million in 2000. Operating costs, as a percentage of revenues, increased to 67.4% during 2000 as compared to 63.4% during 1999. Selling, general and administrative expenses, as a percentage of revenues, increased to 28.0% during 2000 as compared to 21.8% in 1999.

Operating costs decreased \$8.5 million, or 3.6%, to \$226.1 million in 2000. Excluding the operating costs of KTVT and the 2000 Divested Businesses from both periods, operating costs decreased \$1.5 million, or 0.7%, to \$208.6 million in 2000.

Operating costs in the hospitality segment decreased \$3.7 million, or 2.6%, in 2000 primarily as a result of lower operating costs at Gaylord Opryland of \$4.4

million related to lower revenues and stringent cost controls. Included in hospitality operating costs for 2000 are certain nonrecurring items associated primarily with the settlement of tax and utility contingencies related to prior years totaling \$5.0 million. Excluding these items, operating costs in the hospitality segment declined by \$8.7 million in 2000.

Operating costs in the attractions segment increased \$2.3 million, or 4.9%, in 2000. Excluding the operating costs of the Orlando-area Wildhorse Saloon and the KOA Campground from both periods, operating costs in the attractions segment increased \$3.2 million in 2000, primarily due to the operating costs of Corporate Magic subsequent to its March 2000 acquisition.

Operating costs in the media segment declined \$8.2 million, or 24.9%, in 2000. Excluding the operating costs of KTVT, Gaylord Digital and country music record label development costs from both periods, operating costs in the media segment increased \$1.0 million in 2000 due primarily to increased operating costs at Acuff-Rose Music Publishing of \$0.6 million.

The operating costs in the corporate and other segment increased \$1.1 million, or 8.1%, to \$14.2 million in 2000 due to increased operating costs of the Oklahoma Redhawks, a minor league baseball team based in Oklahoma City, and increased costs related to the management of the Company's hotels.

Selling, general and administrative expenses increased \$13.5 million, or 16.7%, to \$94.0 million in 2000. Excluding the selling, general and administrative expenses of KTVT and the 2000 Divested Businesses from both periods, selling, general and administrative expenses increased \$7.3 million, or 10.8%, to \$75.1 million in 2000.

Selling, general and administrative expenses in the hospitality segment decreased \$2.2 million in 2000 primarily related to stringent cost controls at Gaylord Opryland.

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Selling, general and administrative expenses in the attractions segment increased \$5.1 million, or 46.4%, in 2000. Excluding the selling, general and administrative expenses of the Orlando-area Wildhorse Saloon and the KOA Campground from both periods, selling, general and administrative expenses in the attractions segment increased \$6.1 million in 2000. The increase is primarily attributable to a \$5.6 million increase in the selling, general and administrative expenses of the Company's live entertainment businesses in 2000 related to the acquisition of Corporate Magic in March 2000 and nonrecurring bad debt expense recognized in 2000 of \$2.4 million.

Selling, general and administrative expenses in the media segment increased \$5.1 million, or 24.2%, in 2000. Excluding the selling, general and administrative expenses of KTVT, Gaylord Digital and country music record label development costs from both periods, selling, general and administrative expenses in the media segment decreased \$2.1 million in 2000 due to certain media-related overhead and development costs in 1999 that did not recur in 2000.

Corporate selling, general and administrative expenses increased \$5.5 million, or 30.7%, in 2000. The components of the increase in 2000 over 1999 include the following: \$2.2 million related to the naming rights for Gaylord Entertainment Center, \$1.0 million related to severance of the Company's former CEO, \$0.9 million related to additional human resources and training personnel and related costs, and \$0.4 million related to increased property and franchise taxes.

Preopening costs increased \$3.4 million to \$5.3 million in 2000 related to the Company's hotel development activities in Florida and Texas.

Depreciation and amortization increased \$4.8 million, or 11.3%, to \$47.6 million in 2000. Excluding the depreciation and amortization of KTVT and the 2000 Divested Businesses from both periods, depreciation and amortization increased \$2.7 million, or 7.4%, in 2000. The increase is primarily attributable to the depreciation expense of capital expenditures and the amortization expense of

intangible assets, primarily goodwill, associated with acquisitions.

#### OPERATING INCOME (LOSS)

Total operating income decreased \$136.2 million to an operating loss of \$127.2 million during 2000. Excluding the operating income (loss) of KTVT and the 2000 Divested Businesses, as well as the impairment, restructuring and merger charges from both periods, total operating income decreased \$17.2 million to an operating loss of \$2.3 million in 2000.

Hospitality segment operating income increased \$2.2 million to \$45.9 million in 2000 primarily related to increased profit margins of Gaylord Opryland. Excluding the operating loss of the Orlando-area Wildhorse Saloon and the KOA Campground from both periods, the operating loss of the attractions segment increased \$3.3 million to \$6.4 million in 2000 primarily as a result of the operating losses of the Company's live entertainment businesses. Excluding the operating income (loss) of KTVT, Gaylord Digital and country music record label development costs from both periods, the operating income of the media segment increased \$1.9 million to an operating income of \$2.1 million in 2000. The operating loss of the corporate and other segment increased \$10.8 million to an operating loss of \$38.6 million in 2000 due in part to consulting and other services revenues related to the Opry Mills partnership in 1999, which did not continue beyond 1999, and increased administrative costs, including certain overhead and administrative costs related to the management of the Company's hotels.

#### INTEREST EXPENSE

Interest expense increased \$15.3 million to \$30.3 million, net of capitalized interest, in 2000. Capitalized interest related to the Florida and Texas hotel developments totaled \$6.8 million in 2000 compared to \$0.5 million in 1999. The increase in 2000 interest expense is primarily attributable to higher average borrowing levels, including the secured forward exchange contract, and the amortization of deferred costs related to these financing activities. The Company's weighted average interest rate on its borrowings, including the interest expense associated with the secured forward exchange contract, was 6.6% in 2000 as compared to 6.4% in 1999.

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#### INTEREST INCOME

Interest income decreased \$1.9 million to \$4.2 million in 2000. The decrease in 2000 primarily relates to nonrecurring interest income in 1999 of \$2.0 million related to the settlement of contingencies between the Company and CBS/Viacom as well as a \$1.8 million prepayment penalty from Bass Pro recorded as interest income during 1999. These 1999 transactions are partially offset by an increase in interest income from invested cash balances during 2000.

#### OTHER GAINS AND LOSSES

Other gains and (losses) during 2000 and 1999 were comprised of the following pretax amounts, in thousands:

	2000	1999
	-----	-----
Loss on disposal of KOA Campground	\$ (3,247)	\$ --
Gain on divestiture of KTVT	-	459,307
Gain on equity participation rights	-	129,875
Other gains and losses, net	1,970	700
	-----	-----
	\$ (1,277)	\$589,882
	=====	=====

In October 1999, CBS acquired the Company's television station KTVT in Dallas-Ft. Worth in exchange for \$485 million of CBS Series B convertible preferred stock, \$4.2 million of cash and other consideration, resulting in a pretax gain of \$459.3 million.

During 1999, the Company received cash and recognized a pretax gain of \$129.9 million representing the value of contractual equity participation rights related to the sale of certain cable television systems (the "Systems") formerly owned by the Company. During 1995, the Company sold the Systems to CCT Holdings Corporation. As part of the 1995 sale transaction, the Company received contractual equity participation rights equal to 15% of the net distributable proceeds, as defined, from certain future asset sales. The proceeds from the equity participation rights were used to reduce outstanding bank indebtedness.

INCOME TAXES

The Company's benefit for income taxes was \$49.9 million in 2000 compared to an income tax provision of \$222.3 million in 1999. The Company's effective tax rate on its income (loss) before provision (benefit) for income taxes was 32.3% for 2000 compared to 37.7% for 1999.

DISCONTINUED OPERATIONS

As previously discussed, the Company adopted the provisions of SFAS No. 144 during the third quarter of 2001. Accordingly, SFAS No. 144 required the Company to restate the Company's results of operations and cash flows related to discontinued operations for the years ended December 31, 2000 and 1999.

The results of operations of businesses accounted for as discontinued operations are as follows (in thousands):

	2000 -----	1999 -----
REVENUES:		
Word Entertainment	\$ 130,706	\$ 137,873
International cable networks	6,606	4,407
Businesses sold to OPUBCO	39,706	17,797
Other	1,900	2,712
	-----	-----
Total revenues	\$ 178,918	\$ 162,789
	=====	=====
OPERATING INCOME (LOSS):		
Word Entertainment	\$ (15,741)	\$ (5,542)
International cable networks	(9,655)	(8,375)
Businesses sold to OPUBCO	(9,370)	(1,553)
Other	(144)	714
Impairment and other charges	(28,941)	(12,201)
Restructuring charges	(3,095)	(316)
	-----	-----
Total operating loss	(66,946)	(27,273)
INTEREST EXPENSE	(1,310)	(1,054)
INTEREST INCOME	556	185
OTHER GAINS AND LOSSES	(4,245)	(308)
	-----	-----
Loss before benefit for income taxes	(71,945)	(28,450)
BENEFIT FOR INCOME TAXES	(23,206)	(10,612)
	-----	-----

Net loss from discontinued operations	\$ (48,739)	\$ (17,838)
	=====	=====

#### LIQUIDITY AND CAPITAL RESOURCES

##### Term Loan

During 2001, the Company entered into a three-year delayed-draw senior term loan ("Term Loan") of up to \$210.0 million with Deutsche Banc Alex. Brown Inc., Salomon Smith Barney, Inc. and CIBC World Markets Corp. (collectively the "Banks"). Proceeds of the Term Loan were used to finance the construction of Gaylord Palms and a new Gaylord hotel in Grapevine, Texas, as well as for general operating purposes. The Term Loan is primarily secured by the Company's ground lease interest in Gaylord Palms. At the Company's option, amounts outstanding under the Term Loan bear interest at the prime interest rate plus 2.125% or the one-month Eurodollar rate plus 3.375%. The terms of the Term Loan required the purchase of interest rate hedges in notional amounts equal to \$100.0 million in order to protect against adverse changes in the one-month Eurodollar rate. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to the one-month Eurodollar rate at 6.625%. The Term Loan contains provisions that allow the Banks to syndicate the Term Loan, which could result in a change to the terms and structure of the Term Loan, including an increase in interest rates. In addition, the Company is required to pay a commitment fee equal to 0.375% per year of the average unused portion of the Term Loan. As of December 31, 2001, the Company had outstanding borrowings of \$100.0 million under the Term Loan and was required to escrow certain amounts in a completion reserve account for Gaylord Palms.

The Term Loan requires that the net proceeds from all asset sales by the Company must be used to reduce outstanding borrowings until the borrowing capacity under the Term Loan has been reduced to \$60.0 million. The Company sold Word in January 2002. The sale of Word required the prepayment of the Term Loan in the amount of \$80.0 million and, accordingly, this amount was classified as due within one year in the December 31, 2001

consolidated balance sheet, resulting in a negative working capital balance at December 31, 2001 of \$26.7 million. Subsequent to the prepayment of the Term Loan related to Word, the maximum amount available under the Term Loan reduces to \$100.0 million in October 2003, and to \$50.0 million in April 2004, with full repayment due in October 2004. Excess cash flows, as defined, generated by Gaylord Palms must be used to reduce any amounts borrowed under the Term Loan until its borrowing capacity is reduced to \$85.0 million. Debt repayments under the Term Loan reduce its borrowing capacity and are not eligible to be re-borrowed. The Term Loan requires the Company to maintain certain escrowed cash balances, comply with certain financial covenants, and imposes limitations related to the payment of dividends, the incurrence of debt, the guaranty of liens, and the sale of assets, as well as other customary covenants and restrictions. At December 31, 2001, the unamortized balance of the deferred financing costs related to the Term Loan was \$5.6 million. The weighted average interest rate, including amortization of deferred financing costs, under the Term Loan for 2001 was 8.3%. As of March 19, 2002, the Company had \$50 million of outstanding borrowings and \$70 million of future borrowing capacity under the Term Loan.

##### Nashville Hotel Loans

In 2001, the Company, through wholly owned subsidiaries, entered into two loan agreements, a \$275.0 million senior loan (the "Senior Loan") and a \$100.0 million mezzanine loan (the "Mezzanine Loan") (collectively, the "Nashville Hotel Loans") with affiliates of Merrill Lynch & Company acting as principal. The Senior Loan is secured by a first mortgage lien on the assets of Gaylord Opryland and is due in 2004. Amounts outstanding under the Senior Loan bear interest at one-month LIBOR plus approximately 0.9%. The Mezzanine Loan, secured

by the equity interest in the wholly-owned subsidiary that owns Gaylord Opryland, is due in 2004 and bears interest at one-month LIBOR plus 6.0%. At the Company's option, the Nashville Hotel Loans may be extended for two additional one-year terms beyond their scheduled maturities, subject to Gaylord Opryland meeting certain financial ratios and other criteria. The Nashville Hotel Loans require monthly principal payments of \$667,000 during their three-year terms in addition to monthly interest payments. The terms of the Senior Loan and the Mezzanine Loan required the purchase of interest rate hedges in notional amounts equal to the outstanding balances of the Senior Loan and the Mezzanine Loan in order to protect against adverse changes in one-month LIBOR. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to one-month LIBOR at 7.50%. The Company used \$235.0 million of the proceeds from the Nashville Hotel Loans to refinance a \$250.0 million interim loan that was scheduled to mature in April 2001. At closing, the Company was required to escrow certain amounts, including \$20.0 million related to future renovations and related capital expenditures at Gaylord Opryland. The net proceeds from the Nashville Hotel Loans after refinancing of the interim loan, required escrows and fees were approximately \$97.6 million. At December 31, 2001, the unamortized balance of the deferred financing costs related to the Nashville Hotel Loans was \$13.8 million. The weighted average interest rates for the Senior Loan and the Mezzanine Loan for 2001, including amortization of deferred financing costs, were 6.2% and 12.0%, respectively.

The terms of the Nashville Hotel Loans require that the Company maintain certain escrowed cash balances and comply with certain financial covenants, and impose limits on transactions with affiliates and indebtedness. The financial covenants under the Nashville Hotel Loans are structured such that noncompliance at one level triggers certain cash management restrictions and noncompliance at a second level results in an event of default. Based upon the financial covenant calculations at December 31, 2001, the cash management restrictions are in effect which requires that all excess cash flows, as defined, be escrowed and may be used to repay principal amounts owed on the Senior Loan. As of March 19, 2002, approximately \$16 million of escrowed excess cash flows have been utilized to repay principal amounts owed on the Senior Loan. Based upon recent operating results of Gaylord Opryland, the Company expects the cash management restrictions to remain in effect for the foreseeable future.

The Company negotiated certain revisions to the financial covenants under the Nashville Hotel Loans and the Term Loan subsequent to December 31, 2001. After these revisions, the Company was in compliance with the covenants under the Nashville Hotel Loans and the covenants under the Term Loan in which the failure to comply would result in an event of default. There can be no assurance that the Company will remain in compliance with the covenants that would result in an event of default under the Nashville Hotel Loans or the Term Loan. Management's projections and related operating plans indicate the Company will remain in compliance with the revised financial covenants under the Nashville Hotel Loans and the Term Loan during the first and second quarters of 2002, albeit by a narrow margin. As with all projections, there can be no assurance that they will be achieved. In addition, the Company is attempting to sell certain non-core assets that would provide additional sources of capital. Any event of noncompliance that results in an event of default under the Nashville Hotel Loans or the Term Loan would enable the lenders to demand payment of all outstanding amounts, which would have a material adverse effect on the Company's financial position, results of operations and cash flows.

#### Capital Requirements

During 2001, the Company's capital expenditures were approximately \$281 million, including approximately \$256 million related to construction of Gaylord Palms, which opened in January 2002 and the new Gaylord hotel in Grapevine, Texas, which is scheduled to open in mid-2004. The Company currently projects capital expenditures for 2002 of approximately \$150 million, which includes approximately \$62 million related to the completion of Gaylord Palms, continuing construction at the new Gaylord hotel in Grapevine, Texas of \$54 million and approximately \$19 million related to Gaylord Opryland.



## Commitments

Future minimum cash lease commitments under all noncancelable operating leases in effect for continuing operations at December 31, 2001 are as follows: 2002 - \$5.0 million, 2003 - \$5.0 million, 2004 - \$4.8 million, 2005 - \$4.4 million, 2006 - \$4.3 million, and 2007 and thereafter - \$689.2 million.

The Company entered into a 75-year operating lease agreement during 1999 for 65.3 acres of land located in Osceola County, Florida for the development of Gaylord Palms. The lease required annual lease payments of approximately \$0.9 million until the completion of construction in 2002, at which point the annual lease payments increased to approximately \$3.2 million. The lease agreement provides for a 3% escalation of base rent each year beginning five years after the opening of Gaylord Palms.

During 1999, the Company entered into a construction contract for the development of the Gaylord Palms. The Company expects payments of approximately \$300 million related to the construction contract during the construction period. Gaylord Palms opened in January 2002. As of December 31, 2001, the Company has paid approximately \$272.9 million related to this construction contract, which is included as construction in progress in property and equipment in the Company's consolidated balance sheets.

During 2001 and 2002, the Company entered into certain agreements related to the construction of the new Gaylord hotel in Grapevine, Texas. The Company expects payments of approximately \$190 million related to these agreements. At December 31, 2001, the Company has paid approximately \$53.5 million related to these agreements, which is included as construction in progress in property and equipment in the Company's consolidated balance sheets.

During 1999, the Company entered into a 20-year naming rights agreement related to the Nashville Arena with the Nashville Predators. The Nashville Arena has been renamed the Gaylord Entertainment Center as a result of the agreement. A director of the Company owns a majority equity interest in the Nashville Predators. The contractual commitment required the Company to pay \$2.1 million during the first year of the contract, with a 5% escalation each year for the remaining term of the agreement.

## Future Financing

The Company's cash flow is largely dependent upon the success and profitability of its hotel operations. The key financial drivers of the Company's hotels are occupancy rates and average room rates. Gaylord Opryland has experienced declining occupancy rates over each of the previous five years, and occupancy has declined approximately 15 percentage points over that five-year period, while average room rates have increased at a compounded rate of approximately 1.8% over that period. As discussed above, all excess cash flows from Gaylord Opryland are currently being retained by the lenders under the Nashville Hotel Loans and will continue to be retained unless and until the operating performance of Gaylord Opryland improves. In addition, all excess cash flows from Gaylord Palms will be used to pay down the Term Loan until the maximum borrowing amount under the Term Loan is reduced to \$85 million.

While the Company has available the balance of the net proceeds from the Term Loan, its unrestricted cash, and the net cash flows from operations to fund its cash requirements, additional long-term financing is required to fund the Company's construction commitments related to its hotel construction projects and to fund its anticipated operating losses. While there is no assurance that any further financing will be secured, the Company believes it will secure acceptable funding. However, if the Company is unable to obtain any part of the additional financing it is seeking, or the timing of such financing is significantly delayed, it would require the curtailment of development capital expenditures to ensure adequate liquidity to fund the Company's operations. As previously discussed, the Company is extending the construction period for the

new Gaylord hotel in Grapevine, Texas for up to nine months and reducing its construction spending in the short term. The Gaylord hotel in Grapevine, Texas, originally scheduled to open in August 2003, is now scheduled to open in mid-2004.

#### NEWLY ISSUED ACCOUNTING STANDARDS

In June 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 supercedes APB Opinion No. 16, "Business Combinations" and requires the use of the purchase method of accounting for all business combinations prospectively. SFAS No. 141 also provides guidance on recognition of intangible assets apart from goodwill. SFAS No. 142 supercedes APB Opinion No. 17, "Intangible Assets", and changes the accounting for goodwill and intangible assets. Under SFAS No. 142, goodwill and intangible assets with indefinite useful lives will not be amortized but will be tested for impairment at least annually and whenever events or circumstances occur indicating that these intangible assets may be impaired. The Company adopted the provisions of SFAS No. 141 in June of 2001. The Company will adopt the provisions of SFAS No. 142 on January 1, 2002 and anticipates that a substantial amount of its intangible assets will no longer be amortized beginning January 1, 2002 with the adoption of the new standard.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 amends accounting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 requires companies to record the fair value of the liability for an asset retirement obligation in the period in which the liability is incurred. The Company will adopt the provisions of SFAS No. 143 on January 1, 2003 and is currently assessing the impact of SFAS No. 143 on its financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". As discussed previously, the Company adopted the provisions of SFAS No. 144 during 2001, with an effective date of January 1, 2001.

#### RECENT DEVELOPMENTS

On February 20, 2002, the Company disclosed that it intended to dispose of its ownership interests in the Oklahoma Redhawks and certain real estate, as well as its investments in the Nashville Predators and Opry Mills. In addition, the Company stated that it was evaluating strategic alternatives with regard to Acuff-Rose Music Publishing and its investment in Bass Pro.

The Job Creation and Worker Assistance Act of 2002 was enacted on March 9, 2002. This legislation allows a five-year carryback for losses incurred in 2001. This change in tax law will allow the Company to recover during 2002 approximately \$15.6 million of federal income taxes previously paid related to losses incurred in 2001.

In the first quarter of 2002 the Company finalized a transaction to sell certain assets of its Asia and Brazil networks, including the assignment of certain transponder leases. The transponder lease assignment required the Company to guarantee lease payments in 2002 from the acquirer of these networks. As a result of the transponder lease assignment, the Company may reduce its recorded transponder lease liabilities in 2002.

#### FORWARD-LOOKING STATEMENTS

This report contains statements with respect to the Company's beliefs and expectations of the outcomes of future events that are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties, including, without limitation, the factors set forth under the caption "Risk Factors." Forward-looking statements include discussions regarding the Company's

operating strategy, strategic plan, hotel development strategy, industry and economic conditions, financial condition, liquidity and capital resources, and results of operations. You can identify these statements by forward-looking words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," and similar expressions. Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve uncertainties and risks, and we cannot assure you that our plans, objectives, expectations and prospects will be achieved. Our actual results could differ materially from the results anticipated by the forward-looking statements as a result of many known and unknown factors, including, but not limited to, those contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this report. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. The Company does not undertake any obligation to update or to release publicly any revisions to forward-looking statements contained in this report to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

#### MARKET RISK

The following discusses the Company's exposure to market risk related to changes in stock prices, interest rates and foreign currency exchange rates.

**Investments** - At December 31, 2001, the Company held an investment of 11 million shares of Viacom Class B common stock, which was received as the result of the acquisition of television station KTVT by CBS in 1999 and the subsequent acquisition of CBS by Viacom in 2000. The Company entered into a secured forward exchange contract related to 10.9 million shares of the Viacom stock in 2000. The secured forward exchange contract protects the Company against decreases in the fair market value of the Viacom stock, while providing for participation in increases in the fair market value. At December 31, 2001, the fair market value of the Company's investment in the 11 million shares of Viacom stock was \$485.8 million, or \$44.15 per share. The secured forward exchange contract protects the Company for market decreases below \$56.04 per share, thereby limiting the Company's market risk exposure related to the Viacom stock. At per share prices greater than \$56.04, the Company retains 100% of the per-share appreciation to a maximum per-share price of \$75.66. For per-share appreciation above \$75.66, the Company participates in 25.9% of the appreciation.

**Outstanding Debt** - The Company has exposure to interest rate changes primarily relating to outstanding indebtedness under the Term Loan, the Nashville Hotel Loans and potentially, with future financing arrangements. The Term Loan bears interest, at the Company's option, at the prime interest rate plus 2.125% or the Eurodollar rate plus 3.375%. The terms of the Term Loan require the purchase of interest rate hedges in notional amounts equal to \$100 million in order to protect against adverse changes in the one-month Eurodollar rate. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to the one-month Eurodollar rate at 6.625%. The terms of the Nashville Hotel Loans require the purchase of interest rate hedges in notional amounts equal to the outstanding balances of the Nashville Hotel Loans in order to protect against adverse changes in one-month LIBOR. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to one-month LIBOR at 7.50%. The Company is currently negotiating with its lenders and others regarding the Company's future financing arrangements. If LIBOR and Eurodollar rates were to increase by 100 basis points each, the estimated impact on the Company's consolidated financial statements would be to reduce net income by approximately \$1.8 million after taxes based on debt amounts outstanding at January 4, 2002 (subsequent to the repayment of debt related to the Word transaction).

**Cash Balances** - Certain of the Company's outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. The Company does not have significant exposure to changing interest rates on invested cash at December 31, 2001. As a result, the interest rate market risk implicit in these investments at December 31, 2001, if any, is low.

Foreign Currency Exchange Rates - Substantially all of the Company's revenues are realized in U.S. dollars and are from customers in the United States. Although the Company owns certain subsidiaries who conduct business in foreign markets and whose transactions are settled in foreign currencies, these operations are not material to the overall operations of the Company. Therefore, the Company does not believe it has any significant foreign currency exchange rate risk. The Company does not hedge against foreign currency exchange rate changes and does not speculate on the future direction of foreign currencies.

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Summary - Based upon the Company's overall market risk exposures at December 31, 2001, the Company believes that the effects of changes in the stock price of its Viacom stock or interest rates could be material to the Company's consolidated financial position, results of operations or cash flows. However, the Company believes that the effects of fluctuations in foreign currency exchange rates on the Company's consolidated financial position, results of operations or cash flows would not be material.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The information called for by this Item is provided under the caption "Market Risk" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Information with respect to this Item is contained in the Company's consolidated financial statements indicated in the Index on page F-1 of this annual report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Inapplicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information about our Directors is incorporated herein by reference to the discussion under the heading "Item 1 - Election of Directors" in our Proxy Statement for the 2002 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

Information required by Item 405 of Regulation S-K is incorporated herein by reference to the discussion under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for the 2002 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

Certain other information concerning executive officers and certain other officers of the Company is included in Part I of this Form 10-K under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated herein by reference to the discussion under the heading "Executive Compensation" in our Proxy Statement for the 2002 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is incorporated herein by reference to the discussion under the heading "Beneficial Ownership" in our Proxy Statement for the 2002 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is incorporated herein by reference to the discussion under the heading "Certain Relationships and Related Transactions" in our Proxy Statement for the 2002 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

14(A) (1) FINANCIAL STATEMENTS

The accompanying index to financial statements on page F-1 of this annual report on Form 10-K is provided in response to this Item.

14(A) (2) FINANCIAL STATEMENT SCHEDULES

The following financial statement schedules are filed as a part of this report, with reference to the applicable pages of this annual report on Form 10-K:

Schedule II - Valuation and Qualifying Accounts for the Year Ended December 31, 2001.....	S-2
Schedule II - Valuation and Qualifying Accounts for the Year Ended December 31, 2000.....	S-3
Schedule II - Valuation and Qualifying Accounts for the Year Ended December 31, 1999.....	S-4

All other financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

14(A) (3) EXHIBITS

See Index to Exhibits, pages 40 through 43.

No Current Reports on Form 8-K were filed with the Securities and Exchange Commission during the fourth quarter of 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Colin V. Reed

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Colin V. Reed

President and Chief Executive Officer

March 29, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
/s/ Michael D. Rose ----- Michael D. Rose	Chairman of the Board	March 29, 2002
/s/ Martin C. Dickinson ----- Martin C. Dickinson	Director	March 29, 2002
/s/ Christine Gaylord Everest ----- Christine Gaylord Everest	Director	March 29, 2002
/s/ Edward L. Gaylord ----- Edward L. Gaylord	Chairman Emeritus	March 29, 2002
/s/ E. K. Gaylord, II ----- E. K. Gaylord, II	Director	March 29, 2002
/s/ Craig L. Leipold ----- Craig L. Leipold	Director	March 29, 2002
/s/ Joe M. Rodgers ----- Joe M. Rodgers	Director	March 29, 2002
/s/ Laurence S. Geller ----- Laurence S. Geller	Director	March 29, 2002
/s/ E. Gordon Gee ----- E. Gordon Gee	Director	March 29, 2002
/s/ Mary Agnes Wilderotter	Director	March 29, 2002

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Mary Agnes Wilderotter		
/s/ Ralph Horn	Director	March 29, 2002
-----		
Ralph Horn		
/s/ Colin V. Reed	Director, President and Chief Executive Officer	March 29, 2002
-----		
Colin V. Reed		
/s/ David C. Kloeppe	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Accounting Officer)	March 29, 2002
-----		
David C. Kloeppe		

INDEX TO EXHIBITS

Exhibit Number	Description
-----	-----
2.1+	Asset Purchase Agreement, dated as of November 21, 1996 by and among Thomas Nelson, Inc., Word Incorporated and Word Direct Partners, L.P. as Sellers and Old Gaylord as Buyer (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc. (File No. 1-13788)).
2.2+	Amendment No. 1 to the Asset Purchase Agreement dated as of January 6, 1997, by and among Thomas Nelson, Inc., Word Incorporated and Word Direct Partners, L.P. as Sellers and Old Gaylord as Buyer (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc. (File No. 1-13788)).
2.3+	Asset Purchase Agreement, dated as of January 6, 1997, by and between Nelson Word Limited and Word Entertainment Limited (incorporated by reference to Exhibit 2.3 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc. (File No. 1-13788)).
2.4+	Subsidiary Asset Purchase Agreement executed on January 6, 1997 and dated as of November 21, 1996 between Word Communications, Ltd. and Word Entertainment (Canada), Inc. (incorporated by reference to Exhibit 2.4 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc. (File No. 1-13788)).
2.5+	Agreement and Plan of Merger dated February 9, 1997 by and among Westinghouse Electric Corporation ("Westinghouse"), G Acquisition Corp. and Old Gaylord (incorporated by reference to Exhibit 2.1 to Old Gaylord's Current Report on Form 8-K dated February 9, 1997 (File No. 1-10881)).
2.6+	Agreement and Plan of Merger, dated as of April 9, 1999, by and among the Registrant, Gaylord Television Company, Gaylord Communications, Inc., CBS Corporation, CBS Dallas Ventures, Inc. and CBS Dallas Media, Inc. (incorporated by reference to Exhibit 2 to the Registrant's Current Report on Form 8-K dated April 19, 1999 (File No. 1-13079)).
2.7+	First Amendment to the Agreement and Plan of Merger, dated as of October 8, 1999, by and among the Registrant, Gaylord Television Company, Gaylord Communications, Inc., CBS Corporation, CBS Dallas Ventures, Inc. and CBS Dallas Media, Inc. (incorporated by reference to Exhibit 2.3 to the Registration Statement on Form S-3 of CBS Corporation, as filed with the Securities and Exchange Commission on October 12, 1999 (File No. 333-88775)).

- 2.8+ Securities Purchase Agreement, dated as of March 9, 2001, by and among the Registrant, Gaylord Creative Group, Inc., PaperBoy Productions, Inc., and Gaylord Sports, Inc. (incorporated by reference to Exhibit 2.8 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-13079)).
- 2.9 Purchase Agreement among WMGA, LLC and Registrant, and Registrant's subsidiary, Gaylord Creative Group, Inc. (incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K dated January 16, 2002).
- 3.1 Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3 to the Registrant's Current Report on Form 8-K dated October 7, 1997 (File No. 1-13079)).
- 3.2 Amendment to Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001).
- 3.3 Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form 10, as amended (File No. 1-13079)).

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- 4.1 Specimen of Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 10, as amended (File No. 1-13079)).
- 10.1 Tax Disaffiliation Agreement by and among Old Gaylord, the Registrant and Westinghouse, dated September 30, 1997 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, dated October 7, 1997 (File No. 1-13079)).
- 10.2 Agreement and Plan of Distribution, dated September 30, 1997, between Old Gaylord and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated October 7, 1997 (File No. 1-13079)).
- 10.3 Opry Mills Limited Partnership Agreement, executed as of March 31, 1998, by and among Opry Mills, L.L.C., The Mills Limited Partnership, and Opryland Attractions, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 (File No. 1-13079)).
- 10.4 Tax Matters Agreement, dated as of April 9, 1999, by and among the Registrant, Gaylord Television Company, Gaylord Communications, Inc. and CBS Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated April 19, 1999).
- 10.5 Amended and Restated Tax Matters Agreement, dated as of October 8, 1999, by and among the Registrant, Gaylord Television Company, Gaylord Communications, Inc. and CBS Corporation (incorporated by reference to Exhibit 2.4 to the Registration Statement on Form S-3 of CBS Corporation, as filed with the Securities and Exchange Commission on October 12, 1999).
- 10.6 First Amendment to Post-Closing Covenants Agreement and Non-Competition Agreements, dated as of April 9, 1999, by and among the Registrant, CBS Corporation, Edward L. Gaylord and E. K. Gaylord, II (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated April 19, 1999).
- 10.7 Opryland Hotel - Florida Ground Lease, dated as of March 3, 1999, by and between Xentury City Development Company, L.C., and Opryland Hotel - Florida Limited Partnership (incorporated by reference to Exhibit



10.11 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 1999).

- 10.8 Guaranteed Maximum Price (GMP) Construction Agreement dated as of November 8, 1999, by and among Opryland Hotel - Florida, L.P. Opryland Hospitality Group, and Perini/Suitt (incorporated by reference to Exhibit 10.8 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).
- 10.9 First Amendment to Guaranteed Maximum Price (GMP) Construction Agreement dated as of September 5, 2000 by and among Opryland Hotel - Florida, L.P., Opryland Hospitality Group d/b/a OLH, G.P., and Perini/Suitt (incorporated by reference to Exhibit 10.9 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).
- 10.10 Naming Rights Agreement dated as of November 24, 1999, by and between Registrant and Nashville Hockey Club Limited Partnership (incorporated by reference to Exhibit 10.24 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 1999).
- 10.11 SAILS Mandatorily Exchangeable Securities Contract dated as of May 22, 2000, among the Registrant, OLH G.P., Credit Suisse First Boston International, and Credit Suisse First Boston Corporation, as agent (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated May 23, 2000).

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- 10.12 SAILS Pledge Agreement dated as of May 22, 2000, among the Registrant, Credit Suisse First Boston International, and Credit Suisse First Boston Corporation, as agent (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K dated May 23, 2000).
- 10.13 Amended and Restated Loan and Security Agreement dated as of March 27, 2001, by and between Opryland Hotel Nashville, LLC, and Merrill Lynch Mortgage Lending, Inc. (incorporated by reference to Exhibit 10.13 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).
- 10.14 Mezzanine Loan Agreement dated as of March 27, 2001, by and between Merrill Lynch Mortgage Capital Inc. and OHN Holdings, LLC (incorporated by reference to Exhibit 10.14 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).
- 10.15+\* Credit Agreement, dated as of October 9, 2001 by and among Registrant, Opryland Hotel-Florida, L.P., Banker's Trust Company, Deutsche Banc, Alex. Brown, Inc. and Salomon Smith Barney, Inc.

EXECUTIVE COMPENSATION PLANS AND  
MANAGEMENT CONTRACTS

- 10.16 Gaylord Entertainment Company 1997 Omnibus Stock Option and Incentive Plan (incorporated by reference to Exhibit 10.15 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).
- 10.17 The Opryland USA Inc. Supplemental Deferred Compensation Plan (incorporated by reference to Exhibit 10.11 to Old Gaylord's Registration Statement on Form S-1 (Registration No. 33-42329)).
- 10.18 Gaylord Entertainment Company Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.31 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-10881)).
- 10.19 Amended and Restated Gaylord Entertainment Company Directors' Unfunded Deferred Compensation Plan (incorporated by reference to Exhibit 10.17

to Gaylord's Annual Report on Form 10-K for the year ended December 31, 1999).

10.20 Gaylord Entertainment Company Retirement Benefit Restoration Plan (incorporated by reference to Exhibit 10.19 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).

10.21 Form of Severance Agreement between the Registrant and certain of its executive officers (incorporated by reference to Exhibit 10.23 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 1-10881)).

10.22\* Consulting Agreement, dated October 31, 2001, between the Registrant and Dave Jones.

10.23 Letter agreement dated August 10, 2000 between the Registrant and Terry E. London (incorporated by reference to Exhibit 10.23 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).

10.24 Employment Agreement dated September 14, 2000 between the Registrant and Dennis J. Sullivan, Jr. (incorporated by reference to Exhibit 10.24 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).

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10.25 Letter agreement dated September 15, 2000 between the Registrant and James "Tim" DuBois (incorporated by reference to Exhibit 10.25 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).

10.26 Letter Agreement dated February 14, 2001 between the Registrant and Carl W. Kornmeyer (incorporated by reference to Exhibit 10.26 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 2000).

10.27 Executive Employment Agreement of David C. Kloeppel, dated September 4, 2001, with Registrant (incorporated by reference to Exhibit 10.1 to Gaylord's Quarterly Report on Form 10-Q for quarter ended September 30, 2001).

10.28 Executive Employment Agreement of Colin V. Reed, dated April 23, 2001, with Registrant (incorporated by reference to Exhibit 10.1 to Gaylord's Quarterly Report on Form 10-Q for quarter ended June 30, 2001).

10.29 Executive Employment Agreement of Michael D. Rose, dated April 23, 2001, with Registrant (incorporated by reference to Exhibit 10.2 to Gaylord's Quarterly Report on Form 10-Q for quarter ended June 30, 2001).

10.30\* Indemnification Agreement, dated as of April 23, 2001, by and between the Registrant and Colin V. Reed.

10.31\* Indemnification Agreement, dated as of April 23, 2001, by and between the Registrant and Michael D. Rose.

10.32\* Gaylord Entertainment Company Director Compensation Policy.

21\* Subsidiaries of Gaylord Entertainment Company.

23\* Consent of Independent Public Accountants.

99\* Letter to Commission regarding Temporary Rule 3T.

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+ As directed by Item 601(b)(2) of Regulation S-K, certain schedules and exhibits to this exhibit are omitted from this filing. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon request.

\* Filed herewith.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of GAYLORD ENTERTAINMENT COMPANY as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001 included in this Annual Report on Form 10-K and have issued our report thereon dated February 8, 2002 (except with respect to the matters discussed in Note 18 to the financial statements, as to which the date is March 9, 2002). Our report on the financial statements includes an explanatory paragraph with respect to the change in the method of accounting for derivative financial instruments (as discussed in Notes 1 and 10 to the financial statements) and accounting for the disposition of long-lived assets (as discussed in Notes 1 and 4 to the financial statements). Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedules listed in response to Item 14(a)(2) of this Annual Report on Form 10-K are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities and Exchange Act of 1934 and are not otherwise a required part of the basic financial statements. The financial statement schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Nashville, Tennessee  
February 8, 2002

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(AMOUNTS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO ----- COSTS AND EXPENSES	OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
	-----	-----	-----	-----	-----
2000 restructuring charges - continuing operations	\$10,887	\$ (3,666)	\$ --	\$ 5,652	\$ 1,569
2001 restructuring charges - continuing operations	--	5,848	--	1,680	4,168
	-----	-----	-----	-----	-----
Total continuing operations	10,887	2,182	--	7,332	5,737
	-----	-----	-----	-----	-----
2000 restructuring charges - discontinued operations	2,222	(382)	--	1,840	--
2001 restructuring charges - discontinued operations	--	3,341	--	--	3,341

	-----	-----	-----	-----	-----
Total discontinued operations	2,222	2,959	--	1,840	3,341
	-----	-----	-----	-----	-----
Total	\$13,109	\$ 5,141	\$ --	\$ 9,172	\$ 9,078
	=====	=====	=====	=====	=====

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(AMOUNTS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO		DEDUCTIONS	BALANCE AT END OF PERIOD
		COSTS AND EXPENSES	OTHER ACCOUNTS		
1999 restructuring charges - continuing operations	\$ 469	\$ (233)	\$ --	\$ 236	\$ --
2000 restructuring charges - continuing operations	--	13,331	--	2,444	10,887
	-----	-----	-----	-----	-----
Total continuing operations	469	13,098	--	2,680	10,887
	-----	-----	-----	-----	-----
1999 restructuring charges - discontinued operations	30	--	--	30	--
2000 restructuring charges - discontinued operations	--	3,095	--	873	2,222
	-----	-----	-----	-----	-----
Total discontinued operations	30	3,095	--	903	2,222
	-----	-----	-----	-----	-----
Total	\$ 499	\$ 16,193	\$ --	\$ 3,583	\$ 13,109
	=====	=====	=====	=====	=====

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(AMOUNTS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO		DEDUCTIONS	BALANCE AT END OF PERIOD
		COSTS AND EXPENSES	OTHER ACCOUNTS		
1997 restructuring charges - continuing operations	\$2,294	\$ --	\$ --	\$2,294	\$ --
1999 restructuring charges - continuing operations	--	2,786	--	2,317	469
	-----	-----	-----	-----	-----
Total continuing operations	2,294	2,786	--	4,611	469
	-----	-----	-----	-----	-----
1999 restructuring charges - discontinued operations	--	316	--	286	30
	-----	-----	-----	-----	-----
Total	\$2,294	\$3,102	\$ --	\$4,897	\$ 499
	=====	=====	=====	=====	=====

## GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Gaylord Entertainment Company:

We have audited the accompanying consolidated balance sheets of GAYLORD ENTERTAINMENT COMPANY (a Delaware corporation) and its subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gaylord Entertainment Company and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

As explained in Notes 1 and 10, upon adoption of a new accounting pronouncement effective January 1, 2001, the Company changed its method of accounting for derivative financial instruments. In addition, as discussed in Notes 1 and 4, upon early adoption of a separate new accounting pronouncement effective January 1, 2001, the Company changed its method of accounting for the disposition of long-lived assets.

ARTHUR ANDERSEN LLP

Nashville, Tennessee  
 February 8, 2002  
 (except with respect to the matters discussed in Note 18,  
 as to which the date is March 9, 2002)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

(Amounts in thousands, except per share data)

	2001	2000	1999
	-----	-----	-----
REVENUES	\$ 325,159	\$ 335,462	\$ 369,851
OPERATING EXPENSES:			
Operating costs	218,357	226,126	234,645
Selling, general and administrative	71,718	93,958	80,489
Preopening costs	15,141	5,278	1,892
Impairment and other charges	14,262	76,597	--
Restructuring charges	2,182	13,098	2,786
Merger costs	--	--	(1,741)
Depreciation and amortization	41,275	47,580	42,733
	-----	-----	-----
Operating income (loss)	(37,776)	(127,175)	9,047
INTEREST EXPENSE, NET OF AMOUNTS CAPITALIZED	(39,365)	(30,319)	(15,047)
INTEREST INCOME	5,625	4,173	6,090
UNREALIZED GAIN ON VIACOM STOCK, NET	782	--	--
UNREALIZED GAIN ON DERIVATIVES, NET	54,282	--	--
OTHER GAINS AND LOSSES	5,976	(1,277)	589,882
	-----	-----	-----
Income (loss) before cumulative effect of accounting change and provision (benefit) for income taxes	(10,476)	(154,598)	589,972
PROVISION (BENEFIT) FOR INCOME TAXES	(3,188)	(49,867)	222,342
	-----	-----	-----
Income (loss) from continuing operations before cumulative effect of accounting change	(7,288)	(104,731)	367,630
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAXES	(52,364)	(48,739)	(17,838)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAXES	11,909	--	--
	-----	-----	-----
Net income (loss)	\$ (47,743)	\$ (153,470)	\$ 349,792
	=====	=====	=====
INCOME (LOSS) PER SHARE:			
Income (loss) from continuing operations	\$ (0.22)	\$ (3.14)	\$ 11.17
Loss from discontinued operations, net of taxes	(1.55)	(1.46)	(0.54)
Cumulative effect of accounting change, net of taxes	0.35	--	--
	-----	-----	-----
Net income (loss)	\$ (1.42)	\$ (4.60)	\$ 10.63
	=====	=====	=====
INCOME (LOSS) PER SHARE - ASSUMING DILUTION:			
Income (loss) from continuing operations	\$ (0.22)	\$ (3.14)	\$ 11.07
Loss from discontinued operations, net of taxes	(1.55)	(1.46)	(0.54)
Cumulative effect of accounting change, net of taxes	0.35	--	--
	-----	-----	-----
Net income (loss)	\$ (1.42)	\$ (4.60)	\$ 10.53
	=====	=====	=====

The accompanying notes are an integral part of these  
 consolidated financial statements.

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

(Amounts in thousands, except per share data)

	2001	2000
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents - unrestricted	\$ 10,846	\$ 27,847
Cash and cash equivalents - restricted	64,993	12,667
Trade receivables, less allowance of \$3,185 and \$3,449, respectively	19,264	23,302
Deferred financing costs	26,865	29,674
Other current assets	18,462	40,626
Current assets of discontinued operations	42,880	81,537
	-----	-----
Total current assets	183,310	215,653
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	1,000,332	756,537
INTANGIBLE ASSETS, NET OF ACCUMULATED AMORTIZATION	25,335	21,838
INVESTMENTS	561,409	597,213
ESTIMATED FAIR VALUE OF DERIVATIVE ASSETS	158,028	--
LONG-TERM DEFERRED FINANCING COSTS	137,513	144,998
OTHER ASSETS	47,702	60,735
LONG-TERM ASSETS OF DISCONTINUED OPERATIONS	54,193	142,579
	-----	-----
Total assets	\$ 2,167,822	\$ 1,939,553
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 88,004	\$ 175,500
Accounts payable and accrued liabilities	98,419	112,193
Current liabilities of discontinued operations	23,635	41,030
	-----	-----
Total current liabilities	210,058	328,723
SECURED FORWARD EXCHANGE CONTRACT	613,054	613,054
LONG-TERM DEBT, NET OF CURRENT PORTION	380,993	--
DEFERRED INCOME TAXES, NET	165,824	204,805
ESTIMATED FAIR VALUE OF DERIVATIVE LIABILITIES	85,424	--
OTHER LIABILITIES	52,304	43,009
LONG-TERM LIABILITIES OF DISCONTINUED OPERATIONS	7	20,551
MINORITY INTERESTS	1,679	1,546
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, 100,000 shares authorized, no shares issued or outstanding	--	--
Common stock, \$.01 par value, 150,000 shares authorized, 33,736 and 33,411 shares issued and outstanding, respectively	337	334
Additional paid-in capital	519,515	513,599
Retained earnings	149,815	197,558
Unrealized gain on investments, net	--	17,957
Other stockholders' equity	(11,188)	(1,583)
	-----	-----
Total stockholders' equity	658,479	727,865
	-----	-----
Total liabilities and stockholders' equity	\$ 2,167,822	\$ 1,939,553
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

(Amounts in thousands)

	2001	2000	1999
	-----	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ (47,743)	\$ (153,470)	\$ 349,792
Amounts to reconcile net income (loss) to net cash flows provided by operating activities:			
Loss on discontinued operations, net of taxes	52,364	48,739	17,838
Impairment and other charges	14,262	76,597	--
Cumulative effect of accounting change, net of taxes	(11,909)	--	--
Unrealized gain on Viacom stock and related derivatives	(55,064)	--	--
Depreciation and amortization	41,275	47,580	42,733
(Gain) loss on divestiture of businesses	--	3,250	(459,307)
Provision (benefit) for deferred income taxes	(3,229)	(24,580)	185,497
Gain on equity participation rights	--	--	(129,875)
Amortization of deferred financing costs	35,987	20,780	--
Changes in (net of acquisitions and divestitures):			
Trade receivables	4,038	9,159	4,219
Accounts payable and accrued liabilities	8,657	20,842	13,276
Other assets and liabilities	(5,254)	(15,103)	1,607
	-----	-----	-----
Net cash flows provided by operating activities - continuing operations	33,384	33,794	25,780
Net cash flows used in operating activities - discontinued operations	(9,879)	(18,492)	(19,623)
	-----	-----	-----
Net cash flows provided by operating activities	23,505	15,302	6,157
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property and equipment	(281,138)	(230,493)	(79,706)
Acquisition of businesses, net of cash acquired	--	(11,620)	(26,437)
Proceeds from equity participation rights	--	--	130,000
Other investing activities	(1,486)	(25,828)	(30,462)
	-----	-----	-----
Net cash flows used in investing activities - continuing operations	(282,624)	(267,941)	(6,605)
Net cash flows provided by (used in) investing activities - discontinued operations	15,633	(24,582)	(10,594)
	-----	-----	-----
Net cash flows used in investing activities	(266,991)	(292,523)	(17,199)
	-----	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of debt	535,000	175,500	500
Repayment of long-term debt	(241,503)	(3,500)	(8,250)
Cash proceeds from secured forward exchange contract	--	613,054	--
Deferred financing costs paid	(25,906)	(195,452)	--
Net borrowings (payments) under revolving credit agreements	--	(294,000)	41,172
Increase in restricted cash and cash equivalents	(52,326)	(12,667)	--
Dividends paid	--	--	(26,355)
Proceeds from exercise of stock option and purchase plans	2,548	2,136	10,205
	-----	-----	-----
Net cash flows provided by financing activities - continuing operations	217,813	285,071	17,272
Net cash flows provided by (used in) financing activities - discontinued operations	2,904	9,306	(6,280)
	-----	-----	-----
Net cash flows provided by financing activities	220,717	294,377	10,992
	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(22,769)	17,156	(50)
CHANGE IN CASH AND CASH EQUIVALENTS, DISCONTINUED OPERATIONS	5,768	(254)	2,991
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	27,847	10,945	8,004
	-----	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,846	\$ 27,847	\$ 10,945
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999  
(Amounts in thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPENSATION	OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL STOCKHOLDERS' EQUITY
	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1998	\$ 328	\$500,434	\$ 26,699	\$ (1,862)	\$ (439)	\$ 525,160
<b>COMPREHENSIVE INCOME:</b>						
Net income	--	--	349,792	--	--	349,792



Unrealized gain on investments, net	--	--	--	--	99,858	99,858
Foreign currency translation	--	--	--	--	(359)	(359)
-----						
Comprehensive income						449,291
Cash dividends (\$0.80 per share)	--	--	(26,355)	--	--	(26,355)
CBS Merger arbitration settlement	--	--	892	--	--	892
Exercise of stock options	5	10,125	--	--	--	10,130
Tax benefit on stock options	--	1,443	--	--	--	1,443
Employee stock plan purchases	--	75	--	--	--	75
Issuance of restricted stock	--	231	--	(231)	--	--
Compensation expense	--	--	--	523	--	523
-----						
BALANCE, DECEMBER 31, 1999	333	512,308	351,028	(1,570)	99,060	961,159
COMPREHENSIVE LOSS:						
Net loss	--	--	(153,470)	--	--	(153,470)
Unrealized loss on investments, net	--	--	--	--	(81,901)	(81,901)
Foreign currency translation	--	--	--	--	(705)	(705)
-----						
Comprehensive loss						(236,076)
Exercise of stock options	2	1,845	--	--	--	1,847
Tax benefit on stock options	--	1,000	--	--	--	1,000
Employee stock plan purchases	--	289	--	--	--	289
Issuance of restricted stock	1	2,776	--	(2,777)	--	--
Cancellation of restricted stock	(2)	(4,705)	--	4,707	--	--
Compensation expense	--	86	--	(440)	--	(354)
-----						
BALANCE, DECEMBER 31, 2000	334	513,599	197,558	(80)	16,454	727,865
COMPREHENSIVE LOSS:						
Net loss	--	--	(47,743)	--	--	(47,743)
Reclassification of gain on marketable securities	--	--	--	--	(17,957)	(17,957)
Unrealized loss on interest rate caps	--	--	--	--	(213)	(213)
Minimum pension liability	--	--	--	--	(8,162)	(8,162)
Foreign currency translation	--	--	--	--	711	711
-----						
Comprehensive loss						(73,364)
Exercise of stock options	2	2,327	--	--	--	2,329
Tax benefit on stock options	--	720	--	--	--	720
Employee stock plan purchases	--	219	--	--	--	219
Issuance of restricted stock	1	3,664	--	(3,665)	--	--
Cancellation of restricted stock	--	(928)	--	928	--	--
Compensation expense	--	(86)	--	796	--	710
-----						
BALANCE, DECEMBER 31, 2001	\$ 337	\$519,515	\$149,815	\$ (2,021)	\$ (9,167)	\$ 658,479
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share data)

1. DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gaylord Entertainment Company (the "Company") is a diversified hospitality and entertainment company operating, through its subsidiaries, principally in four business segments: hospitality; attractions; media and corporate and other. The Company has restated its reportable segments during 2001 for all periods presented based upon internal realignment of operational responsibilities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information". Certain businesses owned during 2001 have been reclassified as discontinued operations as described in more detail below and in Note 4.

BUSINESS SEGMENTS

Hospitality

The hospitality segment includes the operations of Gaylord Hotels(TM) branded hotels and the Radisson Hotel at Opryland. At December 31, 2001, the Company owns and operates the Gaylord Opryland Resort Hotel and Convention Center ("Gaylord Opryland") (formerly known as the Opryland Hotel Nashville) and the Radisson Hotel at Opryland, both located in Nashville, Tennessee. Gaylord Opryland is owned and operated by Opryland Hotel Nashville, LLC, a consolidated wholly-owned separate legal entity

incorporated in Delaware. During 1999, the Company began developing hotel projects near Orlando, Florida and Dallas, Texas. The Gaylord Palms Resort Hotel and Convention Center ("Gaylord Palms") (formerly known as the Opryland Hotel Florida) in Kissimmee, Florida opened in January 2002 and a Gaylord hotel in Grapevine, Texas is expected to open in 2004.

#### Attractions

The attractions segment includes all of the Company's Nashville-based tourist attractions. At December 31, 2001, these include the Grand Ole Opry, the General Jackson Showboat, the Wildhorse Saloon, the Ryman Auditorium and the Springhouse Golf Club, among others. The attractions segment also includes Corporate Magic, which specializes in the production of creative events in the corporate entertainment marketplace.

#### Media

At December 31, 2001, the Company's media segment includes the operations of Acuff-Rose Music Publishing and three radio stations in Nashville, Tennessee. During 1999, the Company created a new division, Gaylord Digital, formed to initiate a focused Internet strategy as further discussed in Note 5. During 2000, the Company closed Gaylord Digital, as further discussed in Note 2.

#### Corporate and Other

The Company owns a majority interest in the Oklahoma Redhawks, a minor league baseball team based in Oklahoma City, Oklahoma. The Company owns a minority interest in a partnership with The Mills Corporation that developed Opry Mills, an entertainment and retail complex, which opened in May 2000 in Nashville. The Company also owns minority interests in Bass Pro, Inc. ("Bass Pro"), a leading retailer of premium outdoor sporting goods and fishing products, and the Nashville Predators, a National Hockey League professional team. Corporate and other also includes salaries and benefits of the Company's executive and administrative personnel and various other overhead costs. Subsequent to December 31, 2001, the Company announced plans for these investments as further discussed in Note 18.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### CASH AND CASH EQUIVALENTS - UNRESTRICTED

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### CASH AND CASH EQUIVALENTS - RESTRICTED

Restricted cash and cash equivalents represent cash held in escrow for completion of Gaylord Palms, required capital expenditures, property taxes, insurance payments and other reserves required pursuant to the terms of the Company's outstanding debt, as further described in Note 11. The Company also has restricted cash balances which collateralize certain outstanding letters of credit.

#### DEFERRED FINANCING COSTS

Deferred financing costs consist of prepaid interest, loan fees and other costs of financing that are amortized over the term of the related

financing, using the effective interest method. For the years ended December 31, 2001, 2000 and 1999, deferred financing costs of \$35,987, \$20,780 and \$0, respectively, were amortized and recorded as interest expense in the accompanying consolidated statements of operations. The current portion of deferred financing costs at December 31, 2001 represents the amount of prepaid deferred financing costs related to the secured forward exchange contract discussed in Note 9 that will be amortized in the coming year.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Improvements and significant renovations that extend the life of existing assets are capitalized. Interest on funds borrowed to finance the construction of major capital additions is included in the cost of each capital addition. Maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using straight-line methods over the following estimated useful lives:

Buildings	40 years
Land improvements	20 years
Attractions-related equipment	16 years
Furniture, fixtures and equipment	3-8 years
Leasehold improvements	Life of lease

#### LEASES

The Company is leasing a 65.3-acre site in Osceola County, Florida on which Gaylord Palms is located and has various other leasing arrangements, including leases for office space and office equipment. The Company accounts for lease obligations in accordance with SFAS No. 13, "Accounting for Leases", and recognizes lease expense on a straight-line basis for certain operating leases as required by SFAS No. 13.

#### INTANGIBLE ASSETS

Intangible assets consist primarily of goodwill, which, through December 31, 2001, has been amortized using the straight-line method over its estimated useful life not exceeding 40 years. The Company continually evaluates whether later events and circumstances have occurred that indicate the remaining balance of goodwill may not be recoverable. In evaluating possible impairment, the Company uses the most appropriate method of evaluation given the circumstances surrounding the particular acquisition, which generally has been an estimate of the related business unit's undiscounted operating income before interest and taxes as compared to the remaining life of the goodwill.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 is effective January 1, 2002. Under SFAS No. 142, goodwill and other intangible assets with indefinite useful lives will not be amortized but will be tested for impairment at least annually and whenever events or circumstances occur indicating that these intangibles may be impaired. Amortization expense of intangible assets related to continuing operations for the years ended December 31, 2001, 2000 and 1999 was \$1,256, \$7,674 and \$3,059, respectively. At December 31, 2001 and 2000, accumulated amortization related to intangible assets was \$4,661 and \$3,470, respectively.

#### INVESTMENTS

The Company owns investments in marketable securities and has minority interest investments in certain businesses. Marketable securities are carried at fair value in accordance with SFAS No. 115, "Accounting for

Certain Investments in Debt and Equity Securities". Generally, non-marketable investments in which the Company owns less than 20 percent are accounted for using the cost method of accounting and investments in which the Company owns between 20 percent and 50 percent are accounted for using the equity method of accounting.

OTHER ASSETS

Other current and long-term assets of continuing operations at December 31 consist of:

	2001 -----	2000 -----
Other current assets:		
Other current receivables	\$ 6,667	\$ 5,402
Federal income tax receivable	--	23,868
Inventories	3,577	4,572
Prepaid expenses	7,525	6,088
Other current assets	693	696
	-----	-----
Total other current assets	\$18,462	\$40,626
	=====	=====
Other long-term assets:		
Notes receivable	\$18,770	\$18,830
Music catalogs	15,578	16,787
Deferred software costs, net	9,008	10,047
IMAX film	--	5,301
Prepaid pension cost	--	4,814
Other long-term assets	4,346	4,956
	-----	-----
Total other long-term assets	\$47,702	\$60,735
	=====	=====

Other current receivables result primarily from non-operating income and are due within one year. Music catalogs consist of the costs to acquire music rights and are amortized over their estimated useful lives. Inventories consist primarily of merchandise for resale and are carried at the lower of cost or market. Cost is computed on an average cost basis.

Long-term notes receivable relate primarily to Bass Pro, which has two unsecured notes outstanding with the Company at December 31, 2001 and 2000. One of the Bass Pro notes has an outstanding balance of \$10,000 in each period, bears interest at a fixed annual rate of 8% which is payable annually, and matures in 2003. The other Bass Pro note has an outstanding balance of \$7,500 in each period, bears interest at a variable rate which is payable quarterly, and matures in 2009.

The Company capitalizes the costs of computer software for internal use in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". Accordingly, the Company capitalized the external

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

costs to acquire and develop computer software and certain internal payroll costs during 2001 and 2000. Deferred software costs are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

#### PREOPENING COSTS

In accordance with AICPA SOP 98-5, "Reporting on the Costs of Start-Up Activities", the Company expenses the costs associated with start-up activities and organization costs as incurred.

#### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of continuing operations at December 31 consist of:

	2001	2000
	-----	-----
Trade accounts payable	\$ 6,965	\$ 21,334
Accrued construction in progress	26,825	19,894
Property and other taxes payable	15,465	14,835
Deferred revenues	11,047	10,065
Accrued salaries and benefits	6,625	4,482
Restructuring accruals	5,737	13,109
Accrued self-insurance reserves	5,497	4,914
Accrued royalties	2,767	2,629
Accrued interest payable	1,099	3,176
Other accrued liabilities	16,392	17,755
	-----	-----
Total accounts payable and accrued liabilities	\$ 98,419	\$112,193
	=====	=====

Accrued royalties consist primarily of music royalties and licensing fees. Deferred revenues consist primarily of deposits on advance room bookings, advance ticket sales at the Company's tourism properties and music publishing advances. The Company is self-insured for certain losses relating to workers' compensation claims, employee medical benefits and general liability claims. The Company recognizes self-insured losses based upon estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insurance industry or the Company's historical experience.

#### INCOME TAXES

In accordance with SFAS No. 109, "Accounting for Income Taxes", the Company establishes deferred tax assets and liabilities based on the difference between the financial statement and income tax carrying amounts of assets and liabilities using existing tax laws and tax rates.

#### MINORITY INTERESTS

Minority interests relate to the interests in consolidated companies that the Company does not wholly own. The Company allocates income to the minority interests based on the percentage ownership throughout the year.

#### REVENUE RECOGNITION

Revenues are recognized when services are provided or goods are shipped, as applicable. Provision for returns and other adjustments are provided for in the same period the revenues are recognized.

#### STOCK-BASED COMPENSATION

SFAS No. 123, "Accounting for Stock-Based Compensation", encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to

continue to account for employee stock-based compensation using the intrinsic value method as prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interpretations, under which no compensation cost related to employee stock options has been recognized as further described in Note 14.

DISCONTINUED OPERATIONS

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions for the disposal of a segment of a business of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the requirements of SFAS No. 121 for the recognition and measurement of an impairment loss and broadens the presentation of discontinued operations to include a component of an entity (rather than a segment of a business). The Company adopted the provisions of SFAS No. 144 during 2001 with an effective date of January 1, 2001.

In accordance with the provisions of SFAS No. 144, the Company has presented the operating results, financial position and cash flows of the following businesses as discontinued operations in the accompanying financial statements as of December 31, 2001 and 2000 and for each of the three years ended December 31, 2001: Word Entertainment ("Word"), the Company's contemporary Christian music business; GET Management, the Company's artist management business which was sold during 2001; the Company's international cable networks; the businesses sold to affiliates of The Oklahoma Publishing Company ("OPUBCO") in 2001 consisting of Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company; and the Company's water taxis sold in 2001. The results of operations of these businesses, including impairment and other charges, restructuring charges and any gain or loss on disposal, have been reflected as discontinued operations, net of taxes, in the accompanying consolidated statements of operations and the assets and liabilities of these businesses are reflected as discontinued operations in the accompanying consolidated balance sheets, as further described in Note 4.

INCOME (LOSS) PER SHARE

SFAS No. 128, "Earnings Per Share", established standards for computing and presenting earnings per share. Under the standards established by SFAS No. 128, earnings per share is measured at two levels: basic earnings per share and diluted earnings per share. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net income by the weighted average number of common shares outstanding after considering the additional dilution related to outstanding stock options, calculated using the treasury stock method. Income per share amounts are calculated as follows for the years ended December 31 (income and share amounts in thousands):

2001		
LOSS	SHARES	PER SHARE

	-----	-----	-----
Net loss	\$ (47,743)	33,562	\$ (1.42)
Effect of dilutive stock options		--	
	-----	-----	-----
Net loss - assuming dilution	\$ (47,743)	33,562	\$ (1.42)
	=====	=====	=====

		2000	
	-----	-----	-----
	LOSS	SHARES	PER SHARE
	-----	-----	-----
Net loss	\$ (153,470)	33,389	\$ (4.60)
Effect of dilutive stock options		--	
	-----	-----	-----
Net loss - assuming dilution	\$ (153,470)	33,389	\$ (4.60)
	=====	=====	=====

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		1999	
	-----	-----	-----
	INCOME	SHARES	PER SHARE
	-----	-----	-----
Net income	\$349,792	32,908	\$ 10.63
Effect of dilutive stock options		305	
	-----	-----	-----
Net income - assuming dilution	\$349,792	33,213	\$ 10.53
	=====	=====	=====

For the years ended December 31, 2001 and 2000, the effect of dilutive stock options was the equivalent of 99,000 shares and 120,000 shares, respectively, of common stock outstanding. Because the Company had a net loss for the years ended December 31, 2001 and 2000, these incremental shares were excluded from the computation of diluted earnings per share for those years as the effect of their inclusion would be anti-dilutive.

#### COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income" requires that changes in the amounts of certain items, including gains and losses on certain securities, be shown in the financial statements as a component of comprehensive income. The Company's comprehensive income (loss) is presented in the accompanying consolidated statements of stockholders' equity.

#### FINANCIAL INSTRUMENTS

The Company's carrying value of its debt and long-term notes receivable approximates fair value based upon the variable nature of these financial instruments' interest rates. Certain of the Company's investments are carried at fair value determined using quoted market prices as discussed further in Note 8. The carrying amount of short-term financial instruments (cash, trade receivables, accounts payable and accrued liabilities) approximates fair value due to the short maturity of those instruments. The

concentration of credit risk on trade receivables is minimized by the large and diverse nature of the Company's customer base.

#### DERIVATIVES AND HEDGING ACTIVITIES

The Company utilizes derivative financial instruments to reduce interest rate risks and to manage risk exposure to changes in the value of certain owned marketable securities. Effective January 1, 2001, the Company records derivatives in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which was subsequently amended by SFAS No. 138. SFAS No. 133, as amended, established accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires all derivatives to be recognized in the statement of financial position and to be measured at fair value. Changes in the fair value of those instruments will be reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting.

#### ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### NEWLY ISSUED ACCOUNTING STANDARDS

In June 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 supersedes APB Opinion No. 16, "Business Combinations" and requires the use of the purchase method of accounting for all business combinations prospectively. SFAS No. 141 also provides guidance on recognition of intangible assets apart from goodwill. SFAS No. 142 supercedes APB Opinion No. 17, "Intangible Assets", and changes the accounting for goodwill and intangible assets. Under SFAS No. 142, goodwill and intangible assets with indefinite useful lives will not be amortized but will be tested for impairment at least

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

annually and whenever events or circumstances occur indicating that these intangible assets may be impaired. The Company adopted the provisions of SFAS No. 141 in June of 2001. The Company will adopt the provisions of SFAS No. 142 on January 1, 2002 and anticipates that a substantial amount of its intangible assets will no longer be amortized beginning January 1, 2002 with the adoption of the new standard.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 amends accounting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 requires companies to record the fair value of the liability for an asset retirement obligation in the period in which the liability is incurred. The Company will adopt the provisions of SFAS No. 143 on January 1, 2003 and is currently assessing the impact of SFAS No. 143 on its financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". The Company adopted the provisions of SFAS No. 144 during 2001, with an effective date of January 1, 2001, as further discussed in Note 4.



## RECLASSIFICATIONS

Certain reclassifications of 2000 and 1999 amounts have been made to conform to the 2001 presentation.

### 2. IMPAIRMENT AND OTHER CHARGES

During 2001, the Company named a new chairman, a new chief executive officer, and had numerous changes in senior management, primarily because of certain 2000 events discussed below. The new management team instituted a corporate reorganization and the reevaluation of the Company's businesses and other investments (the "2001 Strategic Assessment"). As a result of the 2001 Strategic Assessment, the Company recorded pretax impairment and other charges from continuing operations in accordance with SFAS No. 144.

During 2000, the Company experienced a significant number of departures from its senior management, including the Company's president and chief executive officer. In addition, the Company continued to produce weaker than anticipated operating results during 2000 while attempting to fund its capital requirements related to its hotel construction project in Florida and hotel development activities in Texas. As a result of these factors, during 2000, the Company completed an assessment of its strategic alternatives related to its operations and capital requirements and developed a strategic plan designed to refocus the Company's operations, reduce its operating losses and reduce its negative cash flows (the "2000 Strategic Assessment").

As a result of the 2000 Strategic Assessment, the Company adopted a plan to divest a number of its under-performing businesses through sale or closure and to curtail certain projects and business lines that were no longer projected to produce a positive return. As a result of the completion of the 2000 Strategic Assessment, the Company recognized pretax impairment and other charges in accordance with the provisions of SFAS No. 121 and other relevant authoritative literature.

The components of the impairment and other charges related to continuing operations for the years ended December 31 are as follows:

	2001	2000
	-----	-----
Programming, film and other content	\$ 6,858	\$ 8,295
Gaylord Digital and other technology investments	4,576	48,127
Property and equipment	2,828	3,398
Orlando-area Wildhorse Saloon	--	15,854
Other	--	923
	-----	-----
Total impairment and other charges	\$14,262	\$76,597
	=====	=====

Additional impairment and other charges of \$28,941 and \$12,201 during 2000 and 1999, respectively, are included in discontinued operations.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2001 Impairment and Other Charges

The Company began production of an IMAX movie during 2000 to portray the history of country music. As a result of the 2001 Strategic Assessment, the carrying value of the IMAX film asset was reevaluated on the basis of its

estimated future cash flows resulting in an impairment charge of \$6,858. At December 31, 2000, the Company held a minority investment in a technology start-up business. During 2001, the unfavorable environment for technology businesses created difficulty for this business to obtain adequate capital to execute its business plan and, subsequently, the Company was notified that this technology business had been unsuccessful in arranging financing, resulting in an impairment charge of \$4,576. The Company also recorded an impairment charge related to idle real estate of \$1,983 during 2001 based upon an assessment of the value of the property. In addition, the Company recorded an impairment charge for other idle property and equipment totaling \$845 during 2001 primarily due to the consolidation of offices resulting from personnel reductions as discussed in Note 3.

#### 2000 Impairment and Other Charges

The Company's 2000 Strategic Assessment of its programming, film and other content assets resulted in pretax impairment and other charges of \$8,295 based upon the projected cash flows for these assets. This charge included investments of \$5,050, other receivables of \$2,995 and music and film catalogs of \$250.

The Company closed Gaylord Digital, its Internet-related business in 2000. During 1999 and 2000, Gaylord Digital was unable to produce the operating results initially anticipated and required an extensive amount of capital to fund its operating losses, investments and technology infrastructure. As a result of the closing, the Company recorded a pretax charge of \$48,127 in 2000 to reduce the carrying value of Gaylord Digital's assets to their fair value based upon estimated selling prices. The Gaylord Digital charge included the write-down of intangible assets of \$25,761, property and equipment (including software) of \$14,792, investments of \$7,014 and other assets of \$560. The operating results of Gaylord Digital are included in continuing operations. Excluding the effect of the impairment and other charges, Gaylord Digital had revenues of \$3,938 and \$1,562, and operating losses of \$27,479 and \$7,294, for the years ended December 31, 2000 and 1999, respectively.

During the course of conducting the 2000 Strategic Assessment, other property and equipment of the Company was reviewed to determine whether the change in the Company's strategic direction resulted in additional impaired assets. This review indicated that certain property and equipment would not be recovered by projected cash flows. The Company recorded pretax impairment and other charges related to its property and equipment of \$3,398. These charges included property and equipment write-downs in the hospitality segment of \$1,393, in the attractions segment of \$281, in the media segment of \$157, and in the corporate and other segment of \$1,567.

During November 2000, the Company ceased the operations of the Orlando-area Wildhorse Saloon. Walt Disney World(R) Resort paid the Company approximately \$1,800 for the net assets of the Orlando-area Wildhorse Saloon and released the Company from its operating lease for the Wildhorse Saloon location. As a result of this divestiture, the Company recorded pretax charges of \$15,854 to reflect the impairment and other charges related to the divestiture. The Orlando-area Wildhorse Saloon charges included the write-off of equipment of \$9,437, intangible assets of \$8,124 and other working capital items of \$93 offset by the \$1,800 of proceeds received from Disney. The operating results of the Orlando-area Wildhorse Saloon are included in continuing operations. Excluding the effect of the impairment and other charges, the Orlando-area Wildhorse Saloon had revenues of \$4,359 and \$5,362, and operating losses of \$1,572 and \$2,846, for the years ended December 31, 2000 and 1999, respectively.

### 3. RESTRUCTURING CHARGES

During 2001, the Company recognized pretax restructuring charges from continuing operations of \$2,182 related to streamlining operations and reducing layers of management. The Company recognized additional pretax restructuring charges from discontinued operations of \$2,959 in 2001. These restructuring charges were recorded in accordance with Emerging Issues Task

Force Issue ("EITF") No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". The restructuring costs from continuing operations consist of \$4,704 related to severance and other employee benefits and \$1,144 related to contract termination costs, offset by the reversal of restructuring charges recorded in 2000 of \$3,666 primarily related to negotiated reductions in certain contract termination costs. The restructuring costs from discontinued operations consist of \$1,563 related to severance and other employee benefits and \$1,778 related to contract termination costs offset by the reversal of restructuring charges recorded in 2000 of \$382. The 2001 restructuring charges primarily resulted from the Company's strategic decisions to exit certain businesses and

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

reduce corporate overhead and administrative costs. The 2001 restructuring plan resulted in the termination or notification of pending termination of approximately 150 employees. As of December 31, 2001, the Company has recorded cash charges of \$1,680 against the 2001 restructuring accrual, all of which related to continuing operations. The remaining balance of the 2001 restructuring accrual related to continuing operations at December 31, 2001 of \$4,168 is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets. The remaining balance of the 2001 restructuring accrual related to discontinued operations at December 31, 2001 of \$3,341 is included in current liabilities of discontinued operations in the accompanying consolidated balance sheets. The Company expects the remaining balances of the restructuring accruals for both continuing and discontinued operations to be paid in 2002.

As part of the Company's 2000 Strategic Assessment, the Company recognized pretax restructuring charges of \$13,098 related to continuing operations during 2000, in accordance with EITF Issue No. 94-3. Additional restructuring charges of \$3,095 during 2000 are included in discontinued operations. Restructuring charges related to continuing operations consist of contract termination costs of \$7,952 to exit specific activities and employee severance and related costs of \$5,379 offset by the reversal of the remaining restructuring accrual from the restructuring charges recorded in 1999 of \$233. The 2000 restructuring charges relate to the Company's strategic decisions to exit certain lines of business, primarily businesses included in the Company's former music, media and entertainment segment, and to implement its 2000 strategic plan. As part of the Company's 2000 restructuring plan, approximately 375 employees were terminated or were informed of their pending termination. During 2001, the Company negotiated reductions in certain contract termination costs, which allowed the reversal of \$4,049 of the restructuring charges originally recorded during 2000. As of December 31, 2001, the Company has recorded cash charges of \$10,808 against the 2000 restructuring accrual. The remaining balance of the 2000 restructuring accrual at December 31, 2001 of \$1,569 is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets, which the Company expects to be paid in 2002.

During 1999, the Company recognized pretax restructuring charges of \$2,786 related to streamlining the Company's operations, primarily Gaylord Opryland. The 1999 restructuring charges included estimated costs for employee severance and termination benefits of \$2,056 and other restructuring costs of \$730. At December 31, 2000, no accrual remained.

#### 4. DISCONTINUED OPERATIONS

As discussed in Note 1, the Company has reflected the following businesses as discontinued operations, consistent with the provisions of SFAS No. 144. The results of operations, net of taxes, (prior to their disposal where applicable) and the estimated fair value of the assets and liabilities of

these businesses have been reflected in the accompanying consolidated financial statements as discontinued operations in accordance with SFAS No. 144 for all periods presented.

#### Word

During 2001, the Company committed to a plan to sell Word. As a result of the decision to sell Word, the Company reduced the carrying value of Word to its estimated fair value by recognizing a pretax charge of \$30,403 in discontinued operations during 2001. The estimated fair value of Word's net assets was determined based upon ongoing negotiations with potential buyers. Related to the decision to sell Word, a pretax restructuring charge of \$1,461 was recorded in 2001. The restructuring charge consisted of \$854 related to lease termination costs and \$607 related to severance costs. In addition, the Company recorded a reversal of \$114 of restructuring charges originally recorded during 2000. Subsequent to December 31, 2001, the Company sold Word's domestic operations to an affiliate of Warner Music Group for \$84,100 in cash, subject to future purchase price adjustments. The Company did not recognize a material gain or loss on the divestiture in 2002. Proceeds from the sale of \$80,000 were used to reduce the Company's outstanding indebtedness as further discussed in Note 11.

#### International Cable Networks

During the second quarter of 2001, the Company adopted a formal plan to dispose of its international cable networks. As part of this plan, the Company hired investment bankers to facilitate the disposition process, and formal communications with potentially interested parties began in July 2001. In an attempt to simplify the disposition process, in July 2001, the Company acquired an additional 25% ownership interest in its music networks in Argentina, bringing its ownership interest from 50% to 75%. In August 2001, the partnerships in Argentina

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

finalized a pending transaction in which a third party acquired a 10% ownership interest in the companies in exchange for satellite, distribution and sales services, bringing the Company's interest to 67.5%.

In December 2001, the Company made the decision to cease funding of its cable networks in Asia and Brazil as well as its partnerships in Argentina if a sale had not been completed by February 28, 2002. At that time the Company recorded pretax restructuring charges of \$1,880 consisting of \$956 of severance and \$924 of contract termination costs related to the networks. Also during 2001, the Company negotiated reduced contract termination costs with several vendors that resulted in a reversal of \$268 of restructuring charges originally recorded during 2000. Based on the status of its efforts to sell its international cable networks at the end of 2001, the Company recorded pretax impairment and other charges of \$23,312 during 2001. Included in this charge are the impairment of an investment in the two Argentina-based music channels totaling \$10,894, the impairment of fixed assets, including capital leases associated with certain transponders leased by the Company, of \$6,922, the impairment of a receivable of \$3,007 from the Argentina-based channels, current assets of \$1,483, and intangible assets of \$1,006.

Subsequent to December 31, 2001, the Company finalized a transaction to sell certain assets of its international cable networks as further discussed in Note 18.

#### Businesses Sold to OPUBCO

During 2001, the Company sold five businesses (Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord

Production Company) to affiliates of OPUBCO for \$22,000 in cash and the assumption of debt of \$19,318. The Company recognized a pretax loss of \$1,673 related to the sale in discontinued operations in the accompanying consolidated statement of operations. OPUBCO owns a minority interest in the Company. Four of the Company's directors are also directors of OPUBCO and voting trustees of a voting trust that controls OPUBCO. Additionally, those four directors collectively own a significant ownership interest in the Company.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the years ended December 31 (amounts in thousands):

	2001 -----	2000 -----	1999 -----
REVENUES:			
Word Entertainment	\$ 115,677	\$ 130,706	\$ 137,873
International cable networks	5,025	6,606	4,407
Businesses sold to OPUBCO	2,195	39,706	17,797
Other	609	1,900	2,712
	-----	-----	-----
Total revenues	\$ 123,506	\$ 178,918	\$ 162,789
	=====	=====	=====
OPERATING INCOME (LOSS):			
Word Entertainment	\$ (5,710)	\$ (15,741)	\$ (5,542)
International cable networks	(6,375)	(9,655)	(8,375)
Businesses sold to OPUBCO	(1,459)	(9,370)	(1,553)
Other	(383)	(144)	714
Impairment and other charges	(53,716)	(28,941)	(12,201)
Restructuring charges	(2,959)	(3,095)	(316)
	-----	-----	-----
Total operating loss	(70,602)	(66,946)	(27,273)
INTEREST EXPENSE	(797)	(1,310)	(1,054)
INTEREST INCOME	128	556	185
OTHER GAINS AND LOSSES	(3,986)	(4,245)	(308)
	-----	-----	-----
Loss before benefit for income taxes	(75,257)	(71,945)	(28,450)
BENEFIT FOR INCOME TAXES	(22,893)	(23,206)	(10,612)
	-----	-----	-----
Net loss from discontinued operations	\$ (52,364)	\$ (48,739)	\$ (17,838)
	=====	=====	=====

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The assets and liabilities of the discontinued operations presented in the accompanying consolidated balance sheets are comprised of:

	2001 -----	2000 -----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,237	\$ 8,005
Trade receivables, less allowance of \$2,785 and \$5,003, respectively	24,814	43,567
Inventories	6,359	12,321
Prepaid expenses	8,779	12,592
Other current assets	691	5,052
	-----	-----
Total current assets	42,880	81,537
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	10,357	22,423
INTANGIBLE ASSETS, NET OF ACCUMULATED AMORTIZATION	29,628	81,954
MUSIC AND FILM CATALOGS	10,696	26,237
OTHER LONG-TERM ASSETS	3,512	11,965
	-----	-----
Total long-term assets	54,193	142,579

Total assets	----- \$ 97,073 =====	----- \$224,116 =====
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 5,515	\$ 1,378
Accounts payable and accrued liabilities	18,120	39,652
	-----	-----
Total current liabilities	23,635	41,030
LONG-TERM DEBT, NET OF CURRENT PORTION	--	20,551
OTHER LONG-TERM LIABILITIES	7	--
	-----	-----
Total long-term liabilities	7	20,551
	-----	-----
Total liabilities	\$ 23,642 =====	\$ 61,581 =====

## 5. ACQUISITIONS

During 2000, the Company acquired Corporate Magic, a company specializing in the production of creative events in the corporate entertainment marketplace, for \$7,500 in cash and a \$1,500 note payable. The acquisition was financed through borrowings under the Company's revolving credit agreement and has been accounted for using the purchase method of accounting. The operating results of Corporate Magic have been included in the accompanying consolidated financial statements from the date of the acquisition.

During 1999, the Company formed Gaylord Digital, its Internet initiative, and acquired 84% of two online operations, Musicforce.com and Lightsource.com, for approximately \$23,400 in cash. During 2000, the Company acquired the remaining 16% of Musicforce.com and Lightsource.com for approximately \$6,500 in cash. The acquisition was financed through borrowings under the Company's revolving credit agreement and has been accounted for using the purchase method of accounting. The operating results of the online operations have been included in the accompanying consolidated financial statements from the date of acquisition of a controlling interest. During 2000, the Company announced the closing of Gaylord Digital, as further discussed in Note 2.

## 6. DIVESTITURES

During 2001, the indemnification period related to the Company's 1999 disposition of television station KTVT in Dallas-Fort Worth ended, resulting in the recognition of a pretax gain of \$4,629 related to the reversal of previously recorded contingent liabilities. The gain is included in other gains and losses in the accompanying consolidated statements of operations.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During 2000, the Company sold its KOA Campground located near Gaylord Opryland for \$2,032 in cash. The Company recognized a pretax loss on the sale of \$3,247, which is included in other gains and losses in the accompanying consolidated statements of operations. Also during 2000, the Company divested its Orlando-area Wildhorse Saloon and Gaylord Digital, as further discussed in Note 2.

In October 1999, CBS Corporation ("CBS") acquired KTVT from the Company in exchange for \$485,000 of CBS Series B convertible preferred stock, \$4,210 of cash and other consideration. The Company recorded a pretax gain of \$459,307, which is included in other gains and losses in the accompanying consolidated statements of operations, based upon the disposal of the net assets of KTVT of \$29,903, including related selling costs. CBS merged with Viacom, Inc. ("Viacom") in May 2000, resulting in the conversion of CBS convertible preferred stock into Viacom common stock, as further discussed in Note 8. The operating results of KTVT reflected in the accompanying consolidated statements of operations through the disposal date of October

12, 1999 include revenues of \$36,072, depreciation and amortization of \$2,419, and operating income of \$8,372.

During 1999, the Company received cash and recognized a pretax gain of \$129,875 representing the value of contractual equity participation rights related to the sale of certain cable television systems (the "Systems") formerly owned by the Company. During 1995, the Company sold the Systems to CCT Holdings Corporation. As part of the 1995 sale transaction, the Company received contractual equity participation rights equal to 15% of the net distributable proceeds, as defined, from certain future asset sales. The proceeds from the equity participation rights were used to reduce outstanding bank indebtedness.

On October 1, 1997, the Company consummated a transaction (the "Merger") with CBS, pursuant to which substantially all of the assets of the Company's North American cable networks business, and certain other related businesses (collectively, the "Cable Networks Business") and their liabilities, to the extent that they arose out of or related to the Cable Networks Business, were acquired by CBS. During 1999, the Company settled certain remaining contingencies associated with the Merger and received a cash payment of \$15,109 from CBS, including nonrecurring interest income of \$1,954. In addition, the Company recorded an adjustment to the net assets of the Cable Networks Business of \$892 related to the settlement of Merger-related contingencies between the Company and CBS during 1999. The Company reversed \$1,741 of the accrued merger costs based upon the settlement of the remaining contingencies associated with the Merger during 1999.

#### 7. PROPERTY AND EQUIPMENT

Property and equipment of continuing operations at December 31 is recorded at cost and summarized as follows:

	2001 -----	2000 -----
Land and land improvements	\$ 97,103	\$ 94,637
Buildings	500,829	486,820
Furniture, fixtures and equipment	241,791	228,493
Construction in progress	474,701	225,850
	-----	-----
	1,314,424	1,035,800
Accumulated depreciation	(314,092)	(279,263)
	-----	-----
Property and equipment, net	\$ 1,000,332	\$ 756,537
	=====	=====

The increase in construction in progress during 2001 primarily relates to the costs of the Florida and Texas hotel construction projects. Depreciation expense of continuing operations for the years ended December 31, 2001, 2000 and 1999 was \$35,579, \$36,030 and \$36,434, respectively. Capitalized interest for the years ended December 31, 2001, 2000 and 1999 was \$18,781, \$6,775 and \$472, respectively.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 8. INVESTMENTS

Investments related to continuing operations at December 31 are summarized as follows:

	2001 -----	2000 -----
Viacom Class B non-voting common stock	\$485,782	\$514,391
Bass Pro	60,598	60,598
Other investments	15,029	22,224
	-----	-----
Total investments	\$561,409 =====	\$597,213 =====

The Company acquired CBS Series B convertible preferred stock ("CBS Stock") during 1999 as consideration in the divestiture of television station KTVT as discussed in Note 6. CBS merged with Viacom in May 2000. As a result of the merger of CBS and Viacom, the Company received 11,003,000 shares of Viacom Class B non-voting common stock ("Viacom Stock"). The original carrying value of the CBS Stock was \$485,000.

At December 31, 2000, the Viacom Stock was classified as available-for-sale as defined by SFAS No. 115, and accordingly, the Viacom Stock was recorded at market value, based upon the quoted market price, with the difference between cost and market value recorded as a component of other comprehensive income, net of deferred income taxes. Effective January 1, 2001, the Company recorded a nonrecurring pretax gain of \$29,391, related to reclassifying its investment in the Viacom Stock from available-for-sale to trading as defined by SFAS No. 115. This gain, net of taxes of \$11,434, had been previously recorded as a component of stockholders' equity. As trading securities, the Viacom Stock continues to be recorded at market value, but changes in market value are included as gains and losses in the consolidated statements of operations. For the year ended December 31, 2001, the Company recorded a pretax loss of \$28,609 related to the decrease in fair value of the Viacom Stock subsequent to January 1, 2001.

During 2000 and 1999, the Company purchased minority equity investments of \$5,010 and \$6,579, respectively, in technology-based businesses related to the Company's Internet strategy, which investments the Company accounted for using the cost method of accounting. During 2001 and 2000, the Company evaluated the realizability of its technology-based investments as part of its assessment of strategic alternatives resulting in impairment charges as discussed in Note 2.

Bass Pro completed a restructuring at the end of 1999 whereby certain assets, including a resort hotel in Southern Missouri and an interest in a manufacturer of fishing boats, are no longer owned by Bass Pro. Subsequent to the Bass Pro restructuring, the Company's ownership interest in Bass Pro equaled 19% and, accordingly, the Company accounts for the investment using the cost method of accounting. Prior to the restructuring, the Company accounted for the Bass Pro investment using the equity method of accounting through December 31, 1999.

The Opry Mills entertainment and retail complex opened in May 2000 on land owned by the Company. The Company holds a one-third interest in the partnership through a non-cash capital contribution of \$2,049 reflecting the book value of the land on which Opry Mills is located. During 1999, the Company's investment in Opry Mills increased to \$5,272 at December 31, 1999 related to certain costs incurred on behalf of the Opry Mills partnership. During 2001, the Company received distribution payments from The Mills Corporation totaling \$2,814 related to its equity in the partnership's earnings. At December 31, 2001, the Company's investment in Opry Mills equaled \$2,231. The Company accounts for its investment in the Opry Mills partnership using the equity method of accounting. The Company recognized revenues for consulting and other services related to the Opry Mills partnership in 1999 of \$5,000.



The Company holds a preferred minority interest investment in the Nashville Predators, a National Hockey League professional team, of \$12,732 and \$12,000 at December 31, 2001 and 2000, respectively. The Nashville Predators investment provides an annual 8% cumulative preferred return. A director of the Company owns a majority equity interest in the Nashville Predators.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to December 31, 2001, the Company announced plans for certain of these investments as further discussed in Note 18.

#### 9. SECURED FORWARD EXCHANGE CONTRACT

During May 2000, the Company entered into a seven-year secured forward exchange contract ("SFEC") with an affiliate of Credit Suisse First Boston with respect to 10,937,900 shares of Viacom Stock. The seven-year SFEC has a face amount of \$613,054 and required contract payments based upon a stated 5% rate. The SFEC protects the Company against decreases in the fair market value of the Viacom Stock while providing for participation in increases in the fair market value, as discussed below. The Company realized cash proceeds from the SFEC of \$506,337, net of discounted prepaid contract payments related to the first 3.25 years of the contract and transaction costs totaling \$106,717. In October 2000, the Company prepaid the remaining 3.75 years of contract payments required by the SFEC of \$83,161. As a result of the prepayment, the Company will not be required to make any further contract payments during the seven-year term of the SFEC. Additionally, as a result of the prepayment, the Company was released from certain covenants of the SFEC, which related to sales of assets, additional indebtedness and liens. The unamortized balances of these deferred financing costs are classified as current assets of \$26,865 as of December 31, 2001 and 2000 and long-term assets of \$118,110 and \$144,998 in the accompanying consolidated balance sheets as of December 31, 2001 and 2000, respectively. The Company is recognizing the contract payments associated with the SFEC as interest expense over the seven-year contract period using the effective interest method. The Company utilized \$394,142 of the net proceeds from the SFEC to repay all outstanding indebtedness under its 1997 revolving credit facility. As a result of the SFEC, the 1997 revolving credit facility was terminated.

During the seven-year term of the SFEC, the Company retains ownership of the Viacom Stock. The Company's obligation under the SFEC is collateralized by a security interest in the Viacom Stock. At the end of the seven-year contract term, the Company may, at its option, elect to pay in cash rather than by delivery of all or a portion of the Viacom Stock. The SFEC eliminates the Company's exposure to any decline in Viacom's share price below \$56.05. During the seven-year term of the SFEC, if the Viacom Stock appreciates by 35% or less, the Company will retain the increase in value of the Viacom Stock. If the Viacom Stock appreciates by more than 35%, the Company will retain the first 35% increase in value of the Viacom Stock and approximately 25.9% of any appreciation in excess of 35%.

Under SFAS No. 133, certain components of the secured forward exchange contract are considered derivatives, as discussed in Note 10. During 2001, an increase in the fair market value of the derivatives was recorded as a pretax gain.

#### 10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes derivative financial instruments to reduce interest rate risks and to manage risk exposure to changes in the value of its Viacom Stock. The Company recorded a gain of \$11,909, net of taxes of \$6,413, as a cumulative effect of an accounting change on January 1, 2001, the date of initial adoption of SFAS No. 133, to record the derivatives associated with the SFEC at fair value. For the year ended December 31,

2001, the Company recorded a pretax gain in the Company's consolidated statement of operations of \$54,282 related to the increase in fair value of the derivatives associated with the SFEC subsequent to January 1, 2001.

During 2001, the Company entered into three contracts to cap its interest rate risk exposure on its long-term debt. These contracts cap the Company's exposure to one-month LIBOR rates on up to \$375,000 of outstanding indebtedness at 7.5% and cap the Company's exposure on one-month Eurodollar rates on up to \$100,000 of outstanding indebtedness at 6.625%. These interest rate caps qualify for hedge accounting and changes in the values of these caps are recorded as other comprehensive income and losses in the accompanying consolidated statements of stockholders' equity.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. DEBT

The Company's debt outstanding related to continuing operations at December 31 consists of:

	2001 -----	2000 -----
Senior Loan	\$ 268,997	\$ --
Mezzanine Loan	100,000	--
Term Loan	100,000	--
Interim Loan	--	175,000
Other	--	500
	-----	-----
Total debt	468,997	175,500
Less amounts due within one year	(88,004)	(175,500)
	-----	-----
Total long-term debt	\$ 380,993 =====	\$ -- =====

Annual maturities of debt are as follows:

2002	\$ 88,004
2003	8,004
2004	372,989
2005	--
2006	--
Years thereafter	--
	-----
Total	\$468,997 =====

During 2001, the Company entered into a three-year delayed-draw senior term loan ("Term Loan") of up to \$210,000 with Deutsche Banc Alex. Brown Inc., Salomon Smith Barney, Inc. and CIBC World Markets Corp. (collectively the "Banks"). Proceeds of the Term Loan were used to finance the construction of Gaylord Palms and a Gaylord hotel in Grapevine, Texas as well as for general operating purposes. The Term Loan is primarily secured by the Company's ground lease interest in Gaylord Palms. At the Company's option, amounts outstanding under the Term Loan bear interest at the prime interest rate plus 2.125% or the one-month Eurodollar rate plus 3.375%. The terms of the Term Loan required the purchase of interest rate hedges in notional amounts equal to \$100,000 in order to protect against adverse changes in

the one-month Eurodollar rate. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to the one-month Eurodollar rate at 6.625% as discussed in Note 10. The Term Loan contains provisions that allow the Banks to syndicate the Term Loan, which could result in a change to the terms and structure of the Term Loan, including an increase in interest rates. In addition, the Company is required to pay a commitment fee equal to 0.375% per year of the average unused portion of the Term Loan. As of December 31, 2001, the Company had outstanding borrowings of \$100,000 under the Term Loan and was required to escrow certain amounts in a completion reserve account for Gaylord Palms.

The Term Loan requires that the net proceeds from all asset sales by the Company must be used to reduce outstanding borrowings until the borrowing capacity under the Term Loan has been reduced to \$60,000. The Company sold Word in January 2002 as further discussed in Note 4. The sale of Word required the prepayment of the Term Loan in the amount of \$80,000 and, accordingly, this amount was classified as due within one year in the December 31, 2001 consolidated balance sheet, resulting in a negative consolidated working capital balance at December 31, 2001 of \$26,748. Subsequent to the prepayment of the Term Loan related to Word, the maximum amount available under the Term Loan reduces to \$100,000 in October 2003, and to \$50,000 in April 2004, with full repayment due in October 2004. Excess cash flows, as defined, generated by Gaylord Palms must be used to reduce any amounts borrowed under the Term Loan until its borrowing capacity is reduced to \$85,000. Debt repayments under the Term Loan reduce its borrowing capacity and are not eligible to be re-borrowed. The Term Loan requires the Company to maintain certain escrowed cash balances, comply with certain financial covenants, and imposes limitations related to the payment of dividends, the incurrence of debt, the guaranty of liens, and the sale of assets, as well as other customary covenants and restrictions. At December 31, 2001, the unamortized balance of the deferred financing

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

costs related to the Term Loan was \$5,628. The weighted average interest rate, including amortization of deferred financing costs, under the Term Loan for 2001 was 8.3%.

In 2001, the Company, through wholly owned subsidiaries, entered into two loan agreements, a \$275,000 senior loan (the "Senior Loan") and a \$100,000 mezzanine loan (the "Mezzanine Loan") (collectively, the "Nashville Hotel Loans") with affiliates of Merrill Lynch & Company acting as principal. The Senior Loan is secured by a first mortgage lien on the assets of Gaylord Opryland and is due in 2004. Amounts outstanding under the Senior Loan bear interest at one-month LIBOR plus approximately 0.9%. The Mezzanine Loan, secured by the equity interest in the wholly-owned subsidiary that owns Gaylord Opryland, is due in 2004 and bears interest at one-month LIBOR plus 6.0%. At the Company's option, the Nashville Hotel Loans may be extended for two additional one-year terms beyond their scheduled maturities, subject to Gaylord Opryland meeting certain financial ratios and other criteria. The Nashville Hotel Loans require monthly principal payments of \$667 during their three-year terms in addition to monthly interest payments. The terms of the Senior Loan and the Mezzanine Loan required the purchase of interest rate hedges in notional amounts equal to the outstanding balances of the Senior Loan and the Mezzanine Loan in order to protect against adverse changes in one-month LIBOR. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to one-month LIBOR at 7.5% as discussed in Note 10. The Company used \$235,000 of the proceeds from the Nashville Hotel Loans to refinance the Interim Loan discussed below. At closing, the Company was required to escrow certain amounts, including \$20,000 related to future renovations and related capital expenditures at Gaylord Opryland. The net proceeds from the Nashville Hotel Loans after refinancing of the Interim Loan, required

escrows and fees were approximately \$97,600. At December 31, 2001, the unamortized balance of the deferred financing costs related to the Nashville Hotel Loans was \$13,775. The weighted average interest rates for the Senior Loan and the Mezzanine Loan for 2001, including amortization of deferred financing costs, were 6.2% and 12.0%, respectively.

The terms of the Nashville Hotel Loans require that the Company maintain certain escrowed cash balances and comply with certain financial covenants, and impose limits on transactions with affiliates and indebtedness. The financial covenants under the Nashville Hotel Loans are structured such that noncompliance at one level triggers certain cash management restrictions and noncompliance at a second level results in an event of default. Based upon the financial covenant calculations at December 31, 2001, the cash management restrictions are in effect which requires that all excess cash flows, as defined, be escrowed and may be used to repay principal amounts owed on the Senior Loan. As of December 31, 2001, \$13,946 related to the cash management restrictions is included in restricted cash in the accompanying consolidated balance sheets.

The Company negotiated certain revisions to the financial covenants under the Nashville Hotel Loans and the Term Loan subsequent to December 31, 2001. After these revisions, the Company was in compliance with the covenants under the Nashville Hotel Loans and the covenants under the Term Loan in which the failure to comply would result in an event of default. There can be no assurance that the Company will remain in compliance with the covenants that would result in an event of default under the Nashville Hotel Loans or the Term Loan. Management's projections and related operating plans indicate the Company will remain in compliance with the revised financial covenants under the Nashville Hotel Loans and the Term Loan during the first and second quarters of 2002, albeit by a narrow margin. As with all projections, there can be no assurance that they will be achieved. In addition, the Company is attempting to sell certain non-core assets that would provide additional sources of capital. Any event of noncompliance that results in an event of default under the Nashville Hotel Loans or the Term Loan would enable the lenders to demand payment of all outstanding amounts, which would have a material adverse effect on the Company's financial position, results of operations and cash flows.

During 2000, the Company entered into a six-month \$200,000 interim loan agreement (the "Interim Loan") with Merrill Lynch Mortgage Capital, Inc. As of December 31, 2000, \$175,000 was outstanding under the Interim Loan. During 2000, the Company utilized \$83,161 of the proceeds from the Interim Loan to prepay the remaining contract payments required by the SFEC discussed in Note 9. During 2001, the Company increased the borrowing capacity under the Interim Loan to \$250,000. The Company used \$235,000 of the proceeds from the Nashville Hotel Loans discussed previously to refinance the Interim Loan during March 2001. The Interim Loan was secured by the assets of Gaylord Opryland and had a maturity date in April 2001. Amounts outstanding under the Interim Loan carried an interest rate of LIBOR plus an amount that increased monthly from 1.75% at inception to 3.5% by April 2001. In addition, the Interim Loan required a commitment fee of 0.375% per year on the average unused portion of the Interim Loan and a contingent exit fee of up to \$4,000, depending upon Merrill Lynch's involvement in the refinancing of the Interim Loan. The Company recognized a portion of the exit fee as interest expense in the

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

accompanying 2000 consolidated statement of operations. Pursuant to the terms of the Nashville Hotel Loans discussed previously, the contingencies related to the exit fee were removed and no payment of these fees was required. The weighted average interest rate, including amortization of deferred financing costs, under the Interim Loan for 2000 was 21.0%. The unamortized balance of the deferred financing costs related to the Interim

Loan was classified as current assets of \$2,809 at December 31, 2000.

In August 1997, the Company entered into a revolving credit facility (the "1997 Credit Facility") and utilized the proceeds to retire outstanding indebtedness. The lenders under the 1997 Credit Facility were a syndicate of banks with Bank of America, N.A. acting as agent. The Company utilized \$394,142 of the net proceeds from the SFEC in 2000 to repay all outstanding indebtedness under the 1997 Credit Facility as discussed in Note 9. As a result of the SFEC, the 1997 Credit Facility was terminated. The weighted average interest rates for borrowings under the 1997 Credit Facility for 2000 and 1999 were 7.3% and 6.2%, respectively.

Accrued interest payable at December 31, 2001 and 2000 was \$1,099 and \$3,176 respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets. Cash paid for interest for the years ended December 31 was comprised of:

	2001 -----	2000 -----	1999 -----
Debt interest paid	\$ 23,217	\$ 14,599	\$ 16,392
Deferred financing costs paid	25,906	195,452	--
Capitalized interest	(18,781)	(6,775)	(472)
	-----	-----	-----
Cash interest paid	\$ 30,342	\$ 203,276	\$ 15,920
	=====	=====	=====

## 12. INCOME TAXES

The provision (benefit) for income taxes from continuing operations for the years ended December 31 consists of:

	2001 -----	2000 -----	1999 -----
CURRENT:			
Federal	\$ --	\$ (25,492)	\$ 39,219
State	41	205	(2,374)
	-----	-----	-----
Total current provision (benefit)	41	(25,287)	36,845
	-----	-----	-----
DEFERRED:			
Federal	(3,292)	(24,329)	156,056
State	63	(251)	29,441
	-----	-----	-----
Total deferred provision (benefit)	(3,229)	(24,580)	185,497
	-----	-----	-----
Total provision (benefit) for income taxes	\$ (3,188)	\$ (49,867)	\$ 222,342
	=====	=====	=====

Provision is made for deferred federal and state income taxes in recognition of certain temporary differences in reporting items of income and expense for financial statement purposes and income tax purposes. The effective tax rate as applied to pretax income (loss) from continuing operations for the years ended December 31 differed from the statutory federal rate due to the following:

	2001 -----	2000 -----	1999 -----
Statutory federal rate	35%	35%	35%
State taxes	(1)	--	3
Foreign losses	(3)	(2)	--
Non-deductible losses	(1)	(1)	--

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of the net deferred tax liability at December 31 are:

	2001 -----	2000 -----
<b>DEFERRED TAX ASSETS:</b>		
Amortization	\$ 11,175	\$ 7,710
Accounting reserves and accruals	15,656	29,828
Net operating loss carryforward	39,309	21,640
Investments in stock	7,785	3,171
Other, net	14,033	10,829
	-----	-----
Total deferred tax assets	87,958	73,178
	-----	-----
<b>DEFERRED TAX LIABILITIES:</b>		
Depreciation	25,018	40,460
Accounting reserves and accruals	228,764	237,523
	-----	-----
Total deferred tax liabilities	253,782	277,983
	-----	-----
Net deferred tax liability	\$165,824	\$204,805
	=====	=====

Under the provisions of SFAS No. 109, "Accounting for Income Taxes", the Company evaluated the need for a valuation allowance related to its deferred tax assets. Based upon the expectation of future taxable income, the Company concluded that a valuation allowance is not required. At December 31, 2001, the Company had a net operating loss carryforward of \$110,827 of which \$66,660 will expire in 2020 and \$44,167 will expire in 2021. The Company provides reserves for various income tax contingencies, which reserves are included in deferred tax liabilities.

The tax benefits associated with the exercise of stock options were \$720, \$1,000 and \$1,443 in 2001, 2000 and 1999, respectively, and are reflected as an increase in additional paid-in capital in the accompanying consolidated statements of stockholders' equity. In 2001, the Company recorded a deferred tax asset of \$4,395 resulting from the recognition of the Company's minimum pension liability as required by SFAS No. 87 "Employers' Accounting for Pensions", as further discussed in Note 16.

The deferred income taxes resulting from the unrealized gain on the investment in the Viacom Stock was \$11,434 at December 31, 2000 and was reflected as a reduction in stockholders' equity. Effective January 1, 2001, the Company reclassified its investment in the Viacom Stock from available-for-sale to trading as defined by SFAS No. 115, which required the recognition of a deferred tax provision of \$11,434 in the accompanying consolidated statement of operations for the year ended December 31, 2001.

The Company reached a \$2,034 partial settlement of routine Internal Revenue Service audits of the Company's 1996-1997 tax returns during 2001. Net cash payments (refunds) for income taxes were approximately (\$21,700), (\$18,500), and \$30,400 in 2001, 2000 and 1999, respectively.

Holders of common stock are entitled to one vote per share. During 2000, the Company's Board of Directors voted to discontinue the payment of dividends on its common stock. The Company paid common stock dividends of \$26,355 during the year ended December 31, 1999.

14. STOCK PLANS

At December 31, 2001 and 2000, 3,053,737 and 2,352,712 shares, respectively, of the Company's common stock were reserved for future issuance pursuant to the exercise of stock options under stock option and incentive plans. Under the terms of these plans, stock options are granted with an exercise price equal to the fair market value at the date of grant and generally expire ten years after the date of grant. Generally, stock options granted to non-employee

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

directors are exercisable immediately, while options granted to employees are exercisable two to five years from the date of grant. The Company accounts for these plans under APB Opinion No. 25 and related interpretations, under which no compensation expense for employee and non-employee director stock options has been recognized. If compensation cost for these plans had been determined consistent with SFAS No. 123, the Company's net income (loss) and income (loss) per share for the years ended December 31 would have been reduced (increased) to the following pro forma amounts:

	2001 -----	2000 -----	1999 -----
NET INCOME (LOSS):			
As reported	\$ (47,743)	\$ (153,470)	\$ 349,792
	=====	=====	=====
Pro forma	\$ (49,447)	\$ (154,827)	\$ 347,756
	=====	=====	=====
INCOME (LOSS) PER SHARE:			
As reported	\$ (1.42)	\$ (4.60)	\$ 10.63
	=====	=====	=====
Pro forma	\$ (1.47)	\$ (4.64)	\$ 10.57
	=====	=====	=====
INCOME (LOSS) PER SHARE - ASSUMING DILUTION:			
As reported	\$ (1.42)	\$ (4.60)	\$ 10.53
	=====	=====	=====
Pro forma	\$ (1.47)	\$ (4.64)	\$ 10.47
	=====	=====	=====

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2001, 2000 and 1999, respectively: risk-free interest rates of 4.9%, 5.5% and 6.5%; expected volatility of 32.3%, 38.3% and 31.0%; expected lives of 5.4, 7.3 and 7.5 years; expected dividend rates of 0%, 0% and 2.7%. The weighted average fair value of options granted was \$9.85, \$13.52 and \$10.02 in 2001, 2000 and 1999, respectively.

The plans also provide for the award of restricted stock. At December 31, 2001 and 2000, awards of restricted stock of 109,867 and 3,000 shares, respectively, of common stock were outstanding. The market value at the date of grant of these restricted shares was recorded as unearned compensation as a component of stockholders' equity. Unearned compensation is amortized and expensed over the vesting period of the restricted stock.

Stock option awards available for future grant under the stock plans at

December 31, 2001 and 2000 were 1,177,345 and 2,188,780 shares of common stock, respectively. Stock option transactions under the plans are summarized as follows:

	2001	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	2,352,712	\$ 26.38
Granted	1,544,600	25.35
Exercised	(203,543)	11.44
Canceled	(640,032)	27.59
Outstanding at end of year	3,053,737	\$ 26.60
Exercisable at end of year	1,235,324	\$ 27.39

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2000	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	2,604,213	\$ 25.74
Granted	749,700	26.65
Exercised	(178,335)	10.36
Canceled	(822,866)	28.10
Outstanding at end of year	2,352,712	\$ 26.38
Exercisable at end of year	1,138,681	\$ 24.18

	1999	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	2,491,081	\$ 24.42
Granted	730,847	28.76
Exercised	(461,995)	21.92
Canceled	(155,720)	30.03



Outstanding at end of year	----- 2,604,213 =====	----- \$ 25.74 =====
Exercisable at end of year	----- 1,123,698 =====	----- \$ 21.43 =====

A summary of stock options outstanding at December 31, 2001 is as follows:

OPTION EXERCISE PRICE RANGE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	NUMBER OF SHARES EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
-----	-----	-----	-----	-----
\$19.91 - 26.00	\$ 24.01	1,370,405	327,355	8.1 YEARS
26.01 - 30.00	27.99	1,419,832	767,299	7.2 YEARS
30.01 - 34.00	32.54	263,500	140,670	6.4 YEARS
-----	-----	-----	-----	-----
\$19.91 - 34.00	\$ 26.60	3,053,737	1,235,324	7.6 YEARS
=====	=====	=====	=====	=====

The Company has an employee stock purchase plan whereby substantially all employees are eligible to participate in the purchase of designated shares of the Company's common stock at a price equal to the lower of 85% of the closing price at the beginning or end of each quarterly stock purchase period. The Company issued 11,965, 13,666 and 3,007 shares of common stock at an average price of \$18.27, \$21.19 and \$25.08 pursuant to this plan during 2001, 2000 and 1999, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. COMMITMENTS AND CONTINGENCIES

Rental expense related to continuing operations for operating leases was \$2,797, \$2,703 and \$3,203 for 2001, 2000 and 1999, respectively. Future minimum cash lease commitments under all noncancelable operating leases in effect for continuing operations at December 31, 2001 are as follows:

2002	\$ 5,024
2003	4,960
2004	4,836
2005	4,428
2006	4,287
Years thereafter	689,165
	-----
Total	\$ 712,700
	=====

The Company entered into a 75-year operating lease agreement during 1999 for 65.3 acres of land located in Osceola County, Florida for the development of Gaylord Palms. The lease requires annual lease payments of approximately \$873 until the completion of construction in 2002, at which point the annual lease payments increase to approximately \$3,200. The lease agreement provides for a 3% escalation of base rent each year beginning five years after the opening of Gaylord Palms. As required by SFAS No. 13, the terms of this lease require that the Company recognize the lease expense on a straight-line basis, which will result in an annual lease expense of approximately \$9,750, resulting in approximately \$6,550 of

annual non-cash expenses during the early years of the lease. The Company is currently attempting to renegotiate certain terms of the lease in an attempt to more closely align the economic cost of the lease with the impact on the Company's results of operations. At the end of the 75-year lease term, the Company may extend the operating lease to January 31, 2101, at which point the buildings and fixtures will be transferred to the lessor.

During 1999, the Company entered into a construction contract for the development of Gaylord Palms. The Company expects total payments to approximate \$300,000 related to the construction contract. Gaylord Palms opened in January 2002. As of December 31, 2001, the Company has paid approximately \$272,900 related to this construction contract, which is included as construction in progress in property and equipment in the accompanying consolidated balance sheets.

During 2001 and 2002, the Company entered into certain agreements related to the construction of a new Gaylord hotel in Grapevine, Texas. The Company expects payments of approximately \$190,000 related to these agreements. At December 31, 2001, the Company has paid approximately \$53,500 related to these agreements, which is included as construction in progress in property and equipment in the accompanying consolidated balance sheets.

Additional long-term financing is required to fund the Company's construction commitments related to its hotel development projects and to fund its operating losses on a long-term basis. While the Company is negotiating various alternatives for its financing needs, there is no assurance that financing will be secured or that it will be on terms that are acceptable to the Company. Management currently anticipates securing long-term financing for its hotel development and construction projects including the new Gaylord hotel in Grapevine, Texas; however, if the Company is unable to secure additional long-term financing, capital expenditures will be curtailed to ensure adequate liquidity to fund the Company's operations. Currently, the Company's management believes that the net cash flows from operations, together with the amount expected to be available from the Company's current and future financing arrangements and expected proceeds from the sale of non-core assets, will be sufficient to satisfy anticipated future cash requirements, including its projected capital expenditures, on both a short-term and long-term basis.

During 2000, the Company was notified by the utility company that provides water and sewer services to Gaylord Opryland of an assessment dating back to 1995 for unbilled services. The Company contested the assessment and settled the dispute by agreeing to pay \$2,600, which was charged to operations for the year ended December 31, 2000 in the accompanying consolidated statements of operations.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company was notified during 1997 by Nashville governmental authorities of an increase in appraised value and property tax rates related to Gaylord Opryland resulting in an increased tax assessment. The Company contested the increases and was awarded a partial reduction in the assessed values. During the year ended December 31, 2000, the Company recognized a pretax charge to operations of \$1,149 for the resolution of the property tax dispute.

During 1999, the Company entered into a 20-year naming rights agreement related to the Nashville Arena with the Nashville Predators. The Nashville Arena has been renamed the Gaylord Entertainment Center as a result of the agreement. A director of the Company owns a majority equity interest in the Nashville Predators. The contractual commitment required the Company to pay \$2,050 during the first year of the contract, with a 5% escalation each year for the remaining term of the agreement. The Company is accounting for the naming rights agreement expense on a straight-line basis over the

20-year contract period. The Company recognized naming rights expense of \$3,389 for the years ended December 31, 2001 and 2000, and \$1,412 during the period of 1999 subsequent to entering into the agreement, which is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

The Company has purchased stop-loss coverage in order to limit its exposure to any significant levels of claims relating to workers' compensation, employee medical benefits and general liability for which it is self-insured.

The Company is involved in a class action lawsuit related to Gaylord Opryland related to the manner in which the hotel distributes service and delivery charges to certain employees. The Company intends to vigorously contest this matter and at December 31, 2001, has not accrued any liabilities related to it. If the Company is unsuccessful in its defense of this matter, it could have a material adverse effect on its future results of operations.

The Company is involved in certain legal actions and claims on a variety of other matters. It is the opinion of management that such legal actions will not have a material effect on the results of operations, financial condition or liquidity of the Company.

#### 16. RETIREMENT PLANS

Prior to January 1, 2001, the Company maintained a noncontributory defined benefit pension plan in which substantially all of its employees were eligible to participate upon meeting the pension plan's participation requirements. The benefits were based on years of service and compensation levels. On January 1, 2001 the Company amended its defined benefit pension plan to determine future benefits using a cash balance formula. On December 31, 2000, benefits credited under the plan's previous formula were frozen. Under the cash formula, each participant had an account which was credited monthly with 3% of qualified earnings and the interest earned on their previous month-end cash balance. In addition, the Company included a "grandfather" clause which assures that the participant will receive the greater of the benefit calculated under the cash balance plan and the benefit that would have been payable if the defined benefit plan had remained in existence. The benefit payable to a vested participant upon retirement at age 65, or age 55 with 15 years of service, is equal to the participant's account balance, which increases based upon length of service and compensation levels. At retirement, the employee generally receives the balance in the account as a lump sum. The funding policy of the Company is to contribute annually an amount which equals or exceeds the minimum required by applicable law.

The following table sets forth the funded status at December 31:

	2001	2000
	-----	-----
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at beginning of year	\$ 57,609	\$ 56,262
Service cost	2,592	2,564
Interest cost	4,288	3,911
Amendments	1,866	--
Actuarial gain	(2,763)	(627)
Benefits paid	(4,880)	(4,501)
	-----	-----
Benefit obligation at end of year	58,712	57,609
	-----	-----

	2001	2000
	-----	-----
CHANGE IN PLAN ASSETS:		
Fair value of plan assets at beginning of year	52,538	49,890
Actual return on plan assets	(6,030)	3,908
Employer contributions	2,574	3,241
Benefits paid	(4,880)	(4,501)
	-----	-----
Fair value of plan assets at end of year	44,202	52,538
	-----	-----
Funded status	(14,510)	(5,071)
Unrecognized net actuarial loss	14,829	7,600
Unrecognized prior service cost	3,750	2,285
Adjustment for minimum liability	(14,779)	--
	-----	-----
Prepaid (accrued) pension cost	\$ (10,710)	\$ 4,814
	=====	=====

Net periodic pension expense reflected in the accompanying consolidated statements of operations included the following components for the years ended December 31:

	2001	2000	1999
	-----	-----	-----
Service cost	\$ 2,592	\$ 2,564	\$ 3,188
Interest cost	4,288	3,911	3,999
Expected return on plan assets	(4,131)	(3,963)	(3,862)
Recognized net actuarial loss	169	107	709
Amortization of prior service cost	402	211	211
	-----	-----	-----
Total net periodic pension expense	\$ 3,320	\$ 2,830	\$ 4,245
	=====	=====	=====

For both 2001 and 2000, the weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5%, the rate of increase in future compensation levels was 4% and the expected long-term rate of return on plan assets was 8%. Plan assets are invested in a diverse portfolio that primarily consists of equity and debt securities.

The Company also maintains non-qualified retirement plans (the "Non-Qualified Plans") to provide benefits to certain key employees. The Non-Qualified Plans are not funded and the beneficiaries' rights to receive distributions under these plans constitute unsecured claims to be paid from the Company's general assets. At December 31, 2001, the Non-Qualified Plans' projected benefit obligations were \$10,368 and its accumulated benefit obligations were \$10,042.

The Company's accrued cost related to its qualified and non-qualified retirement plans of \$20,752 at December 31, 2001 is included in other long-term liabilities in the accompanying consolidated balance sheets. The increase in the minimum liability related to the Company's retirement plans resulted in a 2001 charge to equity, net of taxes, of \$8,162 which is included in other comprehensive loss in the accompanying consolidated statement of stockholders' equity.

The Company also has contributory retirement savings plans in which substantially all employees are eligible to participate. The Company contributes an amount equal to the lesser of one-half of the amount of the employee's contribution or 3% of the employee's salary. Company contributions under the retirement savings plans were \$1,498, \$1,615 and

\$1,892 for 2001, 2000 and 1999, respectively.

Effective December 31, 2001, the Company amended its retirement plans and its retirement savings plan whereby the retirement cash balance benefit was frozen and whereby future Company contributions to the retirement savings plan will include 2% to 4% of the employee's salary, based upon the Company's financial performance, in addition to the one-half match of the employee's salary up to a maximum of 3% as described above. As a result of these changes to the retirement plans, the Company expects to record a pretax charge to operations of approximately \$5,700 in the first quarter of 2002 related to the write-off of unamortized prior service cost in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", and related interpretations.

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17. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company sponsors unfunded defined benefit postretirement health care and life insurance plans for certain employees. The Company contributes toward the cost of health insurance benefits and contributes the full cost of providing life insurance benefits. In order to be eligible for these postretirement benefits, an employee must retire after attainment of age 55 and completion of 15 years of service, or attainment of age 65 and completion of 10 years of service. The Company's Benefits Trust Committee determines retiree premiums.

The following table reconciles the change in benefit obligation of the postretirement plans to the accrued postretirement liability as reflected in other liabilities in the accompanying consolidated balance sheets at December 31:

	2001 -----	2000 -----
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at beginning of year	\$ 12,918	\$ 15,432
Service cost	688	736
Interest cost	946	923
Actuarial gain	--	(3,441)
Contributions by plan participants	101	90
Benefits paid	(988)	(822)
	-----	-----
Benefit obligation at end of year	13,665	12,918
Unrecognized net actuarial gain	13,038	13,864
	-----	-----
Accrued postretirement liability	\$ 26,703	\$ 26,782
	=====	=====

Net postretirement benefit expense reflected in the accompanying consolidated statements of operations included the following components for the years ended December 31:

	2001 -----	2000 -----	1999 -----
Service cost	\$ 688	\$ 736	\$ 1,815
Interest cost	946	923	1,518
Recognized net actuarial gain	(826)	(811)	(207)
	-----	-----	-----
Net postretirement benefit expense	\$ 808	\$ 848	\$ 3,126

For measurement purposes, a 9% annual rate of increase in the per capita cost of covered health care claims was assumed for 2001. The health care cost trend is projected to be 8% in 2002 and then decline 0.5% each year thereafter to an ultimate level trend rate of 5.5% per year for 2007 and beyond. The health care cost trend rates are not applicable to the life insurance benefit plan. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, a 1% increase in the assumed health care cost trend rate each year would increase the accumulated postretirement benefit obligation as of December 31, 2001 by approximately 12% and the aggregate of the service and interest cost components of net postretirement benefit expense would increase approximately 16%. Conversely, a 1% decrease in the assumed health care cost trend rate each year would decrease the accumulated postretirement benefit obligation as of December 31, 2001 by approximately 10% and the aggregate of the service and interest cost components of net postretirement benefit expense would decrease approximately 13%. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7.5% for 2001 and 2000.

The Company amended the plans effective December 31, 2001 such that only active employees whose age plus years of service total at least 60 and who have at least 10 years of service as of December 31, 2001 remain eligible. In connection with the amendment and curtailment of the plans and in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and related interpretations, the Company measured a gain of \$6,779, which will be recognized in future periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. SUBSEQUENT EVENTS

Subsequent to December 31, 2001, the Company disclosed that it intended to dispose of its ownership interests in the Oklahoma Redhawks and certain real estate, as well as its investments in the Nashville Predators and Opry Mills. In addition, the Company stated that it was evaluating strategic alternatives with regard to Acuff-Rose Music Publishing and its investment in Bass Pro.

The Job Creation and Worker Assistance Act of 2002 was enacted on March 9, 2002. This legislation allows a five-year carryback for losses incurred in 2001. This change in tax law will allow the Company to recover during 2002 approximately \$15,600 of federal income taxes previously paid related to losses incurred in 2001.

Subsequent to December 31, 2001, the Company finalized a transaction to sell certain assets of its Asia and Brazil networks, including the assignment of certain transponder leases. The transponder lease assignment requires the Company to guarantee lease payments in 2002 from the acquirer of these networks. As a result of the transponder lease assignment, the Company may reduce its recorded transponder lease liabilities in 2002.

19. FINANCIAL REPORTING BY BUSINESS SEGMENTS

The Company's continuing operations are organized and managed based upon its products and services. The following information from continuing operations is derived directly from the segments' internal financial reports used for corporate management purposes.

REVENUES:			
Hospitality	\$ 228,712	\$ 237,260	\$ 239,248
Attractions	65,878	63,235	57,760
Media	24,157	29,013	62,059
Corporate and other	6,412	5,954	10,784
Total	\$ 325,159	\$ 335,462	\$ 369,851
DEPRECIATION AND AMORTIZATION:			
Hospitality	\$ 25,593	\$ 24,447	\$ 22,828
Attractions	5,810	6,443	6,396
Media	2,578	9,650	5,918
Corporate and other	7,294	7,040	7,591
Total	\$ 41,275	\$ 47,580	\$ 42,733
OPERATING INCOME (LOSS):			
Hospitality	\$ 33,915	\$ 45,949	\$ 43,700
Attractions	(2,372)	(8,025)	(6,063)
Media	1,665	(31,500)	2,153
Corporate and other	(39,399)	(38,626)	(27,806)
Preopening costs	(15,141)	(5,278)	(1,892)
Impairment and other charges	(14,262)	(76,597)	--
Restructuring charges	(2,182)	(13,098)	(2,786)
Merger costs	--	--	1,741
Total	\$ (37,776)	\$ (127,175)	\$ 9,047

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2001	2000	1999
IDENTIFIABLE ASSETS:			
Hospitality	\$ 948,284	\$ 660,604	\$ 462,949
Attractions	88,620	89,065	104,722
Media	35,342	46,805	84,940
Corporate and other	998,503	918,963	845,694
Total	\$ 2,070,749	\$ 1,715,437	\$ 1,498,305
CAPITAL EXPENDITURES:			
Hospitality	\$ 277,643	\$ 211,000	\$ 56,140
Attractions	2,471	6,279	7,138
Media	151	8,152	10,789
Corporate and other	873	5,062	5,639
Total	\$ 281,138	\$ 230,493	\$ 79,706

20. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	2001			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 83,404	\$ 78,596	\$ 74,873	\$ 88,286
Depreciation and amortization	10,254	10,432	10,317	10,272
Operating loss	(2,562)	(14,418)	(7,082)	(13,714)
Loss from discontinued operations, net of taxes	(6,895)	(3,927)	(20,697)	(20,845)
Net income (loss)	24,124	(3,558)	(45,161)	(23,148)
Net income (loss) per share	0.72	(0.11)	(1.35)	(0.69)
Net income (loss) per share - assuming dilution	0.72	(0.11)	(1.35)	(0.69)

	2000			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 73,923	\$ 91,261	\$ 82,954	\$ 87,324
Depreciation and amortization	10,925	11,882	11,552	13,221
Operating loss	(11,788)	(7,248)	(11,129)	(97,010)
Loss from discontinued operations, net of taxes	(4,481)	(5,134)	(7,801)	(31,323)
Net loss	(15,041)	(14,243)	(19,050)	(105,136)
Net loss per share	(0.45)	(0.43)	(0.57)	(3.14)
Net loss per share - assuming dilution	(0.45)	(0.43)	(0.57)	(3.14)

The sum of the quarterly per share amounts may not equal the annual totals due to rounding.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the fourth quarter of 2001, the Company recognized a pretax loss of \$2,874 from continuing operations representing impairment and other charges and pretax restructuring charges from continuing operations of \$5,849 offset by a pretax reversal of restructuring charges of \$1,363 originally recorded during the fourth quarter of 2000.

During the third quarter of 2001, the Company adopted the provisions of SFAS No. 144, with an effective date of January 1, 2001. As a result of the adoption of SFAS No. 144, the Company has reflected certain business as described in Note 4 as discontinued operations. The adoption of SFAS No. 144 resulted in a change in the Company's net loss for the second quarter of 2001 due to the Company's international cable networks, which, effective June 1, 2001, had been accounted for as discontinued operations under APB Opinion No. 30.

During the second quarter of 2001, the Company recognized pretax impairment and other charges of \$11,388. Also during the second quarter of 2001, the company recorded a reversal of \$2,304 of the restructuring charges originally recorded during the fourth quarter of 2000.

During the fourth quarter of 2000, the Company recognized a pretax loss of \$76,597 from continuing operations representing impairment and other charges and pretax restructuring charges from continuing operations of \$13,098.

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CREDIT AGREEMENT

BY AND AMONG

GAYLORD ENTERTAINMENT COMPANY, AS BORROWER

OPRYLAND HOTEL - FLORIDA LIMITED PARTNERSHIP, AS CO-BORROWER

AND

THE LENDERS PARTY HERETO

AND

BANKERS TRUST COMPANY  
AS ADMINISTRATIVE AGENT

OCTOBER 9, 2001

WITH

DEUTSCHE BANC ALEX. BROWN INC.  
AND SALOMON SMITH BARNEY, INC.,  
AS JOINT BOOK RUNNING MANAGERS

DEUTSCHE BANC ALEX. BROWN INC.,  
SALOMON SMITH BARNEY, INC.  
AND CIBC WORLD MARKETS CORP.,  
AS CO-LEAD ARRANGERS

SALOMON SMITH BARNEY, INC., AS SYNDICATION AGENT

AND

CIBC WORLD MARKETS CORP., AS DOCUMENTATION AGENT

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CREDIT AGREEMENT

This Agreement, dated as of October 9, 2001 (the "Effective Date"), is among Gaylord Entertainment Company, a Delaware corporation, as Borrower, Opryland Hotel-Florida Limited Partnership, as Co-Borrower, the Lenders, Bankers Trust Company, as Administrative Agent, Deutsche Banc Alex. Brown Inc., Salomon Smith Barney, Inc. and CIBC World Markets Corp., as Co-Lead Arrangers, Salomon Smith Barney, Inc., as Syndication Agent and CIBC World Markets Corp., as Documentation Agent;

W I T N E S S E T H:

WHEREAS, subject to and upon the terms and conditions herein set forth, the Lenders are willing to make available to the Borrower the credit facility provided for herein;

NOW, THEREFORE, IT IS AGREED:

#### ARTICLE I

#### DEFINITIONS

As used in this Agreement:

"Account Collateral" is defined in Section 6.39.

"Account Holders" is defined in Section 6.39.

"Account Control Agreement" means, (a) in the case of the Completion Reserve Account, the Account Pledge, Assignment and Control Agreement dated as of the Effective Date, between Borrower, Administrative Agent and Bankers Trust Company (the "Reserve Account Bank"), (b) in the case of the FF&E Reserve Account, the Account Pledge, Assignment and Control Agreement, substantially in the form of the Agreement referred to in the preceding clause (a) to be entered into on or before May 1, 2002 in accordance with Section 2.20.5, between Co-Borrower, Administrative Agent and the Reserve Account Bank with respect to the FF&E Reserve Account and (c) in the case of the Interest Reserve Account, the Account Pledge, Assignment and Control Agreement, substantially in the form of the Agreement referred to in the preceding clause (a), to be entered into on or before May 1, 2002 in accordance with Section 2.20.3, between Borrower, Administrative Agent and the Reserve Account Bank with respect to the Interest Reserve Account.

"Accounts" is defined in Section 6.39.

"Administrative Agent" means Bankers Trust Company, in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Article X.

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"Adjusted Debt Service" as of any determination date means the product obtained by multiplying (i) the Aggregate Outstanding Credit Exposure as of such date by (ii) the Assumed Rate as of such date.

"Adjusted NOI" for any period means Net Operating Income with respect to the Project for such period, less the sum of (a) an assumed management fee of 5% of Gross Revenues for such period, (b) actual deposits required to be made into the FF&E Reserve Account for such period hereunder and (c) ground rents payable for such period under the Hotel Ground Lease, all to the extent not already deducted in determining Net Operating Income, and as adjusted for real estate taxes as follows: for the first 12 full calendar months following the Completion Date, real estate taxes shall be deemed to be the greater of (i) actual real estate taxes for such period or (ii) Five Million Dollars (\$5,000,000.00).

"Adjustment Date" means the date on which all of the following have occurred: (a) Gaylord Creative Group, Inc. has been released from the Guaranty in accordance with Section 6.17(d) hereof, (b) Net Cash Proceeds in respect of the Asset Sale resulting in such release have been applied to prepayment of the Loans and (c) the Opening Date has occurred.

"Advance" means a borrowing hereunder, (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurodollar Loans, for the same Interest Period.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 50% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agency Fee" is defined in Section 2.5.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders, as reduced from time to time pursuant to the terms hereof.

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all the Lenders.

"Agreement" means this Credit Agreement, as it may be amended or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time ("GAAP"), applied in a manner consistent with that used in preparing the financial statements referred to in Section 6.1(i).

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Lending Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

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"Applicable Margin" means the following:

- (a) with respect to Eurodollar Advances: 3.375%; and
- (b) with respect to Floating Rate Advances: 2.125%

"Appraisal" means, with respect to the Project, the appraisal by CB Richard Ellis and obtained by the Administrative Agent prior to the Effective Date or another written appraisal prepared by an appraiser selected and engaged by the Administrative Agent and in all respects acceptable to the Required Lenders as an approved Appraisal for purposes of this Agreement, using assumptions and containing information approved by the Administrative Agent and conforming with the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, reformed or otherwise modified from time to time, and any rules promulgated to implement such provisions.

"Approved Construction Budget" means the Initial Construction Budget as and when approved by the Administrative Agent on the advice of the Construction Consultant on or before the date which is 30 days after the Effective Date, together with any modifications thereto so approved and any further modifications thereto made thereafter that are either Permissible Modifications or are approved in writing by Borrower, Co-Borrower and the Administrative Agent in accordance with the terms of this Agreement.

"Approved Construction Costs" means the Construction Costs identified by line item category and dollar amount in the Approved Construction Budget (or, until the Approved Construction Budget is in effect, the Initial Construction Budget).

"Approved FF&E Budget" means Co-Borrower's budget for normal maintenance capital expenditures, as in effect and approved by the Administrative Agent from time to time.

"Approved Plans and Specifications" means the Plans and Specifications, together with any modifications thereto which are after the Effective Date approved in writing by Borrower, Co-Borrower and, to the extent such

modifications are not Permissible Modifications, the Administrative Agent.

"Approved Project Schedule" means the Project Schedule, together with any modifications thereto which are after the Effective Date approved in writing by Borrower, Co-Borrower and, to the extent such modifications are not Permissible Modifications, the Administrative Agent.

"Architect's Certificate" means the form of Architect's Certificate attached hereto as Exhibit A, as the same may be revised from time to time with the written consent of Borrower and the Administrative Agent.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Asset Sale" means (a) the sale, lease (other than operating leases in respect of facilities which are ancillary to the operation of Borrower's or a Subsidiary's properties), conveyance or

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other disposition of any property or assets of Borrower or any Subsidiary of Borrower (including by way of a sale-leaseback transaction and including a disposition by Borrower or a Subsidiary of Equity Interests in a Subsidiary), (b) the issuance or sale of Equity Interests of any of the Borrower's Subsidiaries or (c) any event of loss by reason of casualty, condemnation or otherwise, other than, with respect to clauses (a), (b), and (c) above, the following: (1) the sale or disposition of personal property held for sale in the ordinary course of business, (2) the sale or disposal of damaged, worn out or other obsolete property in the ordinary course of business so long as such property is no longer necessary for the proper conduct of the business of Borrower or such Subsidiary, as applicable, or is simultaneously replaced with similar property, (3) the transfer of assets (other than assets that constitute Collateral) by Borrower to Co-Borrower or a Subsidiary Guarantor or by a Subsidiary of Borrower to Borrower, Co-Borrower or a Subsidiary Guarantor.

"Assumed Rate" means, as of any date of determination thereof, the higher of (i) the weighted average annual interest rate on the Loans for the then most-recently ended period of four consecutive Fiscal Quarters and (ii) 9% per annum.

"Authorized Officer" means either the Chief Executive Officer or the Chief Financial Officer of Borrower, acting singly, or such other representative of Borrower designated from time to time by the Borrower, in a written notice signed by Borrower and delivered to the Administrative Agent.

"Available Aggregate Commitment" means (a) at any time on or prior to May 1, 2002, the Aggregate Commitment then in effect minus the Aggregate Outstanding Credit Exposure at such time and (b) at any time after May 1, 2002, zero.

"Balancing Notice" is defined in Section 2.20.4.

"Balancing Payment" is defined in Section 2.20.4.

"Blocked Commitment Amount" is defined in Section 2.20.3.

"Borrower" means Gaylord Entertainment Company, a Delaware corporation.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Budget Approval Notice" is defined in Section 2.20.4(b).

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all

of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

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"Capex Restriction Date" is defined in Section 6.18(b).

"Capital Stock" means, with respect to any Person, any capital stock, partnership or joint venture interests of such Person and shares, interests, participations or other ownership interests (however designated) of any Person and any rights (other than debt securities convertible into any of the foregoing), warrants or options to purchase any of the foregoing.

"Capital Expenditures" means with respect to any Person, all expenditures by such Person which should be capitalized in accordance with Agreement Accounting Principles, including all such expenditures with respect to fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with Agreement Accounting Principles) and the amount of capital assets associated with Capitalized Lease Obligations incurred by such Person (which shall be deemed to include (i) expenditures by such Person to acquire stock or other evidence of beneficial ownership of any other Person for the purpose of acquiring the capital assets of such Person (to the extent of such capital assets) and (ii) expenditures for fixed or capital equipment or real property).

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest, and (iv) investments in money market funds substantially all of the assets of which are comprised of investments of the types described in clauses (i) through (iii) above or corporate securities (other than commercial paper) with maturities of 397 days or less, provided that the weighted average maturity of such securities does not exceed 90 days.

"Change of Control" means the occurrence of any of the following: (i) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of Borrower's assets to any person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act), (ii) the adoption of a plan relating to the liquidation or dissolution of Borrower, (iii) the acquisition by any person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act) of a direct or indirect interest in more than 50% of the ownership of Borrower or the voting power of the voting stock of Borrower by way of purchase, merger or consolidation or otherwise (other than a creation of a holding company that does not involve a change in the beneficial ownership of Borrower as a result of such transaction), (iv) any consolidation of Borrower with, or merger of Borrower into, any other Person or any merger of another Person into Borrower, in each case with the effect that immediately after such transaction the stockholders of Borrower immediately prior to such transaction hold less than 50% of the total



voting power of all securities generally entitled to vote in the election of directors, managers, or trustees of the Person surviving such merger or consolidation, (v) the first day on which a majority of the members of the Board of Directors of Borrower are not Continuing Directors or (vi) Borrower ceases to own, directly or indirectly 100% of all ownership interests in Co-Borrower or Opryland Hotel Nashville, LLC, a Delaware limited liability company or Borrower or Co-Borrower is otherwise in breach of Section 6.16 or Section 6.17(a). A "beneficial owner" shall be determined in accordance with Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act, as in effect on the date hereof.

"Claim" means any claim, action, suit or demand, by any Person, of whatsoever kind or nature for any alleged Liabilities and Costs, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, Permit, ordinance or regulation, common law or otherwise.

"Co-Borrower" means Opryland Hotel - Florida Limited Partnership, a Florida limited partnership.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" means all Property and interests in Property (now owned or hereafter acquired) upon which a Lien is granted under any of the Loan Documents, including the Project.

"Collateral Assignments" means (a) that certain Assignment of Lessor's Interest in Leases and Rents of even date herewith executed and delivered by Co-Borrower in favor of the Administrative Agent, for the benefit of the Lenders and other Holders of Secured Obligations, as it may be amended or modified and in effect from time to time and (b) that certain Assignment of Agreements, Licenses, Permits and Contracts of even date herewith executed and delivered by Co-Borrower in favor of the Administrative Agent, for the benefit of the Lenders and other Holders of Secured Obligations, as it may be amended or modified and in effect from time to time.

"Collateral Documents" means, collectively, the Mortgage, the Pledge Agreement, the Collateral Assignments, the Account Control Agreements and all other Loan Documents under which a Lien is granted in, against or with respect to the Project or any other Property.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans to the Borrower in an aggregate amount not exceeding the amount set forth for such Lender in Schedule 2 or as set forth in any instrument of assignment relating to any assignment that has become effective pursuant to Section 12.3.2, as such amount may be reduced from time to time pursuant to Section 2.1 or the other applicable terms hereof.

"Completion" with respect to the Project means the occurrence of all of the following (collectively, the "Completion Conditions"):

(a) Construction of the Project shall be completed substantially in accordance with the Approved Plans and Specifications and all Laws, and (i) the Administrative Agent shall have received a report with respect thereto from the Construction Consultant, reasonably

satisfactory to the Administrative Agent, and (ii) the Co-Borrower shall have delivered to the Administrative Agent certifications with respect thereto executed by the Co-Borrower, the Project General Contractor and the Project Architect (in the respective forms attached as Exhibits E-1, E-2 and E-3),

properly completed.

(b) The entire Project shall have opened for business to the general public and shall be accepting paying guests on a regular daily and nightly basis.

(c) Co-Borrower shall have furnished to the Administrative Agent a copy of the valid, permanent certificate or certificates of occupancy with respect to the Project, including all aspects of the hotel and spa and convention center facilities and all other material Improvements for which certificates of occupancy are required under applicable Laws, and copies of all other Permits required under applicable Laws or otherwise necessary for the use, occupancy and operation of the entire Project.

(d) Co-Borrower shall have furnished the Administrative Agent with copies of all Required Lien Waivers necessary to cause the Date Down Endorsement described in clause (f) of this definition to be issued.

(e) Co-Borrower shall have furnished the Administrative Agent with an updated Survey of the Project, showing the Improvements completed on the Project with the dimensions thereof and distances to the property lines, utilities, easements, parking areas and spaces, as well as any set-back requirements or violations of the same, and encroachments by the Improvements on easement areas and adjoining property and encroachments on the Project; and encroachments or violations shall have been insured against under the Mortgage Title Insurance Policy for the Project and shall have been determined to be reasonably acceptable to the Administrative Agent.

(f) Co-Borrower shall have furnished the Administrative Agent a Date Down Endorsement which continues the coverage under and all existing endorsements to the Mortgage Title Insurance Policy to a current date and also includes a Form 9 endorsement and an updated survey endorsement based on the Title Insurer's review of the "as built" Survey, each based on the Improvements to the Project as completed, without exception for any matter not previously approved by the Administrative Agent in writing. Co-Borrower shall also have furnished the Administrative Agent with evidence reasonably satisfactory to the Administrative Agent regarding the compliance of all aspects of the Project with applicable zoning, subdivision and land use Requirements of Law.

(g) All fixtures, furniture, furnishings, equipment and other property contemplated under the Approved Construction Budget and the Approved Plans and Specifications to be incorporated into or installed in the Project (with the exception of de minimis items having no adverse effect on the operation of the Project and reasonably expected to be completed within 90 days after the Completion Date) shall have been so incorporated or installed free and clear of all Liens (other than mechanics' liens being contested in accordance with the provision in Section 6.5(b) hereof and other Customary Permitted Liens), and Co-Borrower shall have furnished the Administrative Agent with current searches of all Uniform Commercial Code financing statements filed against Co-Borrower, as debtor, in such offices and

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jurisdictions as the Administrative Agent may require, showing no Uniform Commercial Code financing statements are filed against Co-Borrower (other than those filed in favor of the Administrative Agent for the benefit of the Holders of the Secured Obligations and in favor of equipment lessors under equipment leases otherwise permitted under this Agreement).

(h) Co-Borrower shall have furnished evidence reasonably satisfactory to the Administrative Agent that the Project as completed has adequate water, gas and electrical supply, storm and sanitary sewage facilities and other required utilities, and adequate means of vehicular and pedestrian ingress and egress to public streets.

(i) The Project shall be undamaged by fire or other cause, or if

damaged, shall have been fully repaired and restored and there shall be no condemnation or eminent domain proceedings pending or threatened against the Project.

(j) The Administrative Agent (i) shall have approved in writing and received an executed copy of the Management Agreement, which shall be reasonably satisfactory to the Administrative Agent, and (ii) shall be satisfied in its reasonable discretion that such agreement is sufficient to provide for suitable pre-opening, management and operating services for the Project.

"Completion Date" means the date on which all Completion Conditions have been met.

"Completion Reserve Account" as defined in Section 2.20.4.

"Consent and Agreement" as defined in Section 4.2.

"Consolidated EBIT" means for any period, the Consolidated Net Income of the Borrower and its Consolidated Subsidiaries determined on a consolidated basis in accordance with Agreement Accounting Principles, before Consolidated Interest Expense and any non-cash interest expense and provision for taxes and without giving effect to any extraordinary or unusual or nonrecurring gains or losses, including, without limitation, unrealized gains or losses from the SAILS Forward Exchange Contract and any other Financial Contract.

"Consolidated EBITDA" means, for any period, Consolidated EBIT, adjusted by adding thereto the amount of all depreciation and amortization charges that were deducted in arriving at Consolidated EBIT for such period.

"Consolidated Indebtedness" means, at any time, without duplication, the sum of the aggregate outstanding principal amount of all Indebtedness and the principal component of Capitalized Lease Obligations, of the Borrower and its Consolidated Subsidiaries determined on a consolidated basis in accordance with Agreement Accounting Principles.

"Consolidated Interest Expense" means for any period, the total interest expense of any Person for such period (calculated without regard to any limitations on the payment thereof), determined on a consolidated basis in accordance with Agreement Accounting Principles, plus, without duplication, that portion of Capitalized Lease Obligations of such Person representing the interest factor for such period in each case net of the total consolidated cash interest income

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of such Person for such period; provided, however, that all other non-cash interest expenses reflected on such Person's financial statements shall be excluded.

"Consolidated Net Income" means, for any period, net after tax income of the Borrower and its Consolidated Subsidiaries determined on a consolidated basis in accordance with Agreement Accounting Principles.

"Consolidated Net Worth" means at any date the sum of all amounts which, in conformity with Agreement Accounting Principles, would be included under the caption "redeemable preferred stock" and "total stockholders' equity" (or like captions) on a consolidated balance sheet of Borrower on and as at such date.

"Consolidated Subsidiaries" means, as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes in accordance with Agreement Accounting Principles.

"Construction Agreements" is defined in Section 4.1(v).

"Construction Consultant" means, collectively, with respect to the Project, the architect(s), engineer(s) and any other consultant(s) engaged by

the Administrative Agent from time to time to review plans and specifications, budgets, schedules, construction and other matters relating to the Project.

"Construction Costs" means (i) all costs incurred by the Co-Borrower in connection with the acquisition and construction of the Project, including (a) the cost of acquisition of the underlying ground lease interest in Real Property included within the Project, (b) the "hard costs" costs described within categories in the Approved Project Budget, (c) pre-opening expenses and (d) all so-called "soft costs," including fees and charges of the Project Architect and all other architects, engineers and other consultants engaged by Co-Borrower, and the costs and fees incurred in connection with the procurement of all Permits necessary to make the Project ready for use and occupancy, including costs and fees incurred in connection with Real Property not included within the Project to the extent that the Co-Borrower establishes to the satisfaction of the Administrative Agent that such costs were necessary to obtain Permits required for development or use of the Project, (ii) to the extent projected revenues are not sufficient to pay the same, real estate taxes, insurance premiums, leasing, maintenance and operation costs and other carrying costs for the Project which accrue or become payable during the Construction Period; provided, that under no circumstances shall Construction Costs include (A) any principal or interest payments on Indebtedness, (B) any dividends, distributions or other payments to any shareholder of Co-Borrower or any Affiliate of Co-Borrower, or (C) except for those amounts provided for in clause (i) (c) above, any land acquisition costs, infrastructure costs, development costs or other hard or soft costs attributable or allocable to any Property which is not a part of the Project.

"Construction Period" means the period of time beginning as of the Effective Date and ending on the Required Completion Date.

"Contaminant" means gasoline, petroleum and other petroleum by-products, asbestos, explosives, PCBs, radioactive materials or any "hazardous" or "toxic" material, substance or

waste which is defined by those or similar terms or is regulated as such under any statute, law, ordinance, rule or regulation of any Governmental Authority having jurisdiction over the Project or any portion thereof or its use, including any material, substance or waste which is: (a) defined as a "hazardous substance" under the Water Pollution Control Act (33 U.S.C. Section 1301 et seq.), as amended; (b) defined as a "hazardous waste" under Section 10.4 of The Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., as amended; (c) defined as a "hazardous substance" or "hazardous waste" under Section 101 of The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., or any other so-called "superfund" or "superlien" law, including the judicial interpretations thereof; (d) defined as a "pollutant" or "contaminant" under 42 U.S.C.A. Section 9601(33); (e) defined as "hazardous waste" pursuant to 40 C.F.R. Parts 260 and 261; (f) defined as a "hazardous chemical" under 29 C.F.R. Part 1910; (g) subject to any other law or other past (and still in effect), present or future requirement of any Governmental Authority regulating, relating to, or imposing obligations, liability or standards of conduct concerning, the protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source.

"Contingent Obligation" means, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or

equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Continuing Directors" means, as of any date of determination, any member of the board of directors of Borrower who (a) was a member of such board of directors on the Effective Date or (b) was nominated for election or elected to such board of directors with the affirmative vote of at least a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"Conversion/Continuation Notice" is defined in Section 2.9.

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"Customary Permitted Liens" means Permitted Existing Liens, together with (i) Liens with respect to real estate taxes and assessments to the extent not due and payable, (ii) Liens to the extent permitted by Section 6.5, (iii) Liens in favor of the Administrative Agent and securing the Secured Obligations, and (iv) utility, sanitary sewer, storm drainage access and other easements, provided such easements do not adversely affect the Project in any material respect and access to or use of such easements would not materially disturb or materially affect any material Improvement.

"Date Down Endorsement" is defined in Section 4.2(f).

"Default" means an event described in Article VII.

"Default Amount" is defined in Section 10.11.

"Default Amount Accrued Interest" is defined in Section 10.11(f)(i).

"Default Rate" means the default rate of interest determined pursuant to Section 2.11.

"Defaulting Lender" is defined in Section 10.11.

"De Minimis Lease" is defined in Section 6.34.

"Effective Date" is defined in the preamble of this Agreement.

"Effective Date Advance" means the Advance in the amount of at least \$100,000,000 that the Lenders have made to Borrower on the Effective Date.

"Eligible Assignee" means (i) any bank, saving and loan association, investment bank, insurance company, trust company, commercial credit corporation, real estate mortgage investment conduit, grantor trust, pension trust, pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, real estate investment trust, investment company, money management firm, "qualified institutional buyer" (within the meaning of Rule 144A under the Securities Act of 1933, as amended), "accredited investor" (as defined in Regulation D of the Securities Act), publicly traded corporation, publicly or privately held fund engaged in real estate, corporate or commercial

lending or investing, or any entity substantially similar to any of the foregoing, which in each case has a minimum net worth, net assets or net capital of \$100,000,000, and (ii) any Affiliate of any of the foregoing.

"Environmental Indemnity Agreement" means that certain Environmental Indemnity Agreement dated as of the Effective Date, executed and delivered by Borrower, Co-Borrower and Subsidiary Guarantors in favor of the Administrative Agent, for the benefit of the Lenders and other Holders of Secured Obligations, as it may be amended or modified and in effect from time to time.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human

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health, (iii) emissions, discharges or releases of pollutants, Contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, Contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmental Lien" means a Lien in favor of any Governmental Authority for any (i) liabilities under any Environmental Law, or (ii) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"Environmental Property Transfer Act" means any applicable Requirement of Law that conditions, restricts, prohibits or requires any notification or disclosure triggered by the transfer, sale, lease or closure of any Property or deed or title for any Property for environmental reasons, including, but not limited to, any so-called "Industrial Site Recovery Act" or "Transfer Act."

"Environmental Report" means, collectively, those reports listed and described on Schedule 3 hereto.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, (a) (i) the arithmetic average (rounded to the nearest 1/16 of 1%) of the offered quotation to first-class banks in the New York interbank Eurodollar market by the Administrative Agent for United States Dollar deposits of amounts in immediately available funds comparable to the outstanding principal amount of the such Eurodollar Advance with maturities comparable to the Interest Period applicable to such Eurodollar Advance commencing two Business Days thereafter as of 10:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest Period, divided by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D) plus (b) the Applicable Margin.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Office and the Administrative Agent, taxes imposed on its overall net income, and franchise taxes imposed on it.

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"Exercise Notice" is defined in Section 10.11.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"FF&E Reserve" is defined in Section 2.20.5.

"FF&E Reserve Account" is defined in Section 2.20.5.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 11:00 a.m. (New York time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Financial Contract" of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (ii) any Rate Management Transaction.

"First Required Contributions" is defined in Section 2.20.1.

"Fiscal Quarter" means each calendar quarter beginning January 1, April 1, July 1 and October 1 of each Fiscal Year.

"Fiscal Year" means January 1 through December 31 of each year.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Force Majeure Event" means a delay in Project Construction due to strikes, acts of God, casualties, enemy action, insurrection, or other matters beyond the control of Borrower (despite commercially reasonable efforts to mitigate the delay in Project Construction caused by such matters), provided that Borrower gives written notice of any such delay to the Administrative Agent within the earlier to occur of (a) five (5) Business Days after Borrower knows or with the exercise of reasonable diligence should have known of the occurrence of the event resulting in such delay or (b) five (5) Business Days after notice of same from the Project General Contractor.

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"Funded Default Amount" is defined in Section 10.11(c).

"Gaylord Cable Networks" means the division of the Borrower consisting of Country Music Television International, Inc. ("CMTI"), a wholly-owned subsidiary

of Borrower and the nine (9) direct and indirect subsidiaries of CMTI, which operate five (5) cable networks comprised of MusicCountry Asia Pacific, MusicCountry Brazil, MusicCountry Latin America, Solo Tango and Video Rola.

"Governmental Approval" means all right, title and interest in any existing or future certificates, licenses, permits, variances, authorizations and approvals issued with respect to the Project by any Governmental Authority having jurisdiction with respect to any Person or Property.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GP LP" means GP Limited Partnership, a Florida limited partnership.

"Gross Revenues" means, for any period, all receipts resulting from the operation of the Project determined net of allowances in accordance with Agreement Accounting Principles and consistent with the Uniform System of Accounts for Hotels, 9th Revised Edition, 1996, as published by the Hotel Association of New York City, as the same may be further revised from time to time, including, without limitation, rents or other payments from guests and customers, tenants, licensees and concessionaires and business interruption and rental loss insurance payments; provided, that Gross Revenues shall exclude (a) excise, sales, use, occupancy and similar taxes and charges collected from guests or customers and remitted to Governmental Authorities, (b) gratuities collected for employees (excluding service charges), (c) security deposits and other advance deposits, unless and until same are forfeited to Co-Borrower, (d) federal, state or municipal excise, sales, use or similar taxes collected directly from patrons or guests or included as part of the sales price of any goods or services, (e) interest income on the Project's bank accounts or otherwise earned by Co-Borrower, and (f) rebates, refunds or discounts (including, without limitation, free or discounted accommodations).

"Ground Leases" means collectively, the Hotel Ground Lease and the Master Ground Lease.

"Ground Lessor" means Xentury City, or its successors, from time to time, as the holder or holders of the lessor's interest under the Hotel Ground Lease.

"Guaranty" means that certain Guaranty dated as of the Effective Date, executed and delivered by the Subsidiary Guarantors in favor of the Administrative Agent, for the benefit of the Lenders and other Holders of Secured Obligations, as it may be amended or modified and in effect from time to time, together with any additional guaranty of payment executed and delivered by a Subsidiary of Borrower in accordance with Section 6.17 or Section 6.18.

"hereof," "hereto," "hereunder," "herewith" and "herein" shall be deemed to refer to this Agreement as a whole, and not a particular clause, Section or Article of this Agreement.

"Holders of Secured Obligations" shall mean the Administrative Agent, the Lenders and the Secured Counterparties under Secured Rate Management Transactions, if any.

"Hotel Ground Lease" means that certain Opryland Hotel - Florida Ground Lease, dated as of March 3, 1999, by and between Xentury City, as landlord and Co-Borrower, as tenant, a memorandum of which was recorded on March 23, 2000 in Book 1717, Page 796 of the Official Records, as the same may have been or hereinafter may be amended, modified, substituted or replaced.

"Improvements" means all buildings, fixtures, structures, parking areas, landscaping and all other improvements whether existing now or hereafter constructed, together with all machinery and mechanical, electrical, HVAC and



plumbing systems presently located thereon and used in the operation thereof, excluding (i) any such items owned by utility service providers, (ii) any such items owned by tenants or other third-parties unaffiliated with the Borrower or Co-Borrower and (iii) any items of personal property.

"including" means including without limitation.

"Incentive Agreements" means the following, as amended and in effect from time to time: (a) the Joint Marketing Agreement dated as of October 1, 1998, by and between Osceola County, Florida (the "County") and Opryland Hospitality, Inc. and (b) the Public Improvements Partnership Agreement (the "PIP") dated as of October 1, 1998, between the County and Xentury City Community Development District.

"Indebtedness" means, as to any Person, without duplication, (i) all indebtedness (including principal, interest, fees and charges) of such Person for borrowed money or for the deferred purchase price of property or services (other than, to the extent deferred in the ordinary course of business, deferred payments in respect of services by employees) due more than 90 days after acquisition of the property or receipt of services or which is otherwise represented by a note, (ii) the maximum amount available to be drawn under all Letters of Credit issued for the account of such Person and all unpaid drawings in respect of such Letters of Credit, (iii) all Indebtedness of the types described in clause (i), (ii), (iv), (v) or (vi) of this definition secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person (to the extent of the lesser of the amount of such Indebtedness and the value of the respective property), (iv) Capitalized Lease Obligations, (v) all Contingent Obligations of such Person, and (vi) Rate Management Obligations.

"Initial Construction Budget" means the construction budget attached hereto as Schedule 1, together with any modifications thereto made after the Effective Date and prior to the existence of the Approved Construction Budget that are either Permissible Modifications or approved in writing by Borrower, Co-Borrower and the Administrative Agent pursuant to the terms of this Agreement.

"Initial Funding Date" means the date on which all of the conditions described in Article IV, as applicable, have been satisfied (or waived) in a manner satisfactory to the Lenders and on which the Effective Date Advance under this Agreement is made by the Lenders.

"Initial Lender Affiliate" is defined in Section 9.5.

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"Interest Period" means, with respect to a Eurodollar Advance, a period of one, two or three months commencing on a Business Day selected by Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two or three months thereafter; provided, however, that if there is no such numerically corresponding day in such next, second or third succeeding month, such Interest Period shall end on the last Business Day of such next, second or third succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; further provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day. Notwithstanding the foregoing, during the period when Advances are being made hereunder, an Interest Period that is up to five (5) days more or less than one month may be selected in order to coordinate the expiration of such Interest Period with that of another Interest Period.

"Interest Reserve Account" is defined in Section 2.20.3.

"Interest Reserve Deposit" is defined in Section 2.20.3.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"Law" means, collectively, all Requirements of Law and all Environmental Laws.

"Lease" means a lease, sublease, license, concession agreement or other agreement (not including the Ground Leases) providing for the use or occupancy of any portion of any Real Property owned or leased by Co-Borrower, including all amendments, supplements, modifications and assignments thereof and all side letters or side agreements relating thereto.

"Lender Payment Portion" is defined in Section 10.11(b).

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Office" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages hereof or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.17.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

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"Liabilities and Costs" means all liabilities, obligations, responsibilities, losses, damages, personal injury, death, punitive damages, economic damages, consequential damages, treble damages, intentional, willful or wanton injury, damage or threat to the environment, natural resources or public health or welfare, disbursements, costs and expenses (including attorney, expert and consulting fees and costs of investigation, feasibility or Remedial Action studies), fines, penalties and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, conditional sale agreement, deposit arrangement, security interest, encumbrance, lien (statutory or other and including any Environmental Lien), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever in respect of any property of a Person, whether granted voluntarily or imposed by law, and includes the interest of a lessor under a Capitalized Lease or under any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement or similar notice naming the owner of such property as debtor, under the Uniform Commercial Code or other comparable law of any jurisdiction.

"Loan" means, with respect to a Lender, a loan made by such Lender pursuant to Article II (or any conversion or continuation thereof).

"Loan-to-Cost Limit" at any time means the least of (a) the Aggregate Commitment, (b) an amount which is fifty percent (50%) of the total Approved Construction Costs for the Project incurred through such date and (c) an amount which is fifty percent (50%) of the prospective appraised value of the Project as of the date of completion, as determined by the Appraisal delivered to the Administrative Agent in satisfaction of the condition precedent set forth in Section 4.1(n) hereof.

"Loan Documents" means this Agreement, any Notes issued pursuant to Section 2.13, the Collateral Documents, the Environmental Indemnity Agreement, the Guaranty, the Property Manager's Subordination Agreement and all other agreements, assignments, consents, acknowledgments and other instruments, including, without limitation, opinions of counsel, executed by Borrower, Co-Borrower, the Property Manager or any other Person in favor of any of the Administrative Agent or the Lenders pursuant to this Agreement or in connection with the Advances and other transactions contemplated hereby.

"Management Agreement" means the property management agreement with the Property Manager for the Project, as approved by the Administrative Agent prior to or in connection with Borrower's satisfaction of the Completion Conditions.

"Management Fees" means the management and other fees payable under the Management Agreement.

"Master Ground Lease" means that certain GP/Xentury Master Ground Lease, dated as of March 3, 1999, by and between GP LP, as landlord and Xentury City, as tenant, a memorandum of which was recorded on March 23, 2000 in Book 1717, Page 775 of the Official Records, as the same may have been or hereinafter may be amended, modified, substituted or replaced.

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"Master Lessor" means GP LP, or its successors, from time to time, as the holder or holders of the Lessor's interest under the Master Ground Lease.

"Material Adverse Effect" means a material adverse effect on the business, operations, property, condition (financial or otherwise) or prospects of Borrower and the Subsidiary Guarantors, taken as a whole, and/or Co-Borrower, or an event, condition or circumstance as a result of which any of the following shall have occurred or the Administrative Agent, after consultation with the Construction Consultant, if applicable, determines that it is substantially likely that any of the following may occur: (i) that the Completion Conditions would not be fulfilled on or before the Required Completion Date, or (ii) that the validity or enforceability of any of the Loan Documents, or the rights or remedies of the Administrative Agent or the Lenders thereunder, shall be impaired.

"Maturity Date" means the third anniversary of the Effective Date.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means the Leasehold and Fee Mortgage, Security Agreement, Assignment of Rents and Leases and UCC Fixture Filing, executed and delivered to the Administrative Agent (for the benefit of the Lenders and other Holders of Secured Obligations) by the Co-Borrower securing the Secured Obligations, as such document may be amended, restated, modified or supplemented from time to time.

"Mortgage Title Insurance Policy" means an American Land Title Association loan policy (1970 Form), insuring the Mortgage as a valid and subsisting first mortgage, encumbering the Project, subject only to the Permitted Existing Liens, and naming the Administrative Agent as the insured party, in such form as excludes any exception for creditors' rights, and containing (i) a so-called Florida Form 9 endorsement; (ii) a survey endorsement; (iii) a contiguity endorsement; (iv) an additional interest endorsement; and (v) such other endorsements as the Administrative Agent may require and which are available in the State of Florida, and also accompanied by reinsurance in such amounts and from such title insurance reinsurers as the Administrative Agent may require, provided pursuant to direct access facultative reinsurance agreements in form and substance satisfactory to Administrative Agent, as such title insurance policy and reinsurance agreements may be revised and updated from time to time with the Administrative Agent's consent.

"Nashville Financing" means, collectively, (a) the loan in the original

principal amount of \$275,000,000.00 made as of March 27, 2001 by Merrill Lynch Mortgage Lending, Inc. to Opryland Hotel Nashville, LLC, secured by, among other things, a first priority deed of trust encumbering Opryland Nashville, as in effect on the date hereof and (b) the loan (the "Nashville Mezzanine Loan") in the original principal amount of \$100,000,000.00 made as of March 27, 2001 by Merrill Lynch Mortgage Capital Inc. to OHN Holdings LLC, secured by, among other things, a Pledge by OHN Holdings LLC of its membership interest in Opryland Hotel Nashville, LLC, as in effect on the date hereof.

"Net Cash Proceeds" means the aggregate cash proceeds (including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, as

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and when so received) received by Borrower or any of its Subsidiaries from any Asset Sale less the sum, without duplication, of (a) the amounts required to be applied to the repayment of Indebtedness or secured by a Lien on such Property (other than the Obligations), (b) the direct costs relating to such sale or other disposition (including, without limitation, legal, accounting and sales fees and commissions), including income taxes paid or estimated to be actually payable as a result thereof, after taking into account any available tax credits or deductions and any tax sharing arrangements (provided that the amount of income taxes so estimated to be actually payable shall be approved by the Administrative Agent, which approval shall not be unreasonably withheld, conditioned or delayed), (c) a reserve for all adjustments that are reasonably likely to be made to the sales price, and (d) the amount of any cash reserve actually provided by Borrower or the applicable Subsidiary, in accordance with Agreement Accounting Principles, after such sale or other permanent disposition, including, without limitation, for liabilities related to environmental matters and liabilities under any indemnification obligations, but only to the extent and for so long as a cash reserve is actually established.

"Net Operating Income" means, for any period, the amount by which Gross Revenues for such period exceeds Operating Expenses for such period, where Gross Revenues and Operating Expenses are determined on an accrual basis, except for ground rents payable under the Hotel Ground Lease, which, for the purposes of this definition, will be determined on a cash basis, in accordance with Agreement Accounting Principles, excluding from Operating Expenses for the purpose of calculating Net Operating Income, however, (i) deposits into the FF&E Reserve Account, (ii) Management Fees and (iii) pre-opening expenses.

"Non-Defaulting Lenders" means at any time all Lenders which are not then Defaulting Lenders or their Affiliates.

"Non-Material Casualty" means a casualty occurring prior to the Completion Date in connection with which (i) the Co-Borrower has developed a plan for the Restoration of the Project which provides for satisfaction of the Completion Conditions on or before the Required Completion Date and is otherwise satisfactory to the Administrative Agent, (ii) the Co-Borrower has demonstrated to the Administrative Agent's satisfaction that such Restoration shall be completed pursuant to such plan, and (iii) the Co-Borrower has demonstrated to the Administrative Agent's satisfaction that the combination of insurance proceeds, equity contributions and remaining Available Aggregate Commitment, if any, will be sufficient to pay the costs of such Restoration pursuant to such plan without causing an Out-of-Balance Condition. A casualty which initially is determined to be a Non-Material Casualty shall no longer constitute a Non-Material Casualty if the conditions set forth in clauses (i) through (iii) above are no longer satisfied, due to a change in circumstances or otherwise.

"Non-Material Condemnation" means a condemnation in connection with which (i) the Administrative Agent determines that no material portion of the Project is affected, and no portion of the Project is affected which could reasonably be expected to have a material adverse impact on the development, construction, completion, use, operation or value of the Project or any of its components, including any driveways, accessways, parking areas or recreation facilities,

(ii) the Co-Borrower has developed a plan for any necessary (in the Administrative Agent's determination) Restoration of the Project which provides for the satisfaction of the Completion Conditions on or before the Required Completion Date and is otherwise reasonably

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satisfactory to the Administrative Agent, (iii) the Co-Borrower has demonstrated to the Administrative Agent's reasonable satisfaction that such Restoration shall be completed pursuant to such plan, and (iv) the Co-Borrower has demonstrated to the Administrative Agent's satisfaction that the combination of the condemnation award, equity contributions and remaining Available Aggregate Commitment, if any, will be sufficient to pay the costs of such Restoration pursuant to such plan without causing an Out-of-Balance Condition. A condemnation which initially is determined to be a Non-Material Condemnation shall no longer constitute a Non-Material Condemnation if the conditions set forth in clauses (i) through (iv) above are no longer satisfied, due to a change in circumstances or otherwise.

"Non-Material Project Agreements" is defined in the definition of "Project Agreements."

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" means any promissory note in the form of Exhibit B issued pursuant to Section 2.13.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of Borrower and Co-Borrower to the Lenders or to any Lender, the Administrative Agent or any indemnified party arising under the Loan Documents. The term "Obligations" includes all interest, charges, expenses, fees, Protective Advances, attorneys' fees and disbursements and any other sum chargeable to Borrower, Co-Borrower or any Subsidiary Guarantor under this Agreement or any other Loan Document.

"Off-Balance Sheet Liability" of a Person means (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any Sale and Leaseback Transaction which is not a Capitalized Lease, (iii) any liability under any so-called "synthetic lease" transaction entered into by such Person, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person.

"Official Records" means the official records of Osceola County, Florida.

"Opening Date" means the date on which the Project or any material portion thereof first opens for business to the general public.

"Operating and Capital Budget" is defined in Section 6.1(iv).

"Operating Expenses" means, for any period, the actual costs and expenses of owning, operating, managing, repairing and maintaining the Project during such period incurred by Co-Borrower; provided, however, that in no event shall Operating Expenses include (a) interest and/or principal due on the Loans, or other Indebtedness, (b) distributions or other payments to Co-Borrower, Borrower, or any partners, members or Affiliates of either, (c) income taxes, and (d) depreciation, amortization and other non-cash items.

"Operating Year" is defined in the definition of "Required FF&E Percentage."

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"Opryland Nashville" is defined in Section 6.18.

"Organizational Documents" means, with respect to any corporation, limited liability company, or partnership (i) the articles/certificate of incorporation (or the equivalent organizational documents) of such corporation or limited liability company, (ii) the partnership agreement executed by the partners in the partnership, (iii) the by-laws (or the equivalent governing documents) of the corporation, limited liability company or partnership and (iv) any document setting forth the designation, amount and/or relative rights, limitations and preferences of any class or series of such corporation's capital stock or such limited liability company's or partnership's equity or ownership interests.

"Other Taxes" is defined in Section 3.5(ii).

"Out-of-Balance Condition" is defined in Section 2.20.4.

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of the aggregate principal amount of its Loans outstanding at such time.

"Participants" is defined in Section 12.2.1.

"Permissible Modification" means (i) any reallocation among line items in the Approved Construction Budget, (ii) any change order or other amendment to any Construction Agreement, (iii) any amendment, addition or other change to the Approved Plans and Specifications or (iv) any amendment or other change to the Approved Project Schedule (any of items (i), (ii), (iii) and (iv) being hereinafter referred to as a "Modification"), which Modification satisfies all of the following conditions:

(a) Such Modification has been approved in writing by Borrower, Co-Borrower and (1) in the case of a Modification (including any change order) to any agreement, the parties thereto, and (2) in the case of any Modification to the Plans and Specifications, the Project General Contractor and the Project Architect, and copies of such Modification and approvals have been promptly furnished to the Administrative Agent;

(b) Such Modification is consistent with the Project Scope of Work and complies with all applicable Laws;

(c) Such Modification does not impair the ability of Co-Borrower to fulfill the Completion Conditions on or before the Required Completion Date;

(d) Such Modification will not have a material adverse effect on the operation or financial performance of the Project;

(e) Such Modification is not otherwise prohibited by this Agreement;  
and

(f) In the case of a Modification consisting of a reallocation of line items within the Approved Construction Budget, such Modification is either (i) a reallocation of actual cost savings in one or more line items within a single category of line item costs to one or more line items within the same category (i.e., a reallocation of actual cost savings among line items

within "Building Construction" or "Furniture, Fixtures and Equipment" or "Soft Costs" but not from one of such line item categories to another) or (ii) a reallocation from the "Contingency" line item to any other line item, not in excess of \$500,000 in any one instance or in excess of \$3,000,000 in the aggregate, taken together with all such reallocations from "Contingency" to another line item.

"Permits" means any permit, consent, approval, authorization license, variance, or permission with respect to the Project required from any Person,

including any Governmental Approvals.

"Permitted Debt" is defined in Section 6.14.

"Permitted Existing Liens" means the Liens identified as such on Exhibit C.

"Permitted FF&E Expenditures" means expenditures made by Co-Borrower from time to time after the Completion Date for normal maintenance capital expenditures or capital improvements in connection with the Project, including furniture, fixtures and equipment, provided that all such expenditures are substantially consistent with Co-Borrower's Approved FF&E Budget, as the same may be adjusted from time to time, with the consent of the Administrative Agent, which shall not be unreasonably withheld, to reallocate cost savings among line items therein.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"PIP" is defined in the definition of "Incentive Agreements."

"Plans and Specifications" is defined in Section 4.1(p).

"Pledge Agreement" means the Pledge Agreement of even date herewith by Borrower in favor of the Administrative Agent with respect to Borrower's direct and indirect equity interests in Co-Borrower.

"Prime Lending Rate" means a rate per annum equal to the prime lending rate announced from time to time by the New York office of the Administrative Agent (in its individual capacity) or, if such office ceases to announce such rate, such other United States office of the Administrative Agent or an Affiliate selected by it from time to time, such per annum rate changing when and as said prime rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Project" means Co-Borrower's ground lease and other interests in the Real Property more particularly described on Exhibit D and the Improvements constructed and to be constructed thereon, consisting of a first-class hotel and convention center known as the "Opryland Hotel Florida," comprised of an approximately 1,400 room full-service hotel, 380,000 square feet of meeting space, a 178,000 square foot exhibition hall; three full service restaurants,

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a spa and fitness facility and related facilities, together with all Property of Co-Borrower now or hereafter constructed or located thereon or used in connection therewith.

"Project Agreements" means all material agreements executed by the Co-Borrower (or to which the Co-Borrower or the Project shall be subject) for the construction, development, financing, leasing and management of the Project, including the Management Agreement, the Incentive Agreements and all Construction Agreements. The following (collectively, "Non-Material Project Agreements") shall not be "Project Agreements" for the purposes of this Agreement: (a) agreements with respect to operation of the Project entered into by Co-Borrower in the ordinary course of business, other than Leases and the Management Agreement, provided that each of such Agreements is (i) on arms-length terms and conditions (ii) cancelable on not more than 90 days notice, without penalty or premium and (iii) represents a cost not in excess of \$300,000.00 in any Fiscal Year, and (b) De Minimis Leases.

"Project Architect" is defined in Section 4.1(o).

"Project Architect's Agreement" is defined in Section 4.1(o).

"Project Construction" means the construction of the Project contemplated under the Approved Plans and Specifications, and all work related thereto.

"Project General Contract" is defined in Section 4.1(s).

"Project General Contractor" means Perini Suitt Joint Venture, a Florida joint venture.

"Project Schedule" is defined in Section 4.1(t).

"Project Scope of Work" means the development and construction of the Project substantially in accordance with the Approved Plans and Specifications.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Commitment and the denominator of which is the Aggregate Commitment.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Property Award Event" is defined in Section 6.27.

"Property Awards" means all compensation, awards, damages, refunds, claims, rights of action and proceeds (including cash, equivalents readily convertible into cash, and such proceeds of any notes received in lieu of cash) payable under policies of property damage, boiler and machinery, rental loss, rental value and business interruption insurance or with respect to any condemnation or eminent domain claim or award relating to the Project or any portion thereof.

"Property Manager" means Opryland Hospitality, LLC, a Tennessee limited liability company, and its successors and permitted assigns under the Management Agreement.

"Protective Advances" is defined in Section 9.19.

"Quarterly Payment Date" means each March 31, June 30, September 30 and December 31 occurring after the Effective Date.

"Rate Management Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and however and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Rate Management Transaction" means, with respect to any Person, any transaction (including an agreement with respect thereto) now existing or hereafter entered into between such Person and any counterparty which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Real Property" means the present and future right, title and interest (including any leasehold estate) in (i) any plots, pieces or parcels of land,



(ii) any Improvements of every nature whatsoever (the rights and interests described in clauses (i) and (ii) above being, for the purpose of this definition, the "Premises"), (iii) all easements, rights of way, gores of land or any lands occupied by streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and public places adjoining such land, and any other interests in property constituting appurtenances to the Premises, or which hereafter shall in any way belong, relate or be appurtenant thereto, (iv) all hereditaments, gas, oil, minerals (with the right to extract, sever and remove such gas, oil and minerals), and easements, of every nature whatsoever, located in, on or benefiting the Premises and (v) all other rights and privileges thereunto belonging or appertaining and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the rights and interests described in clauses (iii) and (iv) above.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Release" means any release, spill, emission, leaking, pumping, pouring, dumping, injection, deposit, disposal, abandonment, or discarding of barrels, containers or other receptacles, discharge, emptying, escape, dispersal, leaching or migration into the indoor or outdoor environment or into or out of any Property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or Property.

"Remedial Action" means any remedial actions as may be prudent or required from time to time to comply with Environmental Laws.

"Required Completion Date" means June 30, 2002.

"Required FF&E Percentage" of Gross Revenues means, with respect to each Operating Year, the following percentage:

Operating Year -----	Designated Percentage -----
Operating Year One	1.0%
Operating Year Two	2.0%
Operating Year Three	3.0%

As used herein, "Operating Year" means each period of one year beginning on the Opening Date and thereafter on each anniversary thereof.

"Required Lenders" means at least two Non-Defaulting Lenders in the

aggregate having at least fifty-one percent (51%) of the aggregate of the Commitments of all the Non-Defaulting Lenders or, if the Aggregate Commitment has been expired or terminated, at least two Non-Defaulting Lenders in the aggregate holding at least fifty-one percent (51%) of the aggregate of the Outstanding Credit Exposures held by each of the Non-Defaulting Lenders.

"Required Lien Waivers" means written waivers of Lien from Persons furnishing labor or materials in connection with the Project, in customary form, duly executed, acknowledged and delivered, and sufficient in all respects to cause the Title Insurer to issue the Mortgage Title Insurance Policy and Date Down Endorsements thereto from time to time provided for in this Agreement.

"Requirements of Law" means, as to any Person the charter and by-laws or other organizational or governing documents of such Person, and as to any Person or Property, any law, rule, code or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or Property or to which such Person or Property is subject, including the Securities Act, the Securities Exchange Act, Regulations G, T, U and X, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, Americans with Disabilities Act of 1990, any certificate of occupancy, zoning or land use ordinance, building, environmental or land use requirement, code or Permit.

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"Reserve Account Bank" is defined in definition of "Account Control Agreement."

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Restoration" is defined in Section 6.27(b).

"Restoration Account" is defined in Section 6.27(c).

"SAILS Forward Exchange Contract" means the SAILS Mandatorily Exchangeable Securities Contract dated May 22, 2000, among Borrower, OLH, GP, Credit Suisse First Boston International, and Credit Suisse First Boston Corporation, as Agent, together with the SAILS Pledge Agreement dated as of May 22, 2000, among Borrower, Credit Suisse First Boston International, and Credit Suisse First Boston Corporation, as Agent, as amended by letter dated October 6, 2000 by Credit Suisse First Boston International and Credit Suisse First Boston Corporation to OLH G.P. and Merrill Lynch Mortgage Capital, Inc.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Secured Counterparties" means Lenders and any Affiliates of any of them, which in either case are parties to any Secured Rate Management Transactions entered into by Borrower in accordance with Section 6.21 of this Agreement, together with their successors and assigns under such Secured Rate Management Transactions.

"Secured Obligations" means, collectively, (i) the Obligations and (ii) the Secured Rate Management Obligations.

"Secured Rate Management Obligations" means Rate Management Obligations from time to time payable by Borrower to one or more Secured Counterparties under a Secured Rate Management Transaction.

"Secured Rate Management Transaction" means a Rate Management Transaction between the Borrower and one or more of the Secured Counterparties (but not any other Rate Management Transaction to which Borrower is or may hereafter be a party).

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute.

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"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"Subsidiary Guarantor" means each of the Persons listed on Schedule 4, together with each direct and indirect wholly-owned Subsidiary of Borrower formed or acquired after the date hereof and, if required to execute a guaranty pursuant to Section 6.18(c), the Creative Group Subsidiaries.

"Survey" means a plat of survey showing the outline of the applicable Real Property (A) prepared in accordance with the standards issued by the American Land Title Association, bearing a proper certificate by the surveyor, which certificate shall include the legal description of the Real Property and shall be made in favor of the Administrative Agent, the Title Insurer, Co-Borrower, and such other parties as the Administrative Agent may direct, (B) showing or stating (1) the square footage of the land; (2) any encroachments by any Improvements located on adjoining property onto such Real Property or of any Improvements comprising a portion of such Real Property onto adjoining property; (3) that such Improvements are not located in a 100-year flood plain or special flood hazard area; and (4) such additional information as may be required by the Administrative Agent or the Title Insurer and (C) if any water, gas, electrical, storm or sanitary sewerage or other utility facilities serving any of such Real Property are located or are to be located in land beyond such Real Property, other than land or easements which have been dedicated to the public or to the utility which is to furnish the service, accompanied by evidence satisfactory to the Administrative Agent of the existence of permanent easement rights therefor benefiting such Real Property, in form and substance reasonably satisfactory to the Administrative Agent, which easement rights shall be covered by the Lien of the Mortgage and which Lien shall be insured under the applicable Mortgage Title Insurance Policy.

"Syndication Date" shall mean the earlier to occur of (x) February 28, 2002 and (y) that date upon which the Administrative Agent and Joint Book Running Managers determine in their sole discretion (and notify the Borrower) that the primary syndication with respect to the Commitments and Loans contemplated hereby (and the resultant addition of Persons as Lenders pursuant to Article XII) has been completed.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

"Title Insurer" means First American Title Insurance Company, Lawyers Title Insurance Corporation, Chicago Title Insurance Company, as co-insurers.

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"Transfer" means any sale, conveyance, transfer, disposition, alienation, hypothecation, lease, assignment, pledge, mortgage, encumbrance or divestiture, whether direct or indirect, voluntary or involuntary.

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance.

"Unanimous Lenders" means Non-Defaulting Lenders in the aggregate having one hundred percent (100%) of the aggregate of the Commitments of all the Non-Defaulting Lenders or, if the Aggregate Commitment has expired or been terminated, Non-Defaulting Lenders in the aggregate holding one hundred percent (100%) of the aggregate of the Outstanding Credit Exposures held by each of the Non-Defaulting Lenders.

"Uniform Commercial Code" means the Uniform Commercial Code as enacted in the State of New York, as it may be amended from time to time.

"Unmatured Default" means an event which but for the lapse of any time period or the giving of any notice, or both, would constitute a Default.

"Unmatured Monetary Default" means, as of any date, any nonpayment of principal of or interest on any Loan, any commitment fee or any other Obligations payable to the Administrative Agent or any of the Lenders under any of the Loan Documents due on or before such date, of which nonpayment the Administrative Agent has given the Borrower and the Co-Borrower written notice and which nonpayment has not been cured as of such date.

"Creative Group Subsidiaries" means, collectively, Gaylord Creative Group Records, Inc., a Tennessee corporation, Word Music Group, Inc., a Tennessee corporation, Dayspring Music, Inc., a Tennessee corporation, Word Music, Inc., a Tennessee corporation, Wordspring Music, Inc., a Tennessee corporation and Word Entertainment Direct, LLC, a Tennessee limited liability company (each, a "Creative Group Subsidiary").

"Xentury City" means Xentury City Development Company, L.C., a Florida limited liability company.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

## ARTICLE II

### THE CREDITS

2.1 Commitment. (a) From and including the Effective Date and on or prior to May 1, 2002 (or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof), each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Advances to Borrower, ratably in accordance with each Lender's Pro Rata Share, provided that, after giving effect to the making of each such

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Loan, such Lender's Outstanding Credit Exposure shall not exceed the amount of its Commitment. Principal payments made on the Advances may not be reborrowed and shall permanently reduce each Lender's Commitment by the amount of such

principal payment multiplied by such Lender's Pro Rata Share.

2.2 Required Payments; Termination.

(a) Borrower shall make the principal payments on the Loans required under Sections 6.13 and 6.17, and shall make additional principal payments necessary to reduce the Aggregate Outstanding Credit Exposure to an amount not in excess of the amounts set forth below, on or before the corresponding date set forth for each such amount:

Date	Maximum Aggregate Outstanding Credit Exposure
Eighteenth-month anniversary of the Effective Date:	\$150,000,000
Twenty-four month anniversary of the Effective Date:	\$100,000,000
Thirty-month anniversary of the Effective Date:	\$ 50,000,000

(b) The Aggregate Outstanding Credit Exposure and all other unpaid Obligations shall be paid in full by the Borrower on the Maturity Date or on any earlier date on which the Obligations become due and payable pursuant to the terms hereof.

2.3 Ratable Loans.

Each Advance hereunder shall consist of Loans made from the several Lenders ratably according to their Pro Rata Shares.

2.4 Types of Advances.

The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9.

2.5 Commitment and Agency Fees.

(a) Borrower agrees to pay to the Administrative Agent (i) for the account of each Lender party hereto on the date hereof according to its Pro Rata Share as of the date hereof all commitment fees, as and when payable pursuant to the terms of that certain letter agreement dated August 13, 2001, between Bankers Trust Company, Citicorp Real Estate, Inc. and CIBC Inc. and Borrower and (ii) for the account of each Lender according to its Pro Rata Share an undrawn fee of 0.375% per annum on the average daily Available Aggregate Commitment from the Effective Date to and including May 1, 2002, payable in arrears on November 5, 2001, February 5, 2002 and May 5, 2002. All accrued undrawn fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Advances hereunder.

(b) Borrower agrees to pay when due to the Administrative Agent, for its own account, the fees (herein referred to as the "Agency Fee") set forth in that certain letter agreement dated August 13, 2001, between Administrative Agent and Borrower.

2.6 Minimum Amount of Each Advance; Disbursement Provisions.

(a) With the exception of the Effective Date Advance, each Eurodollar Advance shall be in the minimum amount of \$3,000,000, and each Floating Rate Advance shall be in the minimum amount of \$3,000,000, provided,

however, that any Floating Rate Advance may be less than such minimum amount if it is in the amount of the Available Aggregate Commitment. No more than eight (8) Eurodollar Advances may be outstanding at any time. Loan disbursements shall be made subject to the provisions of Section 2.8 hereof, and shall be made not more frequently than once each calendar month at intervals of not less than thirty (30) days.

(b) The Lenders shall not be obligated to:

(i) make any Loans hereunder unless and until the applicable conditions precedent set forth in Article IV shall have been satisfied or waived by the Administrative Agent;

(ii) make any Loans for any purpose, in an amount which, in the aggregate, taken together with all Loans previously made, would exceed the Loan-to-Cost Limit;

(iii) make any Loan if (A) except for a Non-Material Casualty or a Non-Material Condemnation, the Improvements are demolished or are in the Administrative Agent's reasonable determination substantially destroyed or condemnation or eminent domain proceedings are commenced or threatened against the Project, (B) a change in the status of title to or encroachment on or off the Project (other than Customary Permitted Liens) exists or has occurred subsequent to the Initial Funding Date without the Administrative Agent's prior written consent, (C) subject to Section 6.5(b) hereof, any event has occurred which has given or is likely to give rise to a Lien claim of equal or superior rank to the Liens in favor of or benefiting the Administrative Agent and the Lenders intended to be created by the Loan Documents, or which calls into question the validity or priority of such Liens, (D) any litigation or proceeding is commenced to enjoin the construction at the Project or any portion thereof, alter in any adverse way the zoning or land use classification of the Project or any portion thereof, to prohibit the construction or operation of the Project or any portion thereof, or to enjoin or prohibit Borrower, the Administrative Agent or the Lenders from performing their respective obligations under this Agreement, (E) any material deviation, other than a Permissible Modification, exists in the construction of the Improvements on the Project from the Approved Plans and Specifications without the prior written approval of the Administrative Agent, or the Administrative Agent determines, upon consultation with the Construction Consultant, that there are material defects in the workmanship or materials, or (F) the completion of the Project is not being diligently pursued in accordance with the Approved Project Schedule, subject to Permissible Modifications;

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(iv) disburse any Loans if any material Project Agreement is amended, modified or terminated without the prior written consent of the Administrative Agent or there shall occur and shall continue either (A) a material default by Borrower thereunder or (B) a material default by any other Person thereunder;

(v) disburse any Loans after May 1, 2002; or

(vi) disburse any Loans (A) after the Administrative Agent's delivery of a Balancing Notice under Section 2.20.4 unless and until the Administrative Agent determines that an Out-of-Balance Condition no longer exists, or (B) in the event and to the extent the Administrative Agent determines that such disbursement would result in an Out-of-Balance Condition.

2.7 Optional Principal Payments. Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances, or, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Floating Rate Advances, upon two Business Days' prior notice to the Administrative Agent. Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding

Eurodollar Advances, or, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Eurodollar Advances, upon three Business Days' prior notice to the Administrative Agent.

#### 2.8 Method of Selecting Types and Interest Periods for New Advances.

Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time, provided that (a) the Interest Period with respect to the Effective Date Advance and any subsequent Advance made prior to the Syndication Date shall be one month, and Interest Periods with respect to all Advances made prior to the Syndication Date shall begin and end on the same days and (b) no Interest Period may be selected prior to the Syndication Date if the Administration Agent has notified Borrower that the selection of such Interest Period would interfere with the closing of the primary syndication of the Commitments and the Loans. Borrower shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") not later than 1:00 p.m. (Eastern time) at least five Business Days before the Borrowing Date of each Floating Rate Advance and five Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto,

and containing a certification by an Authorized Officer that all conditions precedent specified in Article IV are satisfied on the specified Borrowing Date. Not later than 5:00 p.m. (New York

time) on the Business Day on which the Administrative Agent receives a Borrowing Notice, the Administrative Agent shall notify each Lender of the aggregate amount of the Advance and the amount of such Lender's Loan to be advanced on the Borrowing Date, the type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto. Not later than 12:00 Noon (New York time) on each Borrowing Date, each Lender shall make available its Loan or Loans in immediately available funds to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will make the funds so received from the Lenders available to Borrower at the Administrative Agent's aforesaid address.

2.9 Conversion and Continuation of Outstanding Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall continue as a Eurodollar Advance for an interest period of one month unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7, (y) Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance be converted to a Floating Rate Advance or continued as a Eurodollar Advance for an Interest Period of more than one month or (z) a Default or Unmatured Monetary Default has occurred and continues, in which event such Eurodollar Advance shall, unless the Required Lenders otherwise agree, be automatically converted into a Floating Rate Advance. Subject to the terms of Section 2.6, Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of

each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 11:00 a.m. (New York time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.10 Interest Rate; Changes in Interest Rate; Interest Periods; etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but

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not including) the last day of such Interest Period at the Eurodollar Rate determined by the Administrative Agent as applicable to such Eurodollar Advance based upon Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. Unless the Required Lenders otherwise agree, no Interest Period may be selected at any time when a Default or Unmatured Default has occurred and is continuing. No Interest Period may end after the Maturity Date. All Loans comprising a Eurodollar Advance in respect of any single borrowing hereunder shall at all times have the same Interest Period. The initial Interest Period for any Eurodollar Advance shall commence on the date such Advance is made or converted into a Eurodollar Advance, and each Interest Period thereafter in respect of such Eurodollar Advance shall commence on the day on which the next preceding Interest Period applicable thereto expires.

2.11 Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, during the continuance of a Default or Unmatured Monetary Default, no Advance may be made as, converted into or continued as a Eurodollar Advance, unless the Required Lenders otherwise agree (notwithstanding any provision of Section 10.2 requiring unanimous consent of the Lenders to changes in interest rates). During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 10.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 3% per annum, and (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 3% per annum, provided that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above shall be applicable to all Advances without any election or action on the part of the Administrative Agent or any Lender.

2.12 Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Office of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 2:00 p.m. (Eastern time) on the date when due and shall be applied as follows:



(a) Subject to the provisions of Section 2.12(b) below, all payments of principal and interest in respect of outstanding Loans, all payments of fees and all other payments in respect of any other Obligations, and any other amounts received by the Administrative Agent from or for the benefit of the Borrower shall be applied in the following order:

(i) to pay principal of and interest on any portion of the Loans which the Administrative Agent may (at its sole option, and without any obligation to do so) have advanced on behalf of any Lender (other than itself in its capacity as a Lender) for which the Administrative Agent has not then been reimbursed by such Lender or the Borrower;

(ii) to pay principal of and interest on any Protective Advance made by the Administrative Agent (at its sole option, and without any obligation to do so) for which the Administrative Agent has not then been paid by Borrower or reimbursed by the Lenders; and

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(iii) to pay all other Obligations then due and payable in the order designated by the Borrower and, unless otherwise designated by the Borrower, all principal payments in respect of Loans shall be applied first, to repay outstanding Floating Rate Loans, and then to repay outstanding Eurodollar Loans with those Eurodollar Loans which have earlier expiring Interest Periods being repaid prior to those which have later expiring Interest Periods.

(b) After the occurrence and during the continuance of a Default, the Administrative Agent and the Lenders may apply all payments in respect of any Obligations and all proceeds of Collateral to the Secured Obligations in such order and manner as the Administrative Agent and Lenders may elect in their sole and absolute discretion, subject, as among themselves, to any intercreditor or similar agreement from time to time entered into among the Administrative Agent and the Lenders.

Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Office specified in a notice received by the Administrative Agent from such Lender.

#### 2.13 Notes; Evidence of Indebtedness.

(a) Each Lender's Loans shall be evidenced by a promissory note (a "Note") executed and delivered by Borrower on the Effective Date to such Lender in the form of Exhibit B. If a Lender assigns a part (but less than all) of its Note, Borrower shall, upon request, execute and deliver new Notes to the respective owners of the original note that aggregate the amount of the original Note, as directed jointly by the assignor and assignee, and upon delivery of the new Note or Notes, the original Note shall be endorsed to state that it has been replaced by such new Note or Notes.

(b) Each Lender is hereby authorized to maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, and (iii) the amount of any sum received by the Administrative Agent hereunder from Borrower and each Lender's share thereof.

(d) The entries maintained in the accounts maintained pursuant to

paragraphs (b) and (c) above shall be prima facie evidence, absent manifest error, of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

2.14 Telephonic Notices. Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of

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Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be an Authorized Officer acting on behalf of Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice, signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.15 Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on each Quarterly Payment Date, commencing with the first such date to occur after the Effective Date, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than a Quarterly Payment Date shall be payable on the date of conversion. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 2:00 p.m. (Eastern time) at the place of payment. If any payment of principal or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16 Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate.

2.17 Lending Offices. Each Lender may book its Loans at any Lending Office selected by such Lender, and may change its Lending Office from time to time. All terms of this Agreement shall apply to any such Lending Office and the Loans and any Notes issued hereunder shall be deemed held by each Lender for the benefit of any such Lending Office. Each Lender may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Offices through which Loans will be made by it and for whose account Loan payments are to be made.

2.18 Non-Receipt of Funds by the Administrative Agent.

Unless Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (a) in the case of a Lender, the proceeds of a Loan or (b) in the case of the Borrower, a payment of principal, interest or

fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has

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been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by Borrower, the interest rate applicable to the relevant Loan.

2.19 Intentionally Omitted.

2.20 Capitalization Covenants.

2.20.1 Equity Contributions.

Borrower hereby represents and warrants to the Administrative Agent and the Lenders that it has, as of the date hereof, made cash equity contributions and/or loans to Co-Borrower of not less than \$225,000,000, which funds have been applied prior to the Initial Funding Date solely to pay Approved Construction Costs (the "First Required Contributions").

2.20.2 Cost Overruns. Borrower shall fund, from additional equity contributions to and/or loans by Borrower to Co-Borrower, any cost overruns for Construction Costs in excess of those set forth in the Approved Construction Budget.

2.20.3 Interest Reserve; Blocked Commitment Amount.

(a) Borrower agrees that it will, on or before May 1, 2002, establish a segregated account maintained with the Reserve Account Bank pursuant to arrangements satisfactory to the Administrative Agent (the "Interest Reserve Account"), in the name of Borrower and subject to an Account Control Agreement. Borrower will invest all funds from time to time on deposit in the Interest Reserve Account solely in Cash Equivalent Investments.

(b) On or before May 1, 2002, Borrower shall deposit in the Interest Reserve Account (in immediately available funds) an amount (the "Interest Reserve Deposit") equal to the product of a (i) the aggregate outstanding principal balance of the Loans on May 1, 2002, multiplied by (ii) 9.25%, multiplied by (iii) a fraction, the numerator of which is 92 and the denominator of which is 360. Unless a Default or an Unmatured Default has occurred and is continuing, funds deposited in the Interest Reserve Account may be withdrawn by Co-Borrower from and after May 1, 2002, from time to time as necessary to pay interest as and when due and payable in respect of the Loans. If a Default or Unmatured Default has occurred and is continuing, Co-Borrower shall not withdraw any funds from the Interest Reserve Account, and if a Default has occurred and is continuing, the Administrative Agent (i) shall have the right to give an Account Control Notice (as defined in the Account Control Agreement) to the Reserve Account Bank pursuant to the Account Control Agreement and (ii) may apply or direct the

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Reserve Account Bank to apply all funds then on deposit in the Interest Reserve

Account to the Secured Obligations in accordance with the provisions of Section 8.1.

(c) Notwithstanding anything to the contrary in Section 2.1, a portion of the Aggregate Commitment (the "Blocked Commitment Amount") in an amount sufficient to pay all interest on the Loans from the Effective Date through July 31, 2002 at an assumed, fixed rate of interest of 9.25% per annum shall be reserved and shall be available only to fund (i) interest on the Loans with respect to the period from the Effective Date to May 1, 2002, (ii) the Interest Reserve Deposit and (iii) the Advance, if any, described in clause (C) of the next sentence. Advances in respect of the Blocked Commitment Amount shall be made only (A) directly to the Lenders, in respect of interest on the Loans for the period from the Effective Date to May 1, 2002, or (B) directly to the Interest Reserve Account, in respect of the Interest Reserve Deposit or (C) to Borrower, on May 1, 2002, provided that all interest on the Loans from the Effective Date to May 1, 2002 has been paid in full and the Interest Reserve Deposit has been made (or will be made with the proceeds of a simultaneous Advance). The Blocked Commitment Amount shall be determined and reset in connection with each borrowing and each repayment of the Loans, as the same are made.

2.20.4 Loan Balancing; Completion Reserve. (a) On or prior to the Effective Date, Borrower has deposited the sum of \$44,778,925 in a segregated account of Borrower maintained with the Reserve Account Bank (the "Completion Reserve Account"), which account is subject to an Account Control Agreement. Borrower will invest all funds from time to time on deposit in the Completion Reserve Account solely in Cash Equivalent Investments. Borrower acknowledges that the Administrative Agent has not made a final determination as to the adequacy of the Borrower's initial deposit to the Completion Reserve Account. In the event the Administrative Agent determines, based on advice of the Construction Consultant, at any time that the sum of (i) the amounts then on deposit in the Completion Reserve Account and (ii) the Available Aggregate Commitment will be insufficient to pay all then unpaid Construction Costs expected to be incurred through the Completion Date (assuming that construction of the Project is completed in accordance with the Approved Plans and Specifications), an "Out-of-Balance Condition" (hereby so defined) shall be deemed to exist. If an Unmatured Default (other than such Out-of-Balance Condition) then exists, or occurs while such Out-of-Balance Condition exists, or if such Out-of-Balance Condition continues for more than 10 consecutive Business Days after Borrower has received written notice from the Administrative Agent of such Out-of-Balance Condition (a "Balancing Notice"), the Borrower shall, within five Business Days after the Administrative Agent's subsequent demand, deposit into the Completion Reserve Account the amount specified by the Administrative Agent in the Balancing Notice as necessary to reserve against such deficiency (each such deposit is herein referred to as a "Balancing Payment") and give notice to the Administration Agent that such deposit has been made. If and so long as such Out-of-Balance Condition exists and continues to exist, the Lenders shall have no obligation to make any further Advances and all Construction Costs and interest payments on the Loans shall be funded by the Borrower from advances of funds otherwise provided by the Borrower. Subject to Section 2.20.4(b) hereof and Section 4(b)(ii) of the Account Control Agreement, unless a Default, an Unmatured Default or an Out-of-Balance Condition has occurred and is continuing, funds deposited into the Completion Reserve Account shall be available to be withdrawn by Borrower in its sole discretion. If a Default or Unmatured Default or Out-of-Balance Condition has occurred and is continuing, Borrower shall not withdraw any

funds from the Completion Reserve Account, and if a Default has occurred and is continuing, the Administrative Agent (a) shall have the right to give an Account Control Notice (as defined in the Account Control Agreement) to the Reserve Account Bank pursuant to the Account Control Agreement and (b) may apply or direct the Reserve Account Bank to apply all funds then on deposit in the Completion Reserve Account to the Secured Obligations in accordance with the provisions of Section 8.1.

(b) A \$30,000,000 portion (the "Blocked Deposit") of the amount initially deposited in the Completion Reserve Account shall not be withdrawn by Borrower and shall be held by the Reserve Account Bank pursuant to the Account Control Agreement under the sole dominion and control of the Administrative Agent as additional collateral for the Secured Obligations unless, on or before the date which is 30 days after the Effective Date, (1) Borrower delivers to the Administrative Agent and the Construction Consultant AIA forms and progress payment worksheets, properly executed and completed, in accordance with standard industry practice, and executed by the Project Architect and Project General Contractor, as applicable, showing payments made, costs incurred, and costs remaining to complete the Project, on a current basis and all in form and substance acceptable to the Construction Consultant and the Administrative Agent, and (2) the Administrative Agent, based on the advice of the Construction Consultant, has approved the Initial Budget. If the conditions described in the preceding clauses (1) and (2) are satisfied on or before the date which is 30 days after the Effective Date, then Administrative Agent shall, on the same day, give notice thereof (the "Budget Approval Notice") to the Reserve Account Bank, whereupon the provisions of this Section 2.20.4(b) shall no longer be effective and the Blocked Deposit shall continue to be held and disbursed in accordance with all of the other terms and provisions hereof and of the Account Control Agreement.

2.20.5 FF&E Reserve. Co-Borrower shall, on or before May 1, 2002, establish and maintain a segregated account of Co-Borrower with the Reserve Account Bank, which account (the "FF&E Reserve Account") shall be subject to an Account Control Agreement, and from and after the Opening Date, Co-Borrower or Borrower shall deposit into the FF&E Reserve Account, within 45 days after the last day of each Fiscal Quarter, an amount equal to the Required FF&E Percentage of the Gross Revenues from the Project for such Fiscal Quarter, and shall insure that the total deposits into the FF&E Reserve Account for each Operating Year are not less than the Required FF&E Percentage of the Gross Revenues from the Project for such Operating Year. Co-Borrower shall invest all funds from time to time on deposit in the FF&E Reserve Account solely in Cash Equivalent Investments. Unless a Default or an Unmatured Default has occurred and is continuing, funds deposited in the FF&E Reserve Account (the amount on deposit therein from time to time, the "FF&E Reserve") may be withdrawn by the Co-Borrower from time to time as necessary to pay for Permitted FF&E Expenditures as the same are incurred. If a Default or Unmatured Default has occurred and is continuing, Co-Borrower shall not withdraw any funds from the FF&E Reserve Account, and if a Default has occurred and is continuing, the Administrative Agent (i) shall have the right to give an Account Control Notice (as defined in the Account Control Agreement) to the Reserve Account Bank pursuant to the Account Control Agreement and (ii) may apply or direct the Reserve Account Bank to apply all funds then on deposit in the FF&E Reserve Account to the Secured Obligations in accordance with the provisions of Section 8.1.

2.21 Replacement of Lender. If Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.3 (any Lender so affected an "Affected Lender"), Borrower may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, provided that no Default shall have occurred and be continuing at the time of such replacement, and provided further that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to Borrower and the Administrative Agent shall agree, as of such date, to purchase for cash the Advances and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit F and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) Borrower shall pay to such Affected Lender in same day funds on the day

of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender.

### ARTICLE III

#### YIELD PROTECTION; TAXES

3.1 Yield Protection. If, on or after the Effective Date, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Office with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender or any applicable Lending Office to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender in respect of its Eurodollar Loans, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Office (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Office of making, funding or maintaining its Eurodollar Loans, or reduces any amount receivable by any Lender or any applicable Lending Office in connection with its Eurodollar Loans or requires any Lender or any applicable Lending

Office to make any payment calculated by reference to the amount of Eurodollar Loans held or interest received by it, by an amount deemed material by such Lender,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Office of making or maintaining its Eurodollar Loans or Commitment or to reduce the return received by such Lender or applicable Lending Office in connection with such Eurodollar Loans or Commitment, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction in amount received.

3.2 Changes in Capital Adequacy Regulations. If a Lender determines the amount of capital required or expected to be maintained by such Lender, any Lending Office of such Lender or any corporation controlling such Lender is increased as a result of a Change (as defined below in this Section 3.2), then, within 15 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the Effective Date in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the Effective Date which affects the amount of capital required or expected to be

maintained by any Lender or any Lending Office or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the Effective Date, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

3.3 Availability of Types of Advances. If any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Office would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that by reason of changes affecting the interbank Eurodollar market, (i) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (ii) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Administrative Agent shall suspend the availability of Eurodollar Advances until the first date on which the circumstances causing such suspension cease to exist and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4 Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any

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loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance, provided that such indemnity shall not apply to any such loss or cost incurred solely by reason of an adjustment to any Interest Period made by the Administrative Agent in connection with syndicating the Loans.

3.5 Taxes. (i) All payments by the Borrower to or for the account of any Lender or the Administrative Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Administrative Agent and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Administrative Agent or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Administrative Agent or such Lender makes demand

therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not less than ten Business Days after the Effective Date (or such later date upon which it becomes a Lender hereunder), deliver to each of the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, or backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be

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required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv) above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv), above, the Borrower shall take such steps (but without material expense to the Borrower) as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent and Borrower fully for all amounts paid, directly or indirectly, by the Administrative Agent or Borrower, as the case may be, as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Administrative Agent or Borrower under this subsection, together with all costs and expenses related



thereto (including attorneys fees and time charges of attorneys for the Administrative Agent or Borrower, as the case may be, which attorneys may be employees of the Administrative Agent or Borrower, as the case may be). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6 Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Office with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth

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in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

3.7 Reasonable Efforts to Mitigate. Each Lender shall use its reasonable best efforts (consistent with its internal policy and legal and regulatory restrictions) to minimize any amounts payable by the Borrower under Section 3.1 and Section 3.2 and to minimize any period of illegality under Section 3.3. Each Lender further agrees to notify the Borrower promptly, but in any event within 30 Business Days, after such Lender learns of the circumstances giving rise to such a right of payment or such illegality or any circumstances that have changed such that such right to payment or such illegality, as the case may be, no longer exists.

#### ARTICLE IV

##### CONDITIONS PRECEDENT

4.1 Closing Deliveries. On the Effective Date and as conditions precedent to Lenders' obligations to make the Effective Date Advance, Borrower shall satisfy the following conditions and/or furnish to the Administrative Agent the following:

(a) Borrower shall provide the Administrative Agent with copies of the articles or certificate of incorporation or certificate of formation, and certificates of good standing, of Borrower, Co-Borrower, each of the Subsidiary Guarantors, and Opryland Hotel Nashville, LLC, together with all amendments, certified by the appropriate governmental officer in its jurisdiction of organization.

(b) Borrower shall provide the Administrative Agent with copies, each certified by the Secretary or Assistant Secretary of Borrower, Co-Borrower, each of the Subsidiary Guarantors and each of the other entities described in the preceding clause (a), of the by-laws of such Person and Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution by such Person of the Loan Documents and Project Agreements to which such Person is a party, and copies, certified by the Secretary or Assistant Secretary or other authorized individual acting on behalf of each such entity of its Organizational Documents and of resolutions of such of its shareholders,

partners, members or other body whose approval is required under such entity's Organizational Documents authorizing the execution of the Loan Documents and Project Agreements to which each such entity is a party.

(c) Borrower shall provide the Administrative Agent with incumbency certificates, executed by the Secretary or Assistant Secretary of Borrower, Co-Borrower, Subsidiary Guarantors and the other entities specified in the preceding clause (a), respectively,

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which shall identify by name and title and bear the signatures of the officers or other authorized individuals acting on behalf of such Persons authorized to sign the Loan Documents and Project Agreements to which such Persons are a party, upon which certificates the Administrative Agent and the Lenders shall be entitled to rely.

(d) Borrower shall provide the Administrative Agent with written opinions of respective counsel to Borrower, Co-Borrower, Subsidiary Guarantors and the other entities specified in the preceding clause (a), addressed to the Administrative Agent and the Lenders in form and substance satisfactory to the Administrative Agent.

(e) Borrower shall provide each Lender with the Note required to be provided to such Lender pursuant to Section 2.13, payable to the order of such Lender.

(f) Borrower shall provide the Administrative Agent with the Guaranty, the Environmental Indemnity Agreement, the Mortgage, the Pledge Agreement, the Collateral Assignments and the other Loan Documents.

(g) Borrower shall provide the Administrative Agent with the Mortgage Title Insurance Policy with respect to the Mortgage dated as of the Effective Date in the amount of the sum of the Aggregate Commitment and the Administrative Agent's determination of the amount of the Secured Rate Management Obligations (without limiting the amount of the Secured Rate Management Obligations for any other purposes under the Loan Documents) with all premiums paid in full on or before the date of issuance and under which Lenders are not considered to be co-insurers. Borrower shall deliver to the Title Insurer all affidavits of title, ALTA statements, undertakings and such other papers, instructions and documents as the Title Insurer may require for the issuance of the Mortgage Title Insurance Policy in the form required hereunder.

(h) Borrower shall provide the Administrative Agent with UCC searches for the Persons and in all jurisdictions as required by the Administrative Agent, and the Administrative Agent shall be satisfied with the results of such searches.

(i) Borrower shall provide the Administrative Agent with a Survey of the Project.

(j) Borrower shall provide the Administrative Agent with certified copies of all Leases (if any) and all amendments thereto for premises located at the Project.

(k) Borrower shall provide the Administrative Agent with copies of all underlying title documents for the Project.

(l) Borrower shall provide the Administrative Agent with evidence that all financing statements relating to the Collateral have been (or will be) timely filed or recorded for the benefit of the Administrative Agent and the Lenders, and all title charges, recording fees and filing taxes have been paid.

(m) There shall have been paid to the Administrative Agent and Lenders all fees due and payable to the Administrative Agent and Lenders on or before the Effective Date and all expenses incurred by the Administrative Agent

on or before the Effective Date, including

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the Agency Fee and commitment fees as set forth in Section 2.5 and all recording and filing fees, documentary stamp, intangible, mortgage recording and other similar taxes and charges, title insurance premiums, survey charges, reasonable attorneys' fees and expenses, and other costs and expenses incurred in connection with the preparation, negotiation, execution and delivery of the Loan Documents.

(n) The Administrative Agent shall have been provided with (i) an Appraisal of the Project showing a minimum prospective appraised value of the Project as of the date of completion of \$380,000,000.00 and at stabilization of \$435,000,000.00 and (ii) environmental reports and soils, engineering, traffic and infrastructure impact studies and reports respecting the construction of the Project, prepared by such Persons, addressing such matters, containing such detail and in all other respects in such form and substance as is satisfactory to the Administrative Agent in its sole and absolute discretion.

(o) Co-Borrower shall have selected architects, engineers and other consultants (collectively, the "Project Architect") satisfactory to the Administrative Agent, and entered into an agreement or agreements with such Persons for the performance of services respecting the Project on terms satisfactory to the Administrative Agent, which agreement or agreements, as well as any modifications thereto approved by Co-Borrower and the Administrative Agent in writing and any Permissible Modifications thereto shall constitute the "Project Architect's Agreement."

(p) Co-Borrower shall have submitted and the Administrative Agent shall have approved all plans and specifications for the construction and completion of the Project (the "Plans and Specifications"), and the Administrative Agent shall have delivered Borrower's schedule of the Plans and Specifications to the Lenders.

(q) Co-Borrower shall have furnished evidence reasonably satisfactory to the Administrative Agent that all Persons (other than Co-Borrower) party to the Project Agreements have approved the Plans and Specifications (to the extent they have such rights of approval under the Project Agreements or otherwise).

(r) Co-Borrower shall have submitted and the Administrative Agent shall have approved (and provided to the Lenders) a detailed construction schedule (upon the Administrative Agent's approval of such schedule, such schedule shall constitute the "Project Schedule") providing for Completion of the construction of the Project occurring prior to the Required Completion Date.

(s) Borrower's contract or contracts with the Project General Contractor for the performance of the work at and Completion of the Project Construction, (which contract or contracts, together with any modifications thereto approved by the Borrower and the Administrative Agent in writing and any Permissible Modifications thereto, shall constitute the "Project General Contract,") shall provide for the Completion of the Project Construction in accordance with the Approved Plans and Specifications prior to the Required Completion Date and otherwise contain terms and provisions satisfactory to the Construction Consultant.

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(t) To the extent requested by the Construction Consultant, Co-Borrower shall have submitted to the Administrative Agent each of its contracts with engineers and other consultants (other than the Project Architect) concerning the Project, and any agreements other than the Project General Contract for the performance of construction work at the Project

(collectively, with the Project Architect's Agreement and the Project General Contract, the "Construction Agreements"), and the same shall have been approved by the Administrative Agent.

(u) The Administrative Agent shall have received from the Project Architect a certificate substantially in the form of the Architect's Certificate addressing such matters as the Administrative Agent may require. The Administrative Agent shall also have received confirmation from the Construction Consultant that all utilities necessary to service the Project are available, or will be available when needed, in sufficient supply at the Project, subject only to payment of customary connection and user fees.

(v) Co-Borrower shall have provided the Administrative Agent with (i) evidence reasonably satisfactory to it that each of the Approved Plans and Specifications, Permits, Construction Agreements and other Project Agreements have been collaterally assigned, to the extent the same are assignable, to the Administrative Agent for the benefit of the Lenders and other Holders of Secured Obligations pursuant to the Loan Documents and that the Administrative Agent holds a valid, existing and continuing Lien thereon, and (ii) a Consent and Agreement respecting such collateral assignment of each of the foregoing, in form and substance satisfactory to the Administrative Agent, duly authorized, executed and delivered by each of the Project Architect, the Project General Contractor and each of the other Persons (other than Co-Borrower) party to any of the then-existing Construction Agreements and Project Agreements from whom or which the Administrative Agent requires such Consent and Agreement.

(w) Co-Borrower shall have provided the Administrative Agent with the site plan for the Project as approved by the zoning authorities and any other necessary Governmental Authorities, outlining the location of all Improvements constructed and to be constructed on the Project, together with evidence satisfactory to the Administrative Agent that the Project is properly zoned for the construction of the Improvements contemplated thereon and intended operation thereof and that, when completed and operating, the Project will not violate any zoning, land use, subdivision or similar land use laws and ordinances or any other Laws, and that all Permits required for the construction of the Project have been obtained by Co-Borrower, including all building permits and all filings by or with Governmental Authorities, and that upon substantial completion of the Project all Permits required for the operation of the Project shall be obtainable in accordance with the schedule for the obtaining of such Permits included as part of the Approved Project Schedule.

(x) Co-Borrower shall have provided evidence satisfactory to the Administrative Agent that the Project is benefited by such easements or other rights as may be necessary for the Project, vehicular and pedestrian ingress and egress, installation and maintenance of utilities, parking and other site improvements, and operation of the Project, including any such easements or rights as are necessary for continued compliance with all Permits and other Laws, all Leases and all Project Agreements.

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(y) Borrower shall have furnished to the Administrative Agent a certificate, signed by an Authorized Officer, stating that to the knowledge of such individual on the initial Borrowing Date no Default or Unmatured Default (including, without limitation, any Out-of-Balance Condition) has occurred and is continuing.

(z) No law, regulation, order, judgment or decree of any Governmental Authority shall, and the Administrative Agent shall not have received any notice that litigation is pending or threatened which is likely to (i) enjoin, prohibit or restrain the making of the Advances on the Initial Funding Date or (ii) result in a Material Adverse Effect.

(aa) The Administrative Agent shall be reasonably satisfied (i) with the collective bargaining or other organized labor agreements to which Borrower, Co-Borrower and/or any of their respective Affiliates is or are a party and (ii)

that, before and after the Initial Funding Date, Co-Borrower has not encountered and will not encounter any adverse labor union organizing activity, employee strike, work stoppage, shutdown or lockout which results in a Material Adverse Effect.

(bb) No Default or Unmatured Default shall have occurred that is continuing or would result from the making of the Advances.

(cc) All of the representations and warranties contained in the Loan Documents shall be true and correct on and as of the Initial Funding Date.

(dd) Co-Borrower shall have provided to the Administrative Agent and the Lenders insurance certificates required under Section 6.6 with respect to the Project and shall have satisfied all other requirements of Section 6.6 then applicable.

(ee) The Administrative Agent shall have received a Borrowing Notice, properly completed.

(ff) The Administrative Agent shall have received confirmation from the Construction Consultant that the First Required Contributions have been made and applied to Construction Costs.

(gg) The Administrative Agent shall have received the Initial Construction Budget.

(hh) Borrower and Co-Borrower shall have established the Completion Reserve Account and made the deposit therein required by Section 2.20.4 with the proceeds of the Effective Date Advance or cash otherwise available to Borrower.

(ii) Borrower shall have delivered all documents, instruments and agreements required to effect the Rate Management Transactions and the other documents required by Section 6.21 to the Administrative Agent.

(jj) Borrower and Co-Borrower shall have provided the Administrative Agent with such other documents as any Lender or its counsel may have reasonably requested.

4.2 Conditions Precedent to Each Advance. The Lenders shall not be required to make any Advance (other than the Effective Date Advance) unless the following conditions are satisfied on the applicable Borrowing Date:

(a) (i) There exists no Default or Unmatured Default (including, without limitation, any Out-of-Balance Condition or failure to comply with Section 6.21 hereof) that is continuing.

(ii) The Administrative Agent and the Construction Consultant shall have (A) received the materials described in Section 2.20.4(b) hereof all in form and substance acceptable to the Construction Consultant and the Administrative Agent, and (B) approved the Initial Construction Budget and given the Budget Approval Notice to the Reserve Account Bank.

(b) The representations and warranties contained in Article V are true and correct as of such Borrowing Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

(c) The Administrative Agent shall have received a Borrowing Notice, properly completed by Borrower, with respect to the requested Advance, together with a certification by an Authorized Officer showing the calculations necessary to make the required representation with respect to the continuing adequacy of amounts then on deposit in the Completion Reserve Account pursuant to Section 5.25(iii).

(d) The Administrative Agent shall have received a current report from the Construction Consultant to verify that as of the date of each Advance, all work and materials have been performed and incorporated into the Project substantially in accordance with the Approved Plans and Specifications, and that the Completion Conditions will be achieved within the Approved Project Budget and on or before the Required Completion Date.

(e) The Administrative Agent shall have received Required Lien Waivers sufficient to cause the current Date Down Endorsement to be issued.

(f) The Administrative Agent shall have received an endorsement to the Mortgage Title Insurance Policy extending the coverage to include the date and amount of the requested disbursement, without exception for mechanic's liens or claims of liens, or any other matters not previously approved by the Administrative Agent in writing (each, a "Date Down Endorsement").

(g) The Administrative Agent shall have received copies of all documents required by the Title Insurer in order to issue the Date Down Endorsements.

(h) The Administrative Agent shall have received copies of and (except in the case of Permissible Modifications) approved in writing any amendments, supplements, or modifications to the Approved Plans and Specifications and any Project Agreements which have not been previously provided to and (except in the case of Permissible Modifications) approved in writing by the Administrative Agent, together with copies of any such amendments,

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supplements and modifications which are proposed to be made and which have been submitted to contractors.

(i) The Administrative Agent shall have received copies of and approved in writing all Project Agreements (other than Non-Material Project Agreements) executed since the last disbursement or not previously provided to the Administrative Agent, together with (i) evidence reasonably satisfactory to the Administrative Agent, including the written acknowledgment of Co-Borrower, that all such Project Agreements (other than Non-Material Project Agreements) have been collaterally assigned to the Administrative Agent for the benefit of the Lenders and other Holders of Secured Obligations pursuant to the Loan Documents and that the Administrative Agent holds a valid, existing and continuing Lien thereon, and (ii) a consent and agreement (each, a "Consent and Agreement") respecting such collateral assignment, in form and substance in all respects satisfactory to the Administrative Agent, duly authorized, executed and delivered by each of the Persons (other than Co-Borrower) party to such Project Agreements (other than Non-Material Project Agreements) from whom or which the Administrative Agent requires such Consent and Agreement.

(j) The Administrative Agent shall have received copies of all Leases (other than De Minimis Leases) entered into for space at the Project since the last Advance.

(k) If any material dispute has arisen between Borrower and any other Person party to a Project Agreement or if any material extra or change order is being negotiated by Borrower, the Administrative Agent shall have received a written summary of the nature of such dispute or negotiation and the current status thereof.

(l) No law, regulation, order, judgment or decree of any Governmental Authority shall, and the Administrative Agent shall not have received from any Lender, notice that, any litigation is pending or threatened which is likely to, in the reasonable judgment of the Administrative Agent or such Lender, enjoin, prohibit or restrain, or impose or result in the imposition of any material adverse condition upon the construction and completion of the

Project or the making of the requested Advance.

(m) No litigation, arbitration, governmental investigation, proceeding or inquiry shall be pending or threatened against Borrower, Co-Borrower, or any other Subsidiary of Borrower that, in the reasonable judgment of the Administrative Agent, is likely to have a Material Adverse Effect.

Each Borrowing Notice with respect to each such Advance shall constitute a representation and warranty by Borrower to the Administrative Agent and the Lenders that the conditions contained in this Section 4.2 have been satisfied.

4.3 Limited Nature of Waivers of Requirements. It is expressly understood and agreed that if any of the Lenders shall intentionally or unintentionally waive or fail to require satisfaction of any condition precedent or other provision or requirement set forth in this Agreement for the first or any subsequent Advance, the Administrative Agent shall be deemed to have reserved the right to require compliance with such condition precedent or other provision or

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requirement prior to any subsequent Advance, notwithstanding any previous continuing or intermittent pattern of such waivers or failures to require such satisfaction thereof.

4.4 Notices to Owner. In the event that, from and after the Effective Date, any Person delivers a Notice to Owner under Florida law relating to mechanics' lien claims, Borrower shall deliver a copy thereof to the Administrative Agent within 15 days after the receipt thereof and obtain a lien waiver from such Person as a pre-condition to any Advances.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

Each of Borrower and Co-Borrower represents and warrants to the Lenders that, as of the Effective Date, and thereafter whenever the representations and warranties under this Article V are updated, remade or deemed to be remade:

5.1 Ownership, Existence and Standing. Each of Borrower, Co-Borrower, each Subsidiary Guarantor and each Creative Group Subsidiary is a corporation, limited partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted. True, correct and complete copies of the Organizational Documents of Borrower, Co-Borrower, each Subsidiary Guarantor and each Creative Group Subsidiary have been delivered to the Administrative Agent, each of which is in full force and effect, has not been modified or amended except to the extent set forth therein and there are no defaults under such Organizational Documents and, to the best of Borrower's and Co-Borrower's knowledge, no events exist which, with the passage of time or giving of notice or both, would constitute a default under such Organizational Documents. As of the date hereof, the ownership structure of Borrower, Co-Borrower, Subsidiary Guarantors, the Creative Group Subsidiaries and all direct and indirect owners of membership interests therein are completely and accurately disclosed on the ownership chart attached as Schedule 5.1. Neither Borrower nor Co-Borrower is a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code.

5.2 Authorization and Validity. Each of Borrower, Co-Borrower, the Subsidiary Guarantors and the Creative Group Subsidiaries has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each of Borrower, Co-Borrower or any Subsidiary Guarantor of the Loan

Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate or company proceedings. Each of the Loan Documents to which Borrower, Co-Borrower or any Subsidiary Guarantor is a party (A) has been duly executed and delivered on behalf of Borrower, Co-Borrower or Subsidiary Guarantors, as the case may be, (B) to the extent the same constitutes a security agreement or a collateral document, creates valid first Liens in the Collateral covered thereby, securing the payment of all of the Secured Obligations purported to be secured thereby, (C) assuming due authorization and execution by the Lenders party thereto, constitutes the legal, valid and binding obligation of the Borrower, Co-Borrower or Subsidiary Guarantors, as the case may be,

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enforceable against such Person, in accordance with its terms except to the extent that the enforcement thereof or the availability of equitable remedies may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent transfer or similar laws now or hereafter in effect relating to or affecting creditors' rights generally or by general principles of equity, or by the discretion of any court of competent jurisdiction in awarding equitable remedies, regardless of whether such enforcement is considered in a proceeding in equity or at law and (D) is in full force and effect. All the terms, provisions, agreements and conditions set forth in the Loan Documents and required to be performed or complied with by Borrower, Co-Borrower or Subsidiary Guarantors have been performed or complied with and no Default or breach of any covenant by any such Person exists thereunder.

5.3 No Conflict; Government Consent. Neither the execution and delivery by the Borrower, Co-Borrower and Subsidiary Guarantors of the Loan Documents to which any of them is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on any such Person or (ii) such Person's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or limited liability company operating agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which such Person is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the property of such Person pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by Borrower or Subsidiary Guarantors, is required to be obtained by any of them in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by Borrower, Co-Borrower and Subsidiary Guarantors of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4 Financial Statements. The respective financial statements of the Borrower, Co-Borrower, Subsidiary Guarantors and the Creative Group Subsidiaries heretofore delivered to the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the financial condition and operations of the Borrower, Co-Borrower, Subsidiary Guarantors and the Creative Group Subsidiaries, as the case may be, at such date and the results of its operations for the period then ended. Since December 31, 2000, there has been no material adverse change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of Borrower and its Subsidiaries taken as a whole.

5.5 Intentionally Omitted.

5.6 Taxes. Borrower, Co-Borrower, Subsidiary Guarantors and the Creative Group Subsidiaries have filed all United States federal tax returns and all



other tax returns which are required to be filed and for which the due date (including extensions) has occurred and has paid all taxes due and payable pursuant to said returns. All taxes (including real estate taxes), assessments, fees and other charges of Governmental Authorities upon or relating to the

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Borrower's, Co-Borrower's or any Subsidiary Guarantor's or Creative Group Subsidiary's assets (including the Project), receipts, sales, use, payroll, employment, income, licenses and franchises which are due and payable have been paid, except to the extent such taxes, assessments, fees and other charges of Governmental Authorities are being contested in good faith by an appropriate proceeding diligently pursued with the security delivered as and to the extent required by the terms of Section 6.5. Neither Borrower, nor Co-Borrower has any knowledge of any proposed tax assessment against the Borrower, Co-Borrower, any Subsidiary Guarantor, Creative Group Subsidiary or the Project that will have or is reasonably likely to have a Material Adverse Effect. No tax liens have been filed and no claims are being asserted with respect to any such Taxes. Co-Borrower qualifies for partnership pass-through entity treatment under United States federal tax law.

5.7 Litigation and Contingent Obligations. Except as otherwise described on Schedule 5.7, there is, as of the date hereof, no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened (a) against or affecting Borrower, Co-Borrower any Subsidiary Guarantor or other Subsidiary of Borrower or any of their respective Properties or (b) which seeks to prevent, enjoin or delay the completion or operation of the Project or the making of any Advances. Except as otherwise described on Schedule 5.7, none of Borrower, Co-Borrower, the Subsidiary Guarantors or other Subsidiaries of Borrower has any material Contingent Obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8 Subsidiaries. (a) As of the date hereof, Borrower has no Subsidiaries other than as shown on the ownership chart attached hereto as Schedule 5.1. The percentage numbers shown on the chart attached hereto as Schedule 5.1 indicate the percentage of Borrower's ownership in entities in which Borrower owns, directly or indirectly, less than one hundred percent of all ownership interests. The state or country of formation of each entity on such chart is correctly shown thereon.

(b) The following direct or indirect Subsidiaries of Borrower are defunct or "shell" companies which Borrower intends to dissolve:

(i) Zmusic Management, Inc. (operated a cable channel that no longer exists);

(ii) Showpark Management, Inc. (managed entertainment for a theme park that no longer exists);

(iii) Gaylord Digital, LLC (digital media; no longer operational);

(iv) GBRJ Music, LLC (digital media; no longer operational);

(v) Lightsource, LLC (digital media; no longer operational);

and

(vi) TV Force, LLC (digital media; no longer operational).

(c) Oklahoma City Athletic Club, Inc. is an indirect Subsidiary of Borrower that is a party to franchise agreements with major league baseball and the Pacific Coast Baseball

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League, both of which prohibit incurring contingent obligations on behalf of affiliates or subsidiaries for debt that is not directly related to baseball operations.

5.9 Affiliate Contracts. Other than as disclosed on Schedule 5.9, there are no material contracts or other agreements between Borrower or Co-Borrower and any Affiliate of either in effect with respect to the Project or any part thereof.

5.10 Accuracy of Information. No written or documentary information, exhibit or report furnished by or on behalf of the Borrower, Co-Borrower and Subsidiary Guarantors to the Administrative Agent or to any Lender in connection with the syndication of the Commitments and the Loans, or the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.11 Margin Regulations. No part of the proceeds of any Loan will be used to purchase or carry any margin stock (as defined in Regulation U) or to extend credit for the purpose of purchasing or carrying any margin stock. Neither the making of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X.

5.12 Material Agreements. Neither Borrower, Co-Borrower nor any Subsidiary Guarantor or Creative Group Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate or company restriction which could reasonably be expected to have a Material Adverse Effect. Neither Borrower, Co-Borrower nor any Subsidiary Guarantor is in default in the performance, observance or fulfillment of any material obligation, covenant or condition contained in (i) any Project Agreement, (ii) any other agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (iii) any agreement or instrument evidencing or governing Indebtedness.

5.13 Compliance With Laws. Except where any failure to comply would not have a material adverse effect on the business, operations, property, condition (financial or otherwise) or prospects of any of them, Borrower, Co-Borrower and each of the Subsidiary Guarantors and Creative Group Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property, and except as otherwise described on Schedule 5.13, neither Borrower nor any of its Subsidiaries nor the Project is subject to or in default with respect to any final judgment, writ, injunction, restraining order or order of any nature, decree, rule or regulation of any court or Governmental Authority.

5.14 Ownership of Certain Properties. (a) Borrower owns, directly or indirectly 100% of all ownership interests in Co-Borrower. Co-Borrower has good, insurable (at normal rates) leasehold title to the Project. The Project and all assets and Property constituting Collateral are free and clear of all Liens and rights of others and any underlying easements, covenants, conditions, and other encumbrances, except Liens securing the Secured Obligations and Customary Permitted Liens. Except as otherwise described in Schedule 5.14, all Property owned by, leased to or used by Co-Borrower is in good operating condition and repair, ordinary wear

and tear excepted, is free and clear of any known defects except such defects as do not substantially interfere with the continued use thereof in the conduct of normal operations, and is able to serve the function for which it is currently being used. Neither this Agreement nor any other Loan Document, nor any transaction contemplated under any such agreement, will affect any right, title or interest of Co-Borrower in and to any of such Property (other than in

connection with Liens in favor of the Administrative Agent). The Project is taxed separately without regard to any other Property. The Project may be mortgaged, conveyed and operated as a parcel separate and independent from any other Real Property, subject only to Customary Permitted Liens.

(b) Borrower owns, directly or indirectly, 100% of all ownership interests in Opryland Hotel Nashville LLC, which is the fee owner of the property known as Opryland Hotel Nashville.

5.15 Plan Assets; Prohibited Transactions; ERISA. Neither Borrower nor any of its Subsidiaries is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Advances hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. None of Borrower or any of its Subsidiaries is or shall while any Advances are outstanding be or become (A) obligated to make any contributions to, or incur any liability on account of any funding deficiency (as defined in Section 302(a)(2) of ERISA and Section 412(a) of the Code) with respect to, any employee pension benefit plan qualified under Section 401(a) of the Code, (B) party to or otherwise obligated to make any payments under any agreement relating to any such plan, or (C) obligated to make any payments under Title IV of ERISA.

5.16 Environmental Matters. Except as disclosed on Schedule 5.16:

(i) the operations of Co-Borrower and the Project comply, and to the best of Borrower's and Co-Borrower's knowledge, the operations of all prior owners of the Project have complied, in all respects with all applicable Environmental Laws except as otherwise set forth in the Environmental Report;

(ii) all environmental, health and safety Permits necessary for the operation of the Project (other than Permits available only upon completion of construction) have been obtained, and all such Permits are in good standing and the Borrower is currently in compliance with all terms and conditions of such Permits;

(iii) neither Borrower, Co-Borrower nor the Project is subject to or, to the best of the knowledge of Borrower and Co-Borrower, is the subject of, any investigation, judicial or administrative proceeding, order, judgment, decree, dispute, negotiations, agreement or settlement respecting (1) any Environmental Laws, (2) any Remedial Action, (3) any Claims or Liabilities and Costs arising from the Release or threatened Release of a Contaminant into the environment or (4) any violation of or liability under any Environmental Laws;

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(iv) except as expressly disclosed in the Environmental Report, neither Borrower, Co-Borrower nor, to the best of the knowledge of Borrower and Co-Borrower, any other Person, has filed any notice under any applicable Requirement of Law with respect to the Project (1) reporting a Release of a Contaminant; (2) indicating past or present treatment, storage or disposal of a hazardous waste, as that term is defined under 40 C.F.R. Part 261 or any state equivalent or (3) reporting a violation of any applicable Environmental Laws.

(v) the Project is not listed or proposed for listing on the National Priorities List ("NPL") pursuant to CERCLA or on the Comprehensive Environmental Response Compensation Liability Information System List ("CERCLIS") or any similar state list of sites requiring Remedial Action;

(vi) neither Borrower, Co-Borrower nor any other Person (in connection with the Project) has sent or directly arranged for the transport of any waste to any site listed or proposed for listing on the NPL, CERCLIS or any similar state list;

(vii) except as expressly disclosed in the Environmental Report,

there is not now, nor, to the best of Borrower's and Co-Borrower's knowledge, has there ever been on the Project (1) any treatment, recycling, storage or disposal of any hazardous waste, as that term is defined under 40 C.F.R. Part 261 or any state equivalent; (2) any landfill, waste pile, underground storage tank or surface impoundment; (3) any asbestos-containing material or (4) any polychlorinated biphenyls (PCB) used in hydraulic oils, electrical transformers or other equipment;

(viii) neither Borrower, Co-Borrower, nor, to the best of the knowledge of Borrower and Co-Borrower, any other Person has received any notice or Claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of a Contaminant into the environment in connection with the Project;

(ix) no Environmental Lien has attached to the Project;

(x) the Project is not subject to any Environmental Property Transfer Act, or to the extent such acts are applicable to the Project, the Borrower has fully complied with the requirements of such acts;

(xi) no underground storage tanks are located at the Project; and

(xii) except as expressly disclosed in the Environmental Report, no asbestos or asbestos-containing materials are located on, at or in the Project.

5.17 Investment Company Act. Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.18 Public Utility Holding Company Act. Neither Borrower nor any of its Subsidiaries is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

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5.19 Solvency. (a) Immediately after the consummation of the transactions to occur on the Effective Date and immediately following the making of each Advance, if any, made on the Effective Date and after giving effect to contribution arrangements among Borrower, Co-Borrower and the Subsidiary Guarantors and to the application of the proceeds of such Advances, and except as set forth on Exhibit 5.19 with respect to certain Subsidiaries that are not Subsidiary Guarantors, (a) the fair value of the assets of each of Borrower and its Subsidiaries at a fair valuation, in each case will exceed the debts and liabilities, subordinated, contingent or otherwise, of such entity; (b) the present fair saleable value of the Property of each of Borrower and its Subsidiaries, in each case will be greater than the amount that will be required to pay the probable liability of such entity on its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each of Borrower and its Subsidiaries will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each of Borrower and its Subsidiaries will not have unreasonably small capital with which to conduct the businesses in which it is engaged as such businesses are now conducted and are proposed to be conducted after the Effective Date.

(b) Neither the Borrower nor any of its Subsidiaries intends to, or believes that it will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it and the timing of the amounts of cash to be payable on or in respect of its Indebtedness.

5.20 Permits, Zoning, Government Approvals, Trademarks, Etc. (a) The proposed uses of the Project do not, and when the Project is completed and fully operational will not, violate any Requirements of Law in any material respect.

Borrower and Co-Borrower own or have all Permits and other Governmental Approvals (other than building permits and other permits and approvals identified in Schedule 5.20 that have not yet been issued, but will be obtained in sufficient time to enable Co-Borrower to fulfill the Completion Conditions by the Required Completion Date), trademarks, trade names, copyrights, technology, know-how and processes used in or necessary for the construction of the Project and the operation thereof as a first class hotel and convention center, with meeting rooms, convention center, restaurants and spa, upon completion of such construction. No claims are pending and neither the Borrower, nor to the best of the Borrower's knowledge, any other Person, has received written notice of any threatened claim, in either case, asserting that the Borrower or any of its Subsidiaries or Affiliates (or such other Person) is infringing or otherwise adversely affecting the rights of any Person in any material respect with respect to such Permits and other Governmental Approvals, trademarks, trade names, copyrights, technology, know-how and processes. Neither the zoning or land use classification, nor any other Permit for or relating to the Project is to any extent dependent upon or related to any Property other than the Property comprising the Project.

(b) There have not been and there are no pending proceedings or actions to revoke, attack, invalidate, rescind, or modify the zoning or land use classification of the Project or any part thereof or any Permits heretofore issued with respect thereto, or asserting that such zoning, land use classification or Permits do not permit the ownership, construction, operation or use of the Project as a first class hotel and convention center with associated facilities and, to the best of the Borrower's knowledge, no facts exist which would reasonably be expected to result in

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the denial, disapproval or revocation of any Governmental Approvals or Permits necessary to operate the Project or any other Property.

5.21 Utilities; Access; Structural Soundness. (a) The Project has or will have upon completion of construction water, gas and electrical supply, storm and sanitary sewage facilities, other required public utilities, and fire and police protection adequate for the continuous operation of the Project in the manner contemplated upon completion of the construction thereof, and all such facilities and utilities comply (or, will comply upon completion of construction) with all applicable Requirements of Law.

(b) The Project has legal access for both pedestrians and vehicles at locations contemplated by or otherwise consistent with the Approved Plans and Specifications. The Borrower has received no written notice of any denial of access to the Project nor does the Borrower have knowledge that any such denial is being contemplated by any Governmental Authority.

(c) To the best of Borrower's and Co-Borrower's knowledge following diligent inquiry, the Project (to the extent constructed) is structurally sound and has been constructed in a good and workmanlike manner, is free from any structural or latent defects or other material defects, and is in good repair.

5.22 Leasehold Matters. Except as set forth on Schedule 5.22, (a) there are no Leases or other arrangements for occupancy of space within the Project except for Leases entered into in accordance with Section 6.34 and (b) there are no Persons (excluding guests and invitees) in possession of all or any part of the Project other than as permitted under Leases entered into in accordance with Section 6.34. Co-Borrower is not in default in any material respect under any Lease. Co-Borrower has delivered to the Administrative Agent true and complete copies of all Leases entered into as of the date hereof.

5.23 Ground Lease Matters.

(a) Each of the Ground Leases is in full force and effect, unmodified by any writing or otherwise, and Co-Borrower has not waived, canceled or surrendered any of its rights thereunder, nor has Co-Borrower made any

election or exercised any option thereunder.

(b) All rent, additional rent, percentage rent and/or other charges reserved in or payable under the Hotel Ground Lease have been paid to the extent that they are payable to the date hereof.

(c) Co-Borrower has not delivered or received any notice of default under the Ground Leases and is not in default under any of the terms of the Ground Leases, and there are no circumstances which, with either the passage of time or the giving of notice, or both, would constitute a default by Co-Borrower under either of the Ground Leases.

(d) To Co-Borrower's knowledge as of the date hereof, (i) the Master Lessor is not in default under any of the terms of either of the Ground Leases on its part to be observed and/or performed, and (ii) there are no circumstances which, with the passage of time or the

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giving of notice, or both, would constitute a default by the Master Lessor under either of the Ground Leases.

(e) To Co-Borrower's knowledge as of the date hereof, the Ground Lessor is not in default under any of the terms of either of the Ground Leases on its part to be observed and/or performed, and to Co-Borrower's knowledge as of the date hereof, there are no circumstances which, with the passage of time or the giving of notice, or both, would constitute a default by the Ground Lessor under either of the Ground Leases.

(f) Co-Borrower has delivered to Lender a true, accurate and complete copy of each of the Ground Leases, together with all amendments, renewals and other modifications thereto.

(g) There is no adverse claim to Co-Borrower's title to or possession of the leasehold estate created by the Hotel Ground Lease.

(h) The Ground Lessor has approved the Approved Plans and Specifications and the Approved Project Schedule.

5.24 Casualty; Condemnation Except for any Non-Material Casualty, neither the Project nor any portion thereof is materially affected by any fire, explosion, accident, drought, storm, hail, earthquake, embargo, act of God or other casualty. Except for any Non-Material Condemnation, no condemnation of the Project (nor any roadways abutting thereto) or any portion thereof is pending, nor has the Borrower received any written notice of any potential condemnation by any Governmental Authority.

5.25 Construction. On the Initial Funding Date and on the date of each Advance, (i) the statements contained in all certificates of Borrower or Co-Borrower delivered in connection with the disbursement of Loans shall be, in all material respects, true, correct, complete and not misleading, whether by omission to state facts or otherwise, (ii) the amounts set forth in the Approved Construction Budget (or, until the Approved Construction Budget is in effect, the Initial Construction Budget) present a full, complete and accurate representation of all Construction Costs which Co-Borrower expects to pay or anticipates becoming obligated to pay to complete the construction of the Project in accordance with the Approved Plans and Specifications and Laws satisfy all Completion Conditions on or before the Required Completion Date and to operate the Project through such completion, (iii) the amount on deposit in the Completion Reserve Account, together with the Available Aggregate Commitment after giving effect to the Advance made on such date, will be sufficient to pay all then unpaid Construction Costs (which shall not include interest payments on the Loans) expected to be incurred and paid in order to achieve Completion by the Completion Date, (iv) the Approved Plans and Specifications are complete and correct in all material respects, containing all detail requisite for construction and completion of the Project, (v) the Approved Project Schedule is

realistic and feasible in all material respects, and the Project has proceeded to date in substantial accordance therewith, (vi) Co-Borrower shall have provided the Administrative Agent with true, correct and complete copies of all the Project Agreements and other documents required to be provided to the Administrative Agent under Article IV, and (vii) there are no material defaults under, or to the best of the Borrower's and Co-Borrower's knowledge, no events exist which, with the

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passage of time or giving of notice or both, would constitute a material default under, any of the documents set forth in clause (vi) above.

5.26 Brokerage Fees. No brokerage fees or commissions are payable by or to any Person with whom Borrower, Co-Borrower or any Subsidiary Guarantor has dealt in connection with this Agreement or the Loans.

5.27 Personal Property. All furnishings, equipment and other tangible personal property necessary for the efficient use and operation of the Project are, to the extent incorporated in the Project as of the date hereof and as of the date of each Advance hereunder, in substantially good condition and repair, are free from Liens (other than the Customary Permitted Liens) and are usable for their intended purposes.

5.28 Zoning. Neither Borrower nor Co-Borrower has taken any action, and, to the best of the Borrower's and Co-Borrower's knowledge as of the date hereof, no action has been initiated or is contemplated by any other Person, which could result in any modification to the zoning or land use ordinances, laws or regulations affecting the Project.

5.29 Incentive Agreements. Borrower has furnished to the Administrative Agent true, complete and correct copies of the Incentive Agreements, which Agreements are unmodified and in full force and effect. Borrower and Co-Borrower have engaged in discussions with Osceola County to amend and modify the PIP to create a direct economic incentive-based agreement with the intention of alleviating the requirement of a bond validation process. Borrower and Co-Borrower do not anticipate that the substantive economic terms of the PIP will be changed in connection with such amendment. Borrower and Co-Borrower acknowledge and agree that they will not cause, permit or agree to any amendment to the PIP without the prior consent of the Administrative Agent, which shall not be unreasonably withheld or delayed.

5.30 SAILS Contract. Borrower has furnished to the Administrative Agent a true, complete and correct copy of the SAILS Forward Exchange Contract, which remains unmodified and in full force and effect.

## ARTICLE VI

### COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing, Borrower and Co-Borrower covenant and agree as follows:

6.1 Financial Reporting. Borrower and Co-Borrower each will maintain for itself a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Administrative Agent for distribution to the Lenders:

(i) As soon as available and in any event within 90 days after the close of each of its Fiscal Years, an unqualified audit report, certified by Arthur Andersen or another "big five" accounting firm, prepared in accordance with Agreement Accounting Principles for Borrower (which shall, in any event, include balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows).

(ii) As soon as available and in any event, within 45 days after the close of each of its Fiscal Quarters, unaudited financial reports, prepared in accordance with Agreement Accounting Principles for Borrower (which shall, in any event, include balance sheets as of the end of such period, related profit and loss statements, and a statement of cash flows).

(iii) The annual operating and capital budget for Borrower, on a consolidated basis, for each Fiscal Year, in each case provided not later than 60 days after the commencement of such Fiscal Year during the term of this Agreement.

(iv) From and after the Completion Date, the annual operating and capital budget for the Project for each Fiscal Year, in the case of the first such budget, provided no later than the date on which the first unaudited operating statement is required to be delivered pursuant to the following clause (v) (B), and in the case of each subsequent budget, provided not later than the commencement of such Fiscal Year during the term of this Agreement, which budget shall constitute the "Operating and Capital Budget" for such Fiscal Year.

(v) From and after the Opening Date, (A) as soon as possible and in any event within 45 days after the close of each Fiscal Quarter, a complete statement and accounting of any use or disbursement of funds in the FF&E Reserve Account for such Fiscal Quarter, identifying the purpose, size and type of each expenditure and accompanied by copies of all bank statements with respect to the FF&E Reserve Account not previously delivered to the Administrative Agent, and (B) within 30 days after the close of each month end (and, from and after the later of December 31, 2002 and date on which the Aggregate Outstanding Credit Exposure is reduced to \$85,000,000, within 30 days after the close of each Fiscal Quarter), an unaudited operating statement for the Project for such month (or, if applicable, such Fiscal Quarter), including a discussion of results and any material line item variances from the current Operating and Capital Budget, all certified by an Authorized Officer and by the Property Manager.

(vi) As soon as available and in any event within 45 days after the close of each Fiscal Quarter and 90 days after the close of each Fiscal Year, a compliance certificate for Borrower and Co-Borrower in substantially the form of Exhibit G signed by an Authorized Officer, (1) showing the calculations necessary to determine compliance with this Agreement, including those covenants set forth in Section 6.25, (2) stating that to such Authorized Officer's knowledge, no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof, and (3) showing Co-Borrower's calculations (and supporting information) of amounts then required to be maintained in the Completion Reserve Account and the FF&E Account and all disbursements therefrom (identifying the purpose, size and type of each expenditure), accompanied by copies of all bank statements with respect to the Completion Reserve Account and the FF&E Reserve Account received to date and not previously delivered to the Administrative Agent.

(vii) Promptly upon the occurrence of any of the following, and in all events within 10 Business Days after any such occurrence, written notice of the following:

(a) receipt by Borrower, Co-Borrower, Property Manager or a Person responsible for the environmental matters at the Project of a notice or claim to the effect that Borrower, Co-Borrower, any Subsidiary of Borrower or Property Manager is or may be liable to

any Person as a result of the Release or threatened Release of any Contaminant into the environment;



(b) receipt by Borrower, Co-Borrower, Property Manager or a Person responsible for the environmental matters at the Project of a notice that Borrower, Co-Borrower or Property Manager or any portion of the Project is subject to investigation by any Governmental Authority evaluating whether any Remedial Action is needed to respond to the Release or threatened Release of any Contaminant into the environment at or from the Project;

(c) receipt by Borrower, Co-Borrower, Property Manager or a Person responsible for the environmental matters at the Project of a notice that the Project is subject to an Environmental Lien;

(d) receipt by Borrower, Co-Borrower, Property Manager or a Person responsible for the environmental matters at the Project of a notice of a material violation of any Environmental Laws with respect to the Project;

(e) any condition which might reasonably be expected to result in a violation of any Environmental Laws by Borrower, Co-Borrower or Property Manager or with respect to the Project; or

(f) commencement or written threat of which Borrower, Co-Borrower or Property Manager has knowledge of any judicial or administrative proceeding alleging a violation of any Environmental Laws by Borrower, Co-Borrower or Property Manager or with respect to the Project

(viii) (a) Promptly upon Borrower's or Co-Borrower's obtaining knowledge of the institution of, or written threat of, any action, suit, proceeding, governmental investigation or arbitration against or affecting the Borrower, Property Manager or the Project other than any Ordinary Course Claim, written notice thereof and such other information as may be reasonably available to enable each Lender and the Administrative Agent and its counsel to evaluate such matters; (b) as soon as practicable and in any event within forty-five days after the end of each Fiscal Quarter, a written quarterly report covering the institution of any action, suit, proceeding, governmental investigation or arbitration (not previously reported) against or affecting the Borrower, Property Manager or the Project (including, without limitation, all Ordinary Course Claims), containing such information as may be reasonably available to enable the Administrative Agent and its counsel to evaluate such matters; and (c) in addition to the requirements set forth in clauses (a) and (b) above, upon request of the Administrative Agent prompt written notice of the status of any action, suit, proceeding, governmental investigation or arbitration covered by a report delivered pursuant to clause (a) above, including such information as may be reasonably available to it to enable each Lender and the Administrative Agent and its counsel to evaluate such matters. For purposes hereof, an "Ordinary Course Claim" shall mean a claim for which is fully covered by the Borrower's or Property Manager's insurance (with the exception of permitted deductibles hereunder) and which neither alleges damages in excess of \$500,000 nor seeks to enjoin development, construction, use or operation of the Project.

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(ix) Promptly upon the Borrower's or Co-Borrower's learning thereof, written notice of any labor dispute to which the Borrower, Co-Borrower, any Creative Group Subsidiary or any Subsidiary Guarantor may become a party (including any strikes, lockouts or other disputes relating to the Project).

(x) Copies of any reports on form 8K filed with the Securities Exchange Commission, upon filing same.

(xi) Prompt written notice upon the occurrence of any Property Award Event, given in any event within ten days after the occurrence thereof.

(xii) Such other non-proprietary information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

6.2 Use of Proceeds. Borrower will use the proceeds of the Advances solely

for the purpose of funding Approved Construction Costs in accordance with this Agreement or for general corporate purposes of Borrower. Borrower will not use or permit any of its Subsidiaries to use any of the proceeds of the Advances to purchase or carry any "margin stock" (as defined in Regulation U) or in any manner in violation of any other regulation of the Board of the Federal Reserve System.

6.3 Notice of Default. Borrower and Co-Borrower will give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default of which they have knowledge and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4 Conduct of Business; Corporate Existence. Borrower and Co-Borrower shall (and Borrower shall cause all of the Subsidiary Guarantors and Creative Group Subsidiaries to) (a) maintain in all material respects their Properties (including the Project) in good, safe and insurable condition and repair, (b) maintain all utilities, access rights, zoning, land use classification and necessary Permits for the Project, (c) not permit, commit or suffer any waste or abandonment of the Project, and (d) from time to time shall make or cause to be made all material repairs, renewal and replacements thereof, including any capital improvements which may be required to maintain the same in good condition and repair. Without any limitation on the foregoing, Co-Borrower shall staff, maintain, insure and operate the Project as a first class hotel and convention center. Borrower and Co-Borrower will and Borrower will cause each of the Subsidiary Guarantors and Creative Group Subsidiaries to do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

#### 6.5 Taxes and Claims.

(a) Co-Borrower shall and Borrower shall and shall cause each Subsidiary of Borrower to timely file (subject to lawful extension of filing date requirements) complete and correct United States federal and applicable foreign, state and local tax returns required by law (it

being understood that such filings may be in the form of consolidated returns). Co-Borrower will qualify for pass-through entity treatment under United States federal tax law. Each of Borrower, Co-Borrower and all other Subsidiaries of Borrower shall pay (i) all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, transit taxes, taxes based on the receipt of rent and other governmental charges imposed upon it or on any of its Property or assets or in respect of any of its franchises, licenses, receipts, sales, use, payroll, employment, business, income or Property before any penalty or interest accrues thereon and (ii) all Claims (including claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or may become a Lien, prior to the time when any penalty or fine shall be incurred with respect thereto. Borrower shall provide copies of property tax bills and other invoices and evidence of payment of property taxes with respect to the Project, within thirty (30) days following such payment. Notwithstanding the foregoing, no such taxes, assessments, fees and governmental charges referred to in clause (i) above or Claims referred to in clause (ii) above need be paid (unless payment under protest is required by applicable Requirements of Law in connection with a contest) if (A) being contested in good faith by appropriate proceedings diligently instituted and conducted, (B) a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor and (C) with respect to Liens on Collateral, Borrower shall have deposited with the Administrative Agent security in an amount and of a kind reasonably satisfactory to the Administrative Agent during the pendency of such appropriate proceedings. Notwithstanding the foregoing, if Borrower (1) shall fail to discharge or cause to be discharged within sixty (60) days after the imposition thereof (but in any event before the same is

reasonably likely to result in either (A) the Property being sold, forfeited or lost or (B) the Lien in favor of the Administrative Agent for the benefit of the Lenders and other Holders of Secured Obligations being impaired) any such Lien for taxes, assessments or other governmental charges or claims filed or otherwise asserted with respect to any portion of the Project, or (2) shall fail to contest any of the foregoing and give security therefor within the time period specified in the preceding clause (1) or, having commenced to contest the same, and having given such security within such time period, shall thereafter fail to prosecute such contest in good faith and with due diligence, or fail to maintain such security for its full amount, or (3) upon adverse conclusion of any such contest, shall fail to cause any judgment or decree to be satisfied and such Lien to be released, then, and in any such event, the Administrative Agent may (but shall not be required to) at its election, (x) procure the release and discharge of any such Lien and any judgment or decree thereon, without inquiring into or investigating the amount, validity or enforceability of such Lien and (y) effect any settlement or compromise of the same, or furnish security or indemnity to the Title Insurer, and any amounts so expended by the Administrative Agent, including premiums paid or security furnished in connection with the issuance of any surety company bonds, shall be deemed to constitute additional Obligations and shall be secured by the Collateral.

(b) Notwithstanding the foregoing, neither Borrower nor Co-Borrower shall suffer or permit any mechanics' lien claims to be filed or otherwise asserted against the Project. If any such claims for Lien or any proceedings for the enforcement thereof are filed or commenced, Co-Borrower shall discharge the same within thirty (30) days of such filing or commencement; provided, however, that (i) Co-Borrower shall have the right to contest in good faith and with due diligence the validity of any such Lien or Claim upon (A) furnishing to the Title Insurer such security or indemnity as it may require to induce the Title Insurer to issue

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endorsements to the Mortgage Title Insurance Policy insuring against all such Claims, Liens or proceedings or (B) posting with the Administrative Agent a bond or other security, in form and substance satisfactory to Administrative Agent in its reasonable discretion with respect to any such mechanics' lien; and (ii) the Lenders will not be required to make any further Loans unless and until (A) any such Lien has been released or insured against by the Title Insurer or (B) Co-Borrower shall have provided the Administrative Agent with such other security with respect to such Claim as may be acceptable to the Administrative Agent in its reasonable discretion. In addition, as a condition to any such contest, the Administrative Agent must be satisfied in its sole discretion, that: (1) any such Lien is being contested, appealed or otherwise prosecuted with diligence and continuity, (2) enforcement of such Lien shall be stayed pending such contest, appeal or other proceeding, and (3) the Project is secure and the priority of the Mortgage remains unaffected.

6.6 Insurance. (a) Borrower will maintain and will cause all of its Subsidiaries, including Co-Borrower and the Subsidiary Guarantors, to maintain with financially sound and reputable insurance companies insurance coverages in such amounts and covering such risks as is consistent with sound business practice, and Borrower will furnish to any Lender upon request full information as to the insurance carried by Borrower and all such Persons. Without limitation of the foregoing, the Borrower and Co-Borrower shall comply with the provisions and maintain the insurance coverages set forth below, such coverage to be evidenced by copies of insurance certificates.

(b) The following insurance coverages shall be required prior to Completion:

(1) The Borrower shall obtain and maintain property (or cause to be maintained) insurance policies and such insurance policies shall be Builder's Risk so-called "all risk" insurance in the amount of one hundred percent (100%) of the replacement cost value of the completed Improvements (exclusive of excavation and foundation costs). Such policy shall be

written on a Builder's Risk Completed Value Form (100% non-reporting) or its equivalent and shall include coverage for loss by collapse, theft, wind, flood and earthquake. Flood insurance shall be procured in an amount not less than \$30,000,000 and shall include a sublimit of not less than \$500,000 coverage for improvements to landscaping), to the extent such coverage is available under standard policies at commercially reasonable terms and earthquake limits of liability shall be not less than \$5,000,000 or such greater amount as is customarily carried by operators of similar high-quality lodging facilities in the same geographic region. Such insurance policy shall also include coverage for:

- (aa) loss suffered with respect to materials, equipment, machinery, and supplies whether on-site, in transit, or stored off-site and with respect to temporary structures, hoists, sidewalks, retaining walls, and underground property;
- (bb) soft costs, plans, specifications, blueprints and models in connection with any Restoration following a casualty;

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- (cc) demolition and increased cost of construction, including, without limitation, increased costs arising out of changes in applicable laws and codes for a limit equal to not less than ten percent (10%) of the full insurable value of the Project;
- (dd) operation of building laws for the policy limit to the extent available at commercially reasonable times, but in any event for a limit that is not less than ten percent (10%) of the full insurable value of the Project.

All of the above shall include coverage for business interruption insurance on an actual loss sustained basis with Extended Period of Indemnity Endorsement for 180 days, or at least 90 days if coverage for 180 days is not available at commercially reasonable terms. Such insurance policy shall name the Borrower as the insured. Such policy shall also name the Administrative Agent and Lender under a standard mortgagee clause or an equivalent endorsement reasonably satisfactory to the Administrative Agent for the Project and as "Loss Payee" as respects Loss of Revenue insurance. The insurance policy shall be endorsed to also provide guaranteed building replacement cost to the Improvements (exclusive of excavation and foundation costs). All policy deductibles shall be in amounts as commonly carried by operators of similar high-quality facilities in the same geographic region and reasonably approved by Administrative Agent.

(2) Borrower shall cause the Project Architect (excluding any sub-architects or engineers) to obtain and maintain architect's or engineer's, as the case may be, professional liability insurance during the period commencing on the date of their respective agreements for the work to be performed by them, and expiring no earlier than three (3) years after completion of the Project. Such insurance shall be in an amount equal to at least \$3,000,000 per occurrence for the Project Architect and at least \$1,000,000 per occurrence for the engineers (excluding sub-engineers).

(3) Borrower and Co-Borrower shall obtain and maintain Boiler & Machinery coverage (or similar coverage included in so-called "all risk" property coverage) immediately as such equipment is delivered and installed for all mechanical and electrical equipment covering the replacement value of such equipment with exclusions for testing removed. Such coverage shall include, without limitation, coverage for business interruption with a 180-day Extended Period of Indemnity, or at least 90 days if coverage for 180 days is not available at commercially reasonable terms.

(4) Borrower and the Property Manager shall obtain and maintain

Workers Compensation and Disability insurance as required by law covering the Borrower and the Property Manager.

(5) Borrower shall obtain and maintain or ensure that the Project General Contractor maintains Commercial General Liability coverage through the Owner Controlled Insurance Program implemented by Borrower, including, but not limited to, coverage for products and completed operations for a period of three (3) years after Completion and Automobile Liability insurance with no less than \$100,000,000 in limits through primary and umbrella liability coverages. Such insurance shall name the Borrower, Administrative Agent and Lenders as additional insureds. Borrower shall also

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ensure that all subcontractors to the Project General Contractor maintain similar coverage with limits satisfactory to the Borrower and the Project General Contractor. All parties engaged in work on the improvements shall maintain statutory Workers Compensation and Disability insurance in force for all workers on the job.

(c) The following insurance coverages shall be required from and after the Opening Date:

(1) Property insurance shall be required, insuring against loss customarily included under standard so-called "all risk" policies including flood, earthquake, vandalism, and malicious mischief, boiler and machinery, and such other insurable hazards as, under good insurance practices, from time to time are insured against for other property and buildings similar to the Project in nature, use, location, height, and type of construction. Such insurance policy shall also insure costs of demolition and increased cost of construction (which insurance may contain a sublimit for demolition and increased cost of construction of not less than ten percent (10%) of the full insurable value of the Project), and for operation of building laws for the policy limit to the extent available at commercially reasonable terms, but in any event for a sublimit of not less than twenty-five percent (25%) of the full insurable value of the Project. The amount of such insurance shall be not less than one hundred percent (100%) of the replacement cost value of the Improvements (exclusive of excavation and foundation costs). Flood insurance shall be procured in an amount not less than \$30,000,000 and shall include a sublimit of not less than \$500,000 coverage for improvements to landscaping), to the extent such coverage is available under standard policies at commercially reasonable terms. Earthquake limits of liability shall be not less than \$5,000,000 or such greater amount as is customarily carried by operators of similar high quality lodging facilities in the same geographic region. Each such insurance policy shall contain an agreed amount or replacement cost endorsement. The insurance policy shall be endorsed to also provide guaranteed building replacement cost to the Improvements (exclusive of excavation and foundation costs). All policy deductibles shall be in amounts as commonly carried by operators of similar high-quality facilities in the same geographic region and reasonably approved by Administrative Agent.

(2) Business interruption insurance shall be required in an amount that equals not less than 6 months projected Net Operating Income and payment of debt service on the Loan, and be endorsed to provide a 180-day Extended Period of Indemnity, or at least 90 days if coverage for 180 days is not available at commercially reasonable terms. The Administrative Agent shall be named as Loss Payee as respects this coverage.

(3) Borrower and the Property Manager shall obtain and maintain General Public Liability insurance, including, without limitation, Commercial General Liability insurance; Owned, Hired and Non Owned Auto Liability, and Umbrella Liability coverage for Personal Injury, Bodily Injury, Death, Accident and Property Damage, providing in combination no

less than \$100,000,000 per occurrence and in the annual aggregate, per location, including, but not limited to, coverage for elevators, escalators, independent contractors, Contractual Liability (covering, to the maximum extent permitted by law, the Borrower's obligation to indemnify the Administrative Agent and

Lenders as required under this Agreement), Products and Completed Operations Liability coverage.

(4) Workers Compensation and Disability insurance as required by law.

(5) Such other types and amounts of insurance with respect to the Project and the operation thereof which are commonly maintained in the case of other property and buildings similar to the Project in nature, use, location, height, and type of construction, as may from time to time be reasonably required by the Administrative Agent.

(d) All insurance policies (excluding policies in excess of \$50,000,000) required hereunder shall be issued by an insurer or insurers with an A.M. Best rating of A-VIII or better, and all primary carriers will be licensed to do business in the State of Florida and reasonably acceptable to the Administrative Agent. The Property, Boiler and Machinery insurance policies shall also name the Administrative Agent and Lenders under a standard mortgagee clause or an equivalent endorsement satisfactory to the mortgagee and shall be otherwise reasonably satisfactory to the Administrative Agent in form and content. Business interruption insurance shall name the Administrative Agent as Loss Payee. All Property insurance policies also shall include a co-insurance waiver and Agreed Amount Endorsement. The amount of any deductible under any insurance policy must be consistent with similar projects managed by Gaylord Entities. Without the Administrative Agent's prior written consent, neither the Borrower nor Property Manager shall carry separate or additional insurance coverage covering the Improvements concurrent in form or contributing in the event of loss with that required by this Agreement and the other Loan Documents. The Administrative Agent, on reasonable prior notice to Borrower, may examine the insurance policies (whether in the possession of Borrower or Co-Borrower or an Affiliate of either) during business hours.

(e) Borrower and the Property Manager shall pay the premiums for the insurance policies required hereunder as the same become due and payable. Borrower and the Property Manager shall deliver to the Administrative Agent certificates of the insurance policies required to be maintained pursuant to this Agreement provided, however, the Administrative Agent and Lenders shall not be deemed by reason of the custody of such certificates to have knowledge of the contents thereof. Borrower and Co-Borrower also shall deliver to the Administrative Agent, within ten (10) days of the Administrative Agent's request, a certificate of the Borrower and Co-Borrower or their insurance agent setting forth the particulars as to all such insurance policies. Prior to the expiration date of each of the insurance policies the Borrower and Co-Borrower shall deliver to the Administrative Agent a certificate of insurance evidencing renewal of coverage as required herein.

(f) Each insurance certificate required hereunder shall contain a provision whereby the insurer (i) agrees that such policy shall not be canceled, terminated or reduced in coverage or limits below the coverage and limits of insurance required by this Agreement, without in each case, at least thirty (30) days' prior written notice to the Administrative Agent, (ii) waives any right to claim any premiums and commissions against the Administrative Agent or any Lender, provided that the policy need not waive the requirement that the premium be paid in order for a claim to be paid to the insured and (iii) provides that the Administrative Agent is permitted to make payments to effect the continuation of such policy upon notice of cancellation

due to non-payment of premiums. In the event any insurance policy (except for general public, automobile and other liability and Workers Compensation insurance or any other similar policies) shall contain breach of warranty provisions, such policy shall provide that with respect to the interest of the Administrative Agent and Lenders, such insurance policy shall not be invalidated by and shall insure the Administrative Agent and Lenders regardless of (A) any act, failure to act or negligence of or violation of warranties, declarations or conditions contained in such policy by any named insured, (B) the occupancy or use of the premises for purposes more hazardous than permitted by the terms thereof, or (C) any foreclosure or other action or proceeding taken by the Administrative Agent pursuant to any provision of the Mortgage or any of the Loan Documents.

(g) Any insurance maintained pursuant to this Agreement may be evidenced by blanket insurance policies covering the Project and other properties or assets of the Borrower and the Property Manager or their affiliates, provided that any such policy shall in all other respects substantially fulfill the requirements of this section.

(h) Notwithstanding anything to the contrary contained herein, if at any time the Administrative Agent is not in receipt of written evidence that all insurance required hereunder is maintained in full force and effect, the Administrative Agent shall have the right (but not the obligation), upon ten (10) days' prior written notice to the Borrower (or such lesser notice as may be necessary to prevent the lapse of insurance coverage), to take such action as the Administrative Agent deems necessary to protect its interests in the Project, including, without limitation, the obtaining of such insurance coverage as the Administrative Agent deems appropriate, and all expenses incurred by the Administrative Agent in connection with such action will be paid by the Borrower on demand.

6.7 Compliance with Laws. Borrower and Co-Borrower shall and Borrower shall cause all of its Subsidiaries to comply in all material respects with all Requirements of Law and all restrictive covenants affecting their respective businesses, Properties, assets and operations, and (b) obtain and maintain as needed all Permits necessary for their operations and maintain such Permits in good standing. Without limiting the foregoing, Co-Borrower shall comply in all respects with all Environmental Laws with respect to the Project and shall not suffer or permit the Release or disposal of Contaminants at the Project in any manner that, in any single instance or in the aggregate, would violate Environmental Laws.

6.8 Alterations. With the exception of the Project Construction and change orders respecting the same made in accordance with Section 6.12 of this Agreement, neither Borrower nor Co-Borrower shall, without the prior written consent of Administrative Agent, make, suffer or permit (i) any alterations to the Project (other than as contemplated by the Approved FF&E Budget) having a cost in excess of \$2,000,000 in any Fiscal Year or (ii) any alterations affecting the structure or building systems of the Improvements having a cost in excess of \$1,000,000 in any Fiscal Year.

#### 6.9 Inspections; Books and Records.

(a) The Administrative Agent, the Construction Consultant, and any authorized representative(s) designated by either the Administrative Agent or the Construction

Consultant shall have the right at all reasonable times on reasonable notice (and (i) for so long as no Default exists, at Borrower's expense provided that such inspections and examinations do not take place more often than annually, and otherwise at the expense of the Lenders and (ii) from and after the

occurrence of a Default, at Borrower's expense) and any other Lender shall have the right at its own expense: (i) to enter upon and inspect the Properties of Borrower, Co-Borrower and Subsidiary Guarantors (including the Project), both as part of the Administrative Agent's general oversight (both prior to and after the Completion Date) and to inspect the Project Construction to determine that it is in conformity with the Approved Plans and Specifications and all the requirements hereof; and (ii) to examine, copy and make extracts of the books, records, accounting data and other documents of the Borrower, Co-Borrower, Property Manager and Subsidiary Guarantors, whether or not the same relate in any way to the Project, all of which shall be made available promptly upon the Administrative Agent's written demand therefor (including in connection with environmental compliance, hazard or liability), and to discuss the Borrower's, Co-Borrower's, Subsidiary Guarantors' and other Subsidiaries' and Property Manager's affairs, finances and accounts, including, but not limited to, matters relating to the Project, with their respective executive officers, as applicable, all upon reasonable notice and at such reasonable times during normal business hours, as often as may be reasonably requested. At the request of the Administrative Agent, Borrower and the Co-Borrower shall furnish convenient facilities for the purposes of conducting such investigations and examinations. No Construction Agreements let or amended by the Co-Borrower shall be inconsistent with the foregoing inspection and examination rights. It is expressly understood and agreed that the Administrative Agent shall have no duty to supervise or to inspect the Project (or any other Property) or any books and records, that any such inspection shall be for the sole purposes of determining whether or not the obligations of Borrower and the Co-Borrower under this Agreement are being properly discharged and of preserving the Administrative Agent's rights hereunder, and that the Administrative Agent's or Construction Consultant's failure to inspect or examine any matter shall not constitute a waiver of any of the Lenders' rights hereunder. If the Administrative Agent, or the Construction Consultant acting on behalf of the Administrative Agent, should inspect the Project or any books and records, the Administrative Agent and the Construction Consultant shall have no liability or obligation to the Borrower, Co-Borrower or any third party arising out of such inspection (other than any applicable obligation hereunder with respect to confidentiality) and none of the Borrower, Co-Borrower or any third party shall be entitled to rely upon such inspection or review. An inspection not followed by notice of default shall not constitute a waiver of any Unmatured Default or Default then existing, nor shall it constitute an acknowledgment or representation by the Administrative Agent or the Construction Consultant that there has been or will be compliance with the Approved Plans and Specifications and Laws or that the Project is free from defective materials or workmanship, or a waiver of the Administrative Agent's right thereafter to insist that the Project be constructed in accordance in all material respects with the Approved Plans and Specifications and Laws. The Administrative Agent and the Construction Consultant owe no duty of care to the Borrower, Co-Borrower or any third person to protect against, or inform the Borrower, Co-Borrower or any third person of the existence of, negligent, faulty, inadequate or defective design or construction of the Project or of any other Property. The Administrative Agent shall cause the Construction Consultant to deliver copies of each of its reports with respect to the Project to each of the Lenders.

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(b) Each of Borrower and Co-Borrower shall keep and maintain, and Borrower shall cause the Subsidiary Guarantors and its other Subsidiaries to maintain (either individually or on a consolidated basis with Borrower), proper books of record and account in which entries in conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to its businesses and activities. If a Default has occurred that is continuing, the Borrower and the Co-Borrower, upon the Administrative Agent's request, shall turn over copies of any such records to the Administrative Agent or its representatives.

6.10 Completion of Project; Required Completion Date. (a) The Co-Borrower shall complete the construction of the Project in a good and workmanlike manner with materials of good quality, free of Liens (other than mechanics' liens being



contested pursuant to the provision of Section 6.5(b) and other Customary Permitted Liens) and material defects, and the Project shall be equipped with fixtures and equipment of good quality, all in accordance, in all material respects, with the Approved Plans and Specifications therefor and all Laws, including all requirements and conditions set forth in all Permits which have been obtained or are required to be obtained for the construction and operation of the Project. Co-Borrower shall (i) subject to Force Majeure Events, diligently continue Project Construction without material interruption or cessation of work in accordance with the Approved Project Schedule and the Approved Plans and Specifications, and (ii) on or prior to the Required Completion Date complete Project Construction such that all the Completion Conditions shall be satisfied.

(b) At such time as the Co-Borrower has determined that the Completion Conditions have been satisfied, the Co-Borrower shall promptly furnish to the Administrative Agent, written notice that the Completion Conditions have been satisfied. Such notice shall include (to the extent not theretofore furnished to the Administrative Agent) documents evidencing satisfaction of the Completion Conditions.

6.11 Correction of Defects. The Co-Borrower shall proceed with diligence to investigate and correct all material defects in the Project and any material departures from the Approved Plans and Specifications which have not been approved in writing by the Administrative Agent. The disbursement of any Advances shall not constitute a waiver of the Administrative Agent's right to require compliance with this covenant with respect to any such defect or departure from the Approved Plans and Specifications or any other requirements of this Agreement.

6.12 Changes and Amendments; Monthly Budget Updates. (a) Except for Permissible Modifications, Co-Borrower shall not (i) make any changes or modifications to or otherwise amend the Approved Plans and Specifications, the Approved Project Schedule or the Initial Construction Budget or the Approved Construction Budget, or (ii) enter into, amend in any material respect or terminate any Project Agreement (other than by reason of a material default by the applicable contractor or tenant) without the prior written approval of the Administrative Agent in each instance. The Administrative Agent shall not make a final determination that Co-Borrower has taken any action in contravention of this Section 6.12 without first notifying Co-Borrower of the matter in question and giving Co-Borrower ten (10) Business Days within which to refute or contest such determination.

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(b) Within 15 days after the end of each calendar month from and including the month in which the Effective Date occurs through the month in which Completion occurs, Co-Borrower shall deliver to the Administrative Agent a description of any changes (including Permissible Modifications) to the Approved Construction Budget made in such month, together with a copy of the Approved Construction Budget showing such revisions.

6.13 Distributions; Mandatory Application of Net Operating Income to the Loans. (a) Borrower will not and will not permit any of its Subsidiaries to declare or pay any dividend on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of Capital Stock of Borrower or any such Subsidiary or any warrants or options to purchase any such Stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of Borrower or any such Subsidiary (such declarations, payments, setting apart, purchases, redemptions, defeasances, retirements, acquisitions and distributions being herein called "Restricted Payments," except that any Subsidiary may declare and pay dividends to Borrower, Co-Borrower or any Subsidiary Guarantor or, in the case of any Subsidiary that is wholly owned by any other Subsidiary, to such Subsidiary, provided that (i) no Subsidiary Guarantor shall make or declare any dividend, distribution or

other payment to any Subsidiary that is not a Subsidiary Guarantor (or a direct or indirect Subsidiary of a Subsidiary Guarantor) and (ii) Co-Borrower shall not make or declare any dividend, distribution or other payment to Borrower or any Affiliate of Co-Borrower or Borrower, except that, (i) for so long as no Default or Unmatured Default has occurred and is continuing, Co-Borrower may pay management fees in accordance with the Management Agreement when due and payable and (ii) Co-Borrower may distribute Net Operating Income with respect to the Project to Borrower.

(b) Borrower shall pay to Administrative Agent for application to the principal amount of the Obligations, an amount equal to 100% of all Adjusted NOI with respect to the Project, after interest expense and fees with respect to the Loans, for each full Fiscal Quarter of Co-Borrower ending prior to the date on which the sum of the Aggregate Credit Exposure and the Available Aggregate Commitment is less than \$85,000,000.00. In calculating Adjusted NOI for the purpose of this Section 6.13(b), Operating Expenses and reserves shall not exceed one-hundred and ten percent (110%) of the aggregate amounts therefor in the current Operating and Capital Budget, which for the purpose of this Section 6.13(b) shall be subject to the prior approval of the Administrative Agent. Each such payment shall be made within 45 days after the end of each such Fiscal Quarter.

(c) In the event that any of the covenants set forth in Section 6.25 is breached at any time, the Administrative Agent shall, in addition to and not in limitation of any other rights or remedies available to the Administrative Agent and the Lenders, have the right to require that all rents, receipts and other revenues with respect to the Project be deposited directly into a cash collateral account under the sole dominion and control of the Administrative Agent to be held pursuant to documentation acceptable to the Administrative Agent as additional collateral for the Secured Obligations.

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6.14 Indebtedness; Pledge of Equity Interests in Opryland Hotel Nashville, LLC. (a) Neither Borrower nor the Co-Borrower will create, incur or suffer to exist any Indebtedness with respect to itself or any Subsidiary Guarantor or other Subsidiary of Borrower, except the following ("Permitted Debt"):

(i) The Loans and the Guaranty.

(ii) Indebtedness of Borrower arising under Rate Management Transactions required or expressly permitted under this Agreement.

(iii) The Nashville Financing, but not any refinancing or replacement thereof.

(iv) The SAILS Forward Exchange Contract.

(v) Unsecured payables incurred in the ordinary course of business, not in excess of \$25,000,000.00 in the aggregate at any one time for all such Persons, and (except to the extent being actively disputed (x) with adequate reserves being maintained in respect thereof, (y) in good faith and (z) in the ordinary course of business) paid within 60 days of the date incurred.

(vi) Equipment financings in the ordinary course of business and secured only by the equipment acquired with the proceeds thereof (A) by Borrower and its Subsidiaries other than Co-Borrower and not in excess, for all such Persons in the aggregate at any one time, of (x) prior to the Adjustment Date, \$7,500,000 and (y) from and after the Adjustment Date, \$15,000,000 and (B) by Co-Borrower and not in excess, in the aggregate at any one time, of (x) prior to the Adjustment Date, \$2,500,000 and (y) from and after the Adjustment Date, \$5,000,000.

(vii) Indebtedness existing on the Effective Date and described on Schedule 6.14, and any refinancing or replacement thereof.

(viii) Loans or advances by Borrower to any of its Subsidiaries that are Subsidiary Guarantors and loans or advances by any Subsidiary of Borrower to Borrower or to another Subsidiary of Borrower that is a Subsidiary Guarantor, so long as any such intercompany loans or advances made to Borrower, Co-Borrower or any Subsidiary Guarantor are unsecured and subordinate to the Loans on terms and provisions acceptable to the Administrative Agent.

(iv) Investments permitted under Section 6.18(a) hereof.

(b) Neither Borrower nor the Co-Borrower will prepay or permit any Subsidiary Guarantor or other Subsidiary of Borrower to prepay any Indebtedness other than Loans and the Nashville Mezzanine Loan, provided that (i) the Nashville Mezzanine Loan is prepaid in full and not in part, (ii) upon such prepayment 100% of Borrower's direct and indirect ownership interests in Opryland Hotel Nashville, LLC are pledged to the Administrative Agent for the benefit of the Lenders and other Holders of Secured Obligations, pursuant to documentation, including a pledge and security agreement substantially in the form of the Pledge Agreement, creating a first, perfected Lien on and security interest in such Collateral and an

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intercreditor agreement with the holder of the first mortgage loan on Opryland Nashville, all in form and substance satisfactory to the Administrative Agent, (iii) in connection with such pledge, Borrower delivers to the Administrative Agent such Lien searches, opinions of counsel, financing statements and other documents and instruments as the Administrative Agent may reasonably require and (iv) all of Borrower's representations and covenants herein with respect to Opryland Hotel Nashville, LLC and its assets remain true and correct in all material respects (except as modified by the transactions described in the preceding clauses (i) and (ii)). Upon any release of the direct or indirect ownership interests described in the preceding clause (ii) from the Liens securing the Nashville Mezzanine Loan, Borrower shall (i) pledge such interests to the Administrative Agent in the manner described in such clause and (ii) use commercially reasonable efforts to obtain such amendments to the intercreditor agreement with the holder of the first mortgage component of the Nashville Financing as the Administrative Agent may request.

6.15 Merger. Neither Borrower nor Co-Borrower will merge or consolidate with or into any other Person, provided that any direct or indirect Subsidiary may be merged into Borrower if Borrower is the surviving entity, after giving effect to such merger, all representations and warranties by Borrower and Co-Borrower herein remain true and correct in all material respects, and no Default or Unmatured Default occurs as a result thereof.

6.16 Ownership of Opryland Hotel Nashville, LLC. Borrower shall at all times retain ownership, directly or indirectly, of 100% of all ownership interests in Opryland Hotel Nashville, LLC; shall not suffer cause or permit any Transfer of any such ownership interests or any direct or indirect interest therein other than the Liens securing the Nashville Mezzanine Loan or the pledge contemplated by Section 6.14(b) or Section 6.17(c); and shall not suffer, cause or permit any Transfer by Opryland Hotel Nashville, LLC of its ownership interest in the property known as Opryland Hotel Nashville, other than the Liens securing the Nashville Financing and leases to space tenants for occupancy in the ordinary course of business of Opryland Hotel Nashville, LLC.

6.17 Sales of Assets; Prepayments from Asset Sales; Execution of Guaranty by Creative Group Subsidiaries; Releases of Subsidiary Guarantors. (a) Neither the Borrower nor the Co-Borrower shall sell, assign, convey, or otherwise Transfer, all or any portion of the Project or any direct or indirect interest therein or in Co-Borrower (except for the Liens in favor of the Administrative Agent and Leases permitted under this Agreement), whether now owned or hereafter acquired, or any income or profits therefrom, or enter into any agreement to do so, that would be effective prior to the full payment of the Obligations, whether the same is effected directly, indirectly, by operation of law or

otherwise.

(b) On the date of receipt of Net Cash Proceeds from an Asset Sale by Borrower or any of its Subsidiaries which occurs prior to the date on which the sum of the Aggregate Outstanding Credit Exposure and the Available Aggregate Commitment is \$60,000,000.00 or less, Borrower shall apply 100% of the amount of such Net Cash Proceeds first to prepay the Loans, and second, in the event that the amount of such Net Cash Proceeds is in excess of the amount required to prepay all then outstanding Loans in full, the Aggregate Commitment shall be automatically and permanently reduced by the amount of such excess, until the sum of the Aggregate Outstanding Credit Exposure and the Available Aggregate

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Commitment is reduced to \$60,000,000.00. Concurrently with any prepayment of the Loans pursuant to this paragraph, Borrower shall deliver to the Administrative Agent an officer's certificate demonstrating the derivation of the Net Cash Proceeds all (or a portion of which) is so applied. Any mandatory prepayments pursuant to this paragraph shall be applied as specified in Section 2.12. From and after the date on which the sum of the Aggregate Outstanding Credit Exposure and the Available Aggregate Commitment is \$60,000,000.00 or less, Borrower shall no longer be required to apply the Net Cash Proceeds of Asset Sales to prepay the Loans in accordance with this Section 6.17(b).

(c) In the event that Gaylord Creative Group, Inc. has not been released from the Guaranty in accordance with Section 6.17(d) hereof, on or before February 28, 2002, Borrower shall cause each of the Creative Group Subsidiaries, within ten (10) Business Days thereafter, to execute and deliver to the Administrative Agent, for the benefit of Lenders and the other Holders of the Secured Obligations a guaranty of payment with respect to the Secured Obligations substantially in the form of the Guaranty and otherwise in form and substance satisfactory to the Administrative Agent, together with such Lien searches, opinions of counsel, financing statements and other documents and instruments as the Administrative Agent may reasonably require in connection therewith.

(d) Provided that no Default has occurred and is continuing, and provided that Borrower has given the Administrative Agent at least 10 Business Days' prior notice thereof, simultaneously with the closing of any Asset Sale with respect to a Subsidiary Guarantor or substantially all of its assets and application of the Net Cash Proceeds thereof, to the extent required by this Section 6.17, to prepayment of the Loans, such Subsidiary Guarantor shall be released from the Guaranty, and the Administrative Agent shall execute and deliver such confirmatory instrument evidencing such release as Borrower shall reasonably request to facilitate such transaction.

6.18 Investments; New Subsidiary Guarantors. (a) Neither Borrower nor Co-Borrower shall make or permit any Subsidiary Guarantor or any other Subsidiary of Borrower (including Opryland Hotel Nashville, LLC) to make any Investments, or commitments therefor, or, subject to the following sentence, create any subsidiary or become a partner in any partnership or joint venture, or acquire any interest, direct or indirect, beneficial or otherwise, in any Person, except (i) Cash Equivalent Investments, (ii) Investments in Co-Borrower or a Subsidiary Guarantor, (iii) Investments in Collateral, (iv) loans (other than the loans described on Schedule 6.18) by Borrower to Subsidiaries of Borrower that are not Subsidiary Guarantors in an aggregate outstanding principal amount at any time not in excess of (x) prior to the Adjustment Date, \$22,500,000 and (y) from and after the Adjustment Date, \$30,000,000, and (v) Investments in the aggregate, together with Capital Expenditures which are permitted pursuant to clause (iv) of Section 6.18(b) and which are not funded by an Investment, not in excess of (x) prior to the Adjustment Date, \$10,000,000 in any period commencing on the Effective Date and ending on each annual anniversary thereof and (y) from and after the Adjustment Date, \$20,000,000 in any such period. Borrower may create or acquire additional direct or indirect wholly-owned Subsidiaries, only if concurrently with the creation or acquisition thereof, (x) 100% of the Capital Stock of each such Subsidiary is pledged and

delivered to the Administrative Agent for the benefit of the Holders of Secured Obligations pursuant to documentation, including a pledge and security agreement substantially in the form of the Pledge Agreement, creating a first,

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perfected lien on and security interest in such Capital Stock and otherwise in form and substance satisfactory to the Administrative Agent and (y) each such Subsidiary executes and delivers to the Administrative Agent a guaranty of payment with respect to the Secured Obligations substantially in the form of the Guaranty.

(b) Prior to the date (the "Capex Restriction Date") on which the sum of the Aggregate Outstanding Credit Exposure and the Available Aggregate Commitment is less than or equal to \$85,000,000.00, Borrower shall not make or permit any Subsidiary of Borrower to make any Capital Expenditures other than (i) Construction Costs and Permitted FF&E Expenditures with respect to the Project, (ii) in connection with completion of the property known as Opryland Hotel Texas, consisting of approximately 1500 hotel rooms and 400,000 square feet of meeting and exhibition space under construction, as of the date hereof, in Grapevine, Texas, (iii) in connection with ownership and operation of the property ("Opryland Nashville") known as Opryland Hotel Nashville, consisting of approximately 2,883 hotel rooms and 600,000 square feet of meeting and exhibition space in Nashville, Tennessee and (iv) Capital Expenditures (in addition to those described in the preceding clauses (i), (ii) and (iii)) in the aggregate, together with Investments which are permitted under clause (iv) of Section 6.18(a) and which are not applied to Capital Expenditures by a Subsidiary of Borrower, not in excess of \$20,000,000.00 in any Fiscal Year. From and after the Capex Restriction Date, the provisions of this Section 6.18(b) shall no longer apply for so long as no Default occurs.

6.19 Liens. Neither Borrower nor Co-Borrower will create, incur, or suffer to exist and Borrower shall cause the Subsidiary Guarantors, the direct and indirect owners of Opryland Nashville and its other Subsidiaries not to create, incur, or suffer to exist) any Lien in, of or on the Project or any other Property of Borrower, Co-Borrower or any such Person or any easements, covenants, conditions, restrictions or other encumbrances to be recorded against the Project, except Customary Permitted Liens and Liens in favor of the Administrative Agent under the Collateral Documents, and except for mechanics' and materialmen's liens that are discharged of record (by "bonding over" or otherwise) within thirty (30) days after Borrower or Co-Borrower receives notice of the filing thereof.

6.20 Affiliates. Except as set forth on Schedule 6.20, neither Borrower nor Co-Borrower will enter into any agreement or transaction (including, without limitation, the purchase or sale of any Property or service) with, or Transfer of any Property to, any Affiliate of Borrower or Co-Borrower except for the Management Agreement, and other transactions, agreements and transfers disclosed to and approved in writing by the Administrative Agent in the ordinary course of business and pursuant to the reasonable requirements of Borrower's and Co-Borrower's business and upon fair and reasonable terms no less favorable to the Borrower and Co-Borrower than Borrower and Co-Borrower would obtain in a comparable arms-length transaction.

6.21 Required Rate Management Transactions. Borrower will obtain and maintain one or more Rate Management Transactions with one or more of the Lenders or any of their respective Affiliates or one or more other financial institutions acceptable to the Administrative Agent, providing for a fixed or maximum rate of interest at all times from and after the Effective Date, (a) on a notional amount not less than (i) for the period commencing on the Effective Date and ending on the first anniversary thereof, \$100,000,000.00 and (ii) from and after the first

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anniversary of the effective date, 50% of the Aggregate Outstanding Credit Exposure from time to time, giving effect to required and voluntary prepayments as and when made, (b) at a rate not in excess of 10% per annum, (c) for rolling periods of at least one year commencing on the Effective Date and (d) otherwise in form and substance acceptable to the Administrative Agent. The Borrower shall deliver to the Administrative Agent for the benefit of the Lenders and other Holders of Secured Obligations valid, first priority, perfected collateral assignments of all of the Borrower's Rate Management Transactions required to be maintained hereunder with respect to the Loans and shall obtain the acknowledgment and agreement of the counterparty or counterparties thereto (whether or not such counterparty or counterparties include the Administrative Agent or all or any of the Lenders) to pay any amounts which would otherwise be payable to the Borrower directly to the Administrative Agent for the benefit of the Lenders and other Holders of Secured Obligations upon the occurrence and during the continuance of a Default hereunder. Borrower's Rate Management Obligations under any Rate Management Transaction with a Secured Counterparty shall be secured by the Collateral on a pari passu basis with the Obligations. Borrower shall increase the amount of the Mortgage Title Insurance Policy from time to time as necessary to an amount equal to the sum of the Aggregate Commitment and the Administrative Agent's determination of the Secured Rate Management Obligations (without limiting the amount of the Secured Rate Management Obligations for any other purpose under the Loan Documents).

6.22 Sale and Leaseback Transactions and other Off-Balance Sheet Liabilities. Neither Borrower nor Co-Borrower will enter into or suffer to exist any (a) Sale and Leaseback Transaction with respect to itself or any Subsidiary Guarantor or Creative Group Subsidiary or (b) any other transaction pursuant to which it or any Subsidiary Guarantor or Creative Group Subsidiary incurs or has incurred Off-Balance Sheet Liabilities, except for Rate Management Obligations permitted to be incurred under the terms of Section 6.21.

6.23 Intentionally Omitted.

6.24 Financial Contracts. Co-Borrower will not enter into or remain liable upon any Financial Contract, except Rate Management Transactions required under Section 6.21.

6.25 Financial Covenants.

6.25.1 Loan-to-Cost Ratio. Borrower and Co-Borrower will not permit the Aggregate Outstanding Credit Exposure at any time to exceed an amount equal to 50% of the total Approved Construction Costs for the Project incurred through such date.

6.25.2 Minimum Consolidated Net Worth. Borrower shall not permit at any time its Consolidated Net Worth to be less than \$600,000,000.00.

6.25.3 Minimum Interest Coverage Ratios

(a) As of the last day of any Fiscal Quarter set forth below, Borrower shall not permit the ratio of (i) Consolidated EBITDA (adjusted to exclude (x) selling, general and administrative expenses not in excess of \$30,000,000.00 per annum (limited to actual expenses incurred) and (y) pre-opening expenses) to (ii) the sum of (a) Consolidated Interest Expense plus (b) all capitalized interest expense to be less than the correlative ratio set forth below (such

amounts to be determined with reference to the preceding 12-month period ending on such last day), provided that, for the purpose of such calculation, (1) for each Fiscal Quarter ending March 31, 2002 through December 31, 2002, Consolidated EBITDA shall be adjusted, by annualizing the portion thereof related to the Project (by multiplying year-to-date Consolidated EBITDA as of the last day of such Fiscal Quarter by a fraction, the numerator of which is 365

and the denominator of which is the number of days in the period from the Opening Date through the last day of such Fiscal Quarter) and (2) for the Fiscal Quarter ending December 31, 2001, Consolidated EBITDA and Consolidated Interest Expense shall be adjusted to exclude the operating results of the Project and interest expense with respect to the Loans:

PERIOD	MINIMUM RATIO OF CONSOLIDATED EBITDA TO CONSOLIDATED INTEREST EXPENSE
Fiscal Quarters ending December 31, 2001 through and including March 31, 2002	2.0 to 1.0
Fiscal Quarters ending June 30, 2002 and thereafter	2.5 to 1.0

(b) As of the last day of any Fiscal Quarter set forth below, Borrower shall not permit the ratio of (i) Adjusted NOI to (ii) Adjusted Debt Service, to be less than the correlative ratio indicated below (such amounts to be determined with reference to the preceding 12-month period ending on such day):

PERIOD	MINIMUM INTEREST COVERAGE RATIO
March 31, 2003 through and including December 31, 2003	2.25 to 1.0
March 31, 2004 and thereafter	2.75 to 1.0

6.25.4 Maximum Debt Leverage Ratio.

(a) As of the last day of any Fiscal Quarter set forth below, Borrower shall not permit the ratio of (i) Consolidated Indebtedness (adjusted to exclude the amounts described in clause (ii) of the definition of "Indebtedness" if and to the extent such amounts are secured by cash collateral held by the issuer of the applicable Letter of Credit) to (ii) Consolidated EBITDA (adjusted to exclude (x) selling, general and administrative expenses not in excess of \$30,000,000.00 per annum (limited to actual expenses incurred) and (y) pre-opening expenses) to exceed the correlative ratio set forth below (Consolidated Indebtedness to be determined as of such last day and Consolidated EBITDA to be determined with reference to the preceding 12-month period ending on such date), provided that, for the purpose of such calculation, (1) for each Fiscal Quarter ending March 31, 2002 through December 31, 2002, Consolidated EBITDA shall be adjusted by annualizing the portion thereof related to the Project (by multiplying year-to-

date Consolidated EBITDA as of the last day of such Fiscal Quarter by a fraction, the numerator of which is 365 and the denominator of which is the number of days in the period from the Opening Date through the last day of such Fiscal Quarter) and (2) for the Fiscal Quarter ending December 31, 2001, Consolidated Indebtedness and Consolidated EBITDA shall be adjusted to exclude the Loans and the operating results of the Project:

PERIOD	MAXIMUM RATIO OF CONSOLIDATED INDEBTEDNESS TO CONSOLIDATED EBITDA
Fiscal Quarter ending December 31, 2001	6.25 to 1.0

Fiscal Quarter ending March 31, 2002	6.0 to 1.0
Fiscal Quarter ending June 30, 2002 through and including December 31, 2002	5.5 to 1.0
Fiscal Quarters ending March 31, 2003 and thereafter	5.0 to 1.0

(b) As of the last day of any Fiscal Quarter set forth below, Borrower shall not permit the ratio of (i) the aggregate Indebtedness (adjusted to exclude the amounts described in clause (ii) of the definition of "Indebtedness" if and to the extent such amounts are secured by cash collateral held by the issuer of the applicable Letter of Credit) of Co-Borrower (including the Loans) to (ii) Adjusted NOI to exceed the correlative ratio indicated below (the aggregate Indebtedness calculations to be determined as of such last day and Adjusted NOI to be determined with reference to the preceding 12-month period ending on such day):

PERIOD	MAXIMUM RATIO OF CO-BORROWER'S INDEBTEDNESS TO ADJUSTED NOI
March 31, 2003 through and including December 31, 2003	4.75 to 1.00
March 31, 2004 and thereafter	4.0 to 1.00

6.26 Environmental Audits. Upon the occurrence of (a) a Default that is continuing, (b) a material change in Environmental Laws or (c) an event with respect to the Project which, in the reasonable determination of the Administrative Agent, could result in an environmental issue, question or concern, the Borrower shall at the Administrative Agent's election (i) cause to be performed through the employment of a consultant acceptable to the Administrative Agent, an environmental assessment for the purposes of confirming compliance with the provisions of this Agreement or (ii) reimburse the Administrative Agent, on demand, for all reasonable costs, fees and expenses incurred by the Administrative Agent in connection with its employment of a consultant to perform such an assessment.

6.27 Insurance and Condemnation Proceeds. (a) Borrower and Co-Borrower hereby direct all insurers under policies of property damage, boiler and machinery, rental loss, and rental value insurance and payors of any condemnation claim or award relating to the Project to pay all Property Awards (net of the cost of reasonable attorneys' fees and expenses and other reasonable expenses incurred in connection with obtaining such Property Awards) directly to the Administrative Agent, for the benefit of the Lenders and other Holders of Secured Obligations, and, in no case to the Borrower or Co-Borrower. In the event of any loss or damage to any portion of the Project due to a casualty or condemnation event giving rise to a Property Award ("Property Award Event"), so long as no Default has occurred that is continuing, the Borrower shall have the sole right and authority to settle any claim for the Property Award; provided, however, the Administrative Agent shall have the right to participate in settlement negotiations with respect to Property Award Events in connection with the Project which are reasonably likely to result in Property Awards in excess of \$3,000,000 in the aggregate. In the event of the Borrower's and Co-Borrower's failure to settle any such claim for a Property Award within one hundred eighty (180) days after the occurrence of the related Property Award Event or if a Default has occurred that is continuing, the Administrative Agent shall have the right, but not the obligation, to settle all claims for such Property Award on behalf of the Borrower and Co-Borrower.

(b) Co-Borrower shall promptly after the occurrence of a Property



Award Event with respect to the Project commence and diligently pursue the repair, restoration or reconstruction of the damaged portion of the Project and the opening or reopening and operation of the Project ("Restoration"); provided, however, that the Borrower shall have prepared and delivered to the Administrative Agent a budget for such Restoration which is satisfactory to the Administrative Agent.

(c) In the event a Property Award with respect to the Project is paid to the Administrative Agent, such Property Award shall be made available to the Borrower for the purpose of Restoration or, in the case of rental loss, rental value and business interruption insurance, to be applied to debt service upon the Obligations and for other permitted expenditures with respect to the Project, subject in each case to the following covenants and conditions:

(i) No Default shall have occurred that is continuing.

(ii) As soon as practicable, but in no event later than ninety (90) days after the occurrence of the related Property Award Event (A) Co-Borrower shall deliver to the Administrative Agent written evidence reasonably satisfactory to the Administrative Agent that, upon completion of the Restoration, by the expenditure of the Property Award together with any funds made available by Borrower and Co-Borrower, the Project will be of at least substantially equal value, quality and character as the Project was immediately prior to the Property Award Event, free and clear of all Liens except the Liens in favor of the Administrative Agent and Customary Permitted Liens pertaining thereto, (B) the Restoration shall be performed in compliance with all then applicable Laws and with good construction scheduling and good construction practices and (C) Co-Borrower shall deliver to the Administrative Agent for approval preliminary plans and specifications for the Restoration setting forth the construction

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schedule and budget. Final plans and specifications shall be delivered to the Administrative Agent for approval promptly upon their completion.

(iii) If the Property Award is, in the Administrative Agent's reasonable judgment, insufficient to complete the Restoration of the Project, the Borrower and Co-Borrower shall promptly deposit the amount of the insufficiency in a cash collateral account (the "Restoration Account") in the name of Borrower but under the sole dominion and control of the Administrative Agent and pledged to the Administrative Agent for the benefit of the Holders of Secured Obligations pursuant to agreements satisfactory to the Administrative Agent. The Borrower and Co-Borrower may not use and, if applicable, the Administrative Agent shall not be required to release, any Property Awards until any such additional funds have been expended toward the Restoration and the budget for such Restoration shall be "in balance" with the funds comprising the Property Award sufficient to complete the Restoration. If at any time the Restoration is "out of balance" with the budget and the remaining Property Award is no longer sufficient to complete such Restoration, then Borrower and Co-Borrower may not use and, if applicable, the Administrative Agent shall not be required to further disburse, any portion of the Property Award until such time as the Administrative Agent has determined, that the remaining Property Award is sufficient to fully complete the Restoration. For purposes hereof, the Restoration shall be deemed to be "in balance" only at such time and from time to time, as the Administrative Agent determines that the Property Award (and any additional amounts deposited in the Restoration Account with respect to such Restoration in accordance with the paragraph) equals or exceeds the aggregate amount of all unpaid costs, fees and expenses necessary for all work in connection with the final completion of the Restoration, including the costs of preparing plans and specifications, the "hard" and "soft" costs of the construction of the base building and Improvements.

(iv) The Administrative Agent shall be reasonably satisfied that the Project, when fully restored, will constitute premises suitable for their intended use of the same or better character and quality as existed prior

to the occurrence of the subject Property Award Event.

(v) The Administrative Agent shall have received and approved all documentation pertaining to the Restoration which has been requested by the Administrative Agent, including the construction schedule, construction budget, plans and specifications and any agreements between the Borrower and any Persons who will perform services or furnish labor or materials in connection with such Restoration (all such Persons and agreements being subject to the Administrative Agent's approval).

(vi) The Administrative Agent shall have received and approved Lien waivers, contractor's statements and affidavits reflecting that as of the date of such disbursement, there are (or immediately after disbursement there will be) no mechanics' liens (subject to the right to contest said Liens set forth in this Agreement) or other unpermitted Liens pertaining to title affecting the damaged Property and the Administrative Agent shall have received a Date Down Endorsement to the Mortgage Title Insurance Policy confirming the foregoing, in form and substance reasonably satisfactory to the Administrative Agent.

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(vii) The Borrower shall have satisfied such other conditions and terms as the Administrative Agent shall reasonably require (which shall be consistent with those that would be imposed by a prudent institutional construction lender).

Upon the completion of the Restoration to the reasonable satisfaction of the Administrative Agent, and after paying all reasonable costs and expenses relating to the subject Property Award Event and related Restoration, the Administrative Agent shall apply any unexpended balance of the subject Property Award to prepayment of the Loans. Notwithstanding anything in this Agreement to the contrary, in the event that no Default exists that is continuing and the Property Award with respect to a Property Award Event is less than \$3,000,000 in the aggregate, the Administrative Agent shall pay the entire amount of such proceeds to Co-Borrower promptly upon receipt thereof by the Administrative Agent, which proceeds Co-Borrower shall apply for the purposes of Restoration.

(d) Upon the Borrower's failure to satisfy the covenants and conditions set forth in clause (b) above with respect to a Property Award Event constituting loss or damage to all or substantially all of the Project, the Administrative Agent shall have the right to apply the Property Award to the Secured Obligations in the order of priority set forth in Section 2.12(b). If the amount of such Property Award so applied is less than the Secured Obligations, then a Default shall be deemed to have occurred and the Administrative Agent shall have all rights and remedies set forth herein, in the Loan Documents, at law and in equity.

6.28 The Administrative Agent's and the Lenders' Actions for Their Own Protection Only. Borrower and Co-Borrower acknowledge and agree that the authority herein conferred upon the Administrative Agent and the Lenders, and any actions taken by the Administrative Agent and the Lenders with respect to the Project, to procure waivers or sworn statements, to approve contracts, subcontracts and purchase orders, to approve plans and specifications, or otherwise, will be exercised and taken by the Administrative Agent and the Lenders for their own protection only and may not be relied upon by the Borrower, Co-Borrower or any third party for any purposes whatever; and none of the Administrative Agent, the Lenders, or the Construction Consultant shall be deemed to have assumed any responsibility to the Borrower, Co-Borrower or any third party with respect to any such action herein authorized or taken by the Administrative Agent, the Lenders or the Construction Consultant, or with respect to the proper construction of improvements on the Project, performance of contracts, subcontracts or purchase orders by any contractor, subcontractor or material supplier, or prevention of mechanics' liens from being claimed or asserted against any portion of the Project. Any review, investigation or inspection conducted by the Administrative Agent, the Lenders, the Construction

Consultant, any architectural, engineering or other consultants retained by the Administrative Agent or the Lenders, or any Administrative Agent or representative of the Administrative Agent or the Lenders in order to verify independently Borrower's or Co-Borrower's satisfaction of any conditions precedent to disbursements under this Agreement, the Borrower's and Co-Borrower's performance of any of the covenants, agreements and obligations of the Borrower or Co-Borrower under this Agreement, or the validity of any representations and warranties made by the Borrower, or Co-Borrower hereunder (regardless of whether or not the party conducting such review, investigation or inspection should have discovered that any of such conditions precedent were not satisfied or that any such covenants, agreements or obligations were not performed or that any such representations or warranties were not true), shall not affect (or constitute a waiver

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by the Administrative Agent or the Lenders of) (i) any of the Borrower's or Co-Borrower's agreements, covenants, representations and warranties under this Agreement or the other Loan Documents, or the Lender's reliance thereon or (ii) the Administrative Agent and Lenders' reliance upon any certifications of the Borrower, Co-Borrower or any Project Architect required under this Agreement or any of the other Loan Documents, or any other facts, information or reports furnished to the Administrative Agent or the Lenders by the Borrower, or Co-Borrower hereunder.

6.29 Storage of Property. Co-Borrower shall store all Property in its possession to be incorporated into or installed at the Project (not as yet incorporated or installed in the Project) either (i) in such bonded warehouse or warehouses, which provide sufficient security against damage or pilferage, or other facilities satisfactory to the Administrative Agent, as may be selected by Co-Borrower and approved by the Administrative Agent, all charges for such storage to be paid by Co-Borrower promptly when due so that such Property shall not at any time become subject to any Lien for such storage charges therefore or (ii) at the Project, in a manner so as to provide security against damage or pilferage which shall be satisfactory to the Administrative Agent. The Administrative Agent and its representatives and the Construction Consultant will be permitted access to such warehouse(s) and other locations(s) at all reasonable times on reasonable notice to inspect all such Property. Co-Borrower shall provide the Administrative Agent with satisfactory evidence that the insurance required to be obtained hereunder protects such Property from loss or damage to such items occurring while stored at any such location.

6.30 Proceedings to Enjoin or Prevent Construction. If any proceedings are filed seeking to enjoin or otherwise prevent or declare unlawful the construction or the occupancy, maintenance or operation of the Project or any portion thereof, Borrower and Co-Borrower shall at their sole expense (i) cause such proceedings to be vigorously contested in good faith and (ii) in the event of an adverse ruling or decision, prosecute all allowable appeals therefrom. Without limiting the generality of the foregoing, Co-Borrower shall resist the entry or seek the stay of any temporary or permanent injunction that may be entered and use its best efforts to bring about a favorable and speedy disposition of all such proceedings.

6.31 No Obligation to Monitor. Neither the Administrative Agent nor the Lenders shall have any obligation to monitor or determine the Borrower's or Co-Borrower's use or application of proceeds of Loans.

6.32 Compliance with Agreements. Co-Borrower shall comply in all material respects with its obligations under: (a) all Leases affecting the Project; (b) the Project Agreements; (c) all agreements with Affiliates; (d) any underlying covenants, conditions and restrictions of record with respect to the Project; and (e) all other material contractual obligations relating to the ownership, operation and maintenance of the Project which are not described in the foregoing clauses (a) through (d) above. In addition to the foregoing Co-Borrower shall enforce its material rights and remedies under the agreements described in the foregoing clauses (a) through (e) above.

6.33 Organizational Documents. Neither Borrower nor Co-Borrower shall allow any amendment, modification or other change to any of the terms or provisions in any of their respective Organizational Documents (or any Organizational Documents of any of the Subsidiary Guarantors or Creative Group Subsidiaries) without the prior written consent of the Administrative Agent, which, in the case of any amendment, modification or other change to the Organizational Documents of a Subsidiary Guarantor or Creative Group Subsidiary that is not adverse to the interests of the Administrative Agent and the Lenders, shall not be unreasonably withheld.

6.34 Leasing Provisions. Co-Borrower shall not enter into, terminate, cancel, amend, restate, supplement or otherwise modify any Lease at the Project without the Administrative Agent's prior written approval, which shall not be unreasonably withheld, provided that the tenant, if the Administrative Agent requires it to do so, enters into a subordination, non-disturbance and attornment agreement in the form required by the Administrative Agent, subject to reasonable modifications requested by the tenant; provided, that the Administrative Agent's approval shall not be required (a) for any Lease (or any amendment, modification, supplement or termination thereof) which (i) demises less than 5,000 rentable square feet, (ii) is for a term of five years or less (including any renewal options exercisable by the tenant thereunder) is on market-rate terms and conditions, and (iii) by its terms is expressly subordinate to the Mortgage (any such Lease, a "De Minimis Lease") or (b) to terminate any Lease by reason of a default by the tenant thereunder, provided that such termination is commercially reasonable. If requested by the Borrower, the Administrative Agent shall, if it approves any Lease in writing, enter into a subordination, non-disturbance and attornment agreement with the tenant under such Lease in the form required by the Administrative Agent, subject to reasonable modifications requested by the tenant.

6.35 Ground Lease Covenants. (a) Co-Borrower shall pay when due the rent and all other sums and charges mentioned in, and payable under, the Hotel Ground Lease.

(b) Co-Borrower (i) shall timely perform and observe all of the terms, covenants and conditions required to be performed and observed by it as the tenant under the Hotel Ground Lease (including, without limitation, all payment obligations), (ii) shall do all things necessary to preserve and to keep unimpaired the Hotel Ground Lease and its leasehold estate and other rights under the Hotel Ground Lease; (iii) shall not waive, excuse or discharge any of the obligations of the Ground Lessor under the Hotel Ground Lease without the Administrative Agent's prior written consent in each instance; and (iv) shall diligently and continuously enforce the obligations of the Ground Lessor under the Hotel Ground Lease.

(c) Co-Borrower shall not do, permit or suffer (i) any act, event or omission which would be likely to result in a default or permit the lessor to terminate or exercise any other remedy under the Hotel Ground Lease or (ii) any act, event or omission which, with the giving of notice or the passage of time, or both, would constitute a default or permit the lessor to terminate or exercise any other remedy under the Hotel Ground Lease.

(d) Co-Borrower shall not cancel, terminate, surrender, modify or amend or in any way alter, surrender or permit the alteration of any of the provisions of either of the Ground

Leases or agree to any termination, amendment, modification or surrender of either of the Ground Leases without the Administrative Agent's prior written consent in each instance.

(e) Co-Borrower shall deliver to the Administrative Agent copies of all default and other material notices received by Co-Borrower from any party under the Ground Leases, and of any notice received by Co-Borrower from either the Ground Lessor or Master Lessor of their intention to terminate the Hotel Ground Lease or Master Lease, respectively, or to re-enter and take possession of any premises demised by the Ground Leases, immediately and, in any event, within one (1) Business Day, of delivery or receipt of any such notice, as the case may be.

(f) Co-Borrower shall promptly furnish to the Administrative Agent copies of such information and evidence as the Administrative Agent may reasonably request concerning Co-Borrower's due observance, performance and compliance with the terms, covenants and conditions of the Ground Leases.

(g) Co-Borrower shall not consent to the subordination of the Hotel Ground Lease or the Master Lease to any mortgage or other lease of the fee interest or any other leasehold interest in any of the premises demised thereby.

(h) To the extent it has the right to do so under the terms of the Ground Leases, Co-Borrower, at its sole cost and expense, shall execute and deliver to the Administrative Agent, within five (5) Business Days after request, such documents, instruments or agreements as may be required to permit the Administrative Agent to cure any default under the Ground Leases.

(i) In the event of a default by Co-Borrower in the performance of any of its obligations under the Hotel Ground Lease, including, without limitation, any default in the payment of any sums payable thereunder, then, in each and every case, the Administrative Agent may, at its option, cause the default or defaults to be remedied and otherwise exercise any and all rights of Co-Borrower thereunder in the name of and on behalf of Co-Borrower. Co-Borrower shall, on demand, reimburse the Administrative Agent for all expenses incurred by the Administrative Agent in curing any such default (including, without limitation, attorneys' fees and disbursements), together with interest thereon computed at the Default Rate from the date that such expense is incurred, to and including the date the same is paid to the Administrative Agent.

(j) Co-Borrower shall give the Administrative Agent written notice of its intention to exercise each and every option, if any, to renew or extend the term of the Hotel Ground Lease, at least thirty (30) days prior to the expiration of the time to exercise such option under the terms thereof. If required by the Administrative Agent, Co-Borrower shall duly exercise any renewal or extension option with respect to the Hotel Ground Lease. If Co-Borrower intends to renew or extend the term of the Hotel Ground Lease, it shall deliver to the Administrative Agent with the notice of such decision, a copy of the notice of renewal or extension delivered to the Ground Lessor, together with the terms and conditions of such renewal or extension. Co-Borrower hereby irrevocably appoints the Administrative Agent as its attorney-in-fact, coupled with an interest, to execute and deliver, for and in the name of such Co-

Borrower, all instruments and agreements necessary under the Hotel Ground Lease or otherwise to cause any renewal or extension of the Hotel Ground Lease.

(k) In the event that the Hotel Ground Lease shall be terminated by reason of a default beyond any applicable cure period thereunder by Co-Borrower, and the Administrative Agent shall require from the Ground Lessor a Novation Ground Lease (as such term is defined in the Hotel Ground Lease), Co-Borrower hereby waives any right, title and interest in and to such Novation Ground Lease and the leasehold estate created thereby, together with all rights of redemption now or hereafter operable under any law.

(l) Co-Borrower shall not elect to treat the Hotel Ground Lease as terminated, canceled or surrendered pursuant to the applicable provisions of the

Bankruptcy Code (including, without limitation, Section 365(h)(1) thereof) without the Administrative Agent's prior written consent in the event of the bankruptcy of, or any similar proceedings with respect to, the Ground Lessor. Co-Borrower shall, in the event of any bankruptcy or similar proceedings with respect to the Ground Lessor, reaffirm and ratify the legality, validity, binding effect and enforceability of the Hotel Ground Lease within the applicable time period therefor in such proceedings, notwithstanding any rejection thereof by the Ground Lessor or any trustee, custodian or receiver.

(m) Co-Borrower shall give the Administrative Agent not less than thirty (30) days prior written notice of the date on which Co-Borrower shall apply to any court or other governmental authority for authority and permission to reject the Hotel Ground Lease in the event that there shall be filed by or against Borrower any petition, action or proceeding under the Bankruptcy Code or under any other similar federal or state law now or hereafter in effect and if Co-Borrower determines to reject the Hotel Ground Lease. The Administrative Agent shall have the right, but not the obligation, to serve upon Co-Borrower within such thirty (30) day period a notice stating that (i) the Administrative Agent demands that Co-Borrower assume and assign the Hotel Ground Lease to the Administrative Agent subject to and in accordance with the Bankruptcy Code, and (ii) the Administrative Agent covenants to cure or provide reasonably adequate assurance thereof with respect to all defaults reasonably susceptible of being cured by the Administrative Agent and of future performance under the Hotel Ground Lease. If the Administrative Agent serves upon Co-Borrower the notice described above, Co-Borrower shall not seek to reject the Hotel Ground Lease and shall comply with the demand provided for clause (i) above within ten (10) days after the notice shall have been given by the Administrative Agent.

(n) During the continuance of a Default, the Administrative Agent shall have the right, but not the obligation, (i) to perform and comply with all obligations of Co-Borrower under the Hotel Ground Lease without regard to any grace period provided therein, (ii) to do and take, without any obligation to do so, such action as the Administrative Agent deems necessary or desirable to prevent or cure any default by Co-Borrower under the Hotel Ground Lease, including, without limitation, any act, deed, matter or thing whatsoever that Borrower may do in order to cure a default under the Hotel Ground Lease and (iii) to enter in and upon the Project or any part thereof to such extent and as often as the Administrative Agent deems necessary or desirable in order to prevent or cure any default of Co-Borrower under the Hotel Ground Lease. Co-Borrower shall, within five (5) days after written request is made therefor by the Administrative Agent, execute and deliver to the Administrative Agent or to any party designated by the Administrative Agent, such further instruments, agreements, powers,

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assignments, conveyances or the like as may be reasonably necessary to complete or perfect the interest, rights or powers of the Administrative Agent pursuant to this paragraph or as may otherwise be required by the Administrative Agent.

(o) In the event of any arbitration under or pursuant to any of the Ground Leases in which the Administrative Agent elects to participate, Co-Borrower hereby irrevocably appoints the Administrative Agent as its true and lawful attorney-in-fact (which appointment shall be deemed coupled with an interest) to exercise, all right, title and interest of Co-Borrower in connection with such arbitration, including, without limitation, the right to appoint arbitrators and to conduct arbitration proceedings on behalf of Co-Borrower and the Administrative Agent. All costs and expenses incurred by the Administrative Agent in connection with such arbitration and the settlement thereof shall be borne solely by Co-Borrower, including, without limitation, reasonable attorneys' fees and disbursements. Nothing contained in this paragraph shall obligate the Administrative Agent to participate in any such arbitration.

(p) The Administrative Agent shall have the right, but not the obligation, to proceed in respect of any claim, suit, action or proceeding

relating to the rejection of any of the Ground Leases by the ground lessor as a result of bankruptcy or similar proceedings in respect of such ground lessor, including, without limitation, the right to file and prosecute any and all proofs of claims, complaints, notices and other documents in any such bankruptcy case or similar proceeding.

(q) Co-Borrower shall deliver to the Administrative Agent within ten (10) days after receipt of written demand from the Administrative Agent, an estoppel certificate in relation to each Ground Lease setting forth (i) the name of the lessee and the lessor thereunder, (ii) that such Ground Lease is in full force and effect and has not been modified or, if it has been modified, the date of each modification (together with copies of each such modification), (iii) the annual rent and additional rent payable under such Ground Lease, (iv) the date to which all rental charges have been paid by the lessee under such Ground Lease, (v) whether any notice of default has been received by Co-Borrower and if such notice has been received, the date it was received and the nature of the default, (vi) whether there are any alleged defaults of Co-Borrower under such Ground Lease, and, if there are, setting forth the nature thereof in reasonable detail, and (vii) if Co-Borrower is in default under the terms of any Ground Lease or if any facts or circumstances exist, which with the passage of time or the giving of notice or both, would constitute a default under any of the Ground Leases, setting forth in detail the nature of such default, fact or circumstance.

(r) To the extent of its rights under either of the Ground Leases, Co-Borrower shall obtain and deliver to the Administrative Agent within thirty (30) days after written demand by the Administrative Agent, an estoppel certificate in relation to such Ground Lease from the ground lessor thereunder setting forth (i) the name of the lessee and the lessor thereunder, (ii) that the Ground Lease is in full force and effect and has not been modified or, if it has been modified, the date of each modification (together with copies of each such modification), (iii) the annual rent and additional rent payable under the Ground Lease, (iv) the date to which all rental charges have been paid by the lessee under the Ground Lease, (v) whether a notice of default has been received by the ground lessor which has not been cured, and if such notice has been received, the date it was received and the nature of the default, (vi) whether there are any alleged

defaults of the lessee under the Ground Lease and, if there are, setting forth the nature thereof in reasonable detail, and (vii) if the lessee under the Ground Lease shall be in default, the default.

6.36 Zoning Changes. Neither Borrower nor Co-Borrower shall cause, permit, acquiesce in, or consent to any changes or modifications to the zoning and land use ordinances or other Requirements of Law affecting the Project if such changes or modifications would adversely affect (i) the ability of Co-Borrower to construct the Project in accordance with the Approved Plans and Specifications or operate the Project as intended or (ii) the value of the Project. Co-Borrower shall give to the Administrative Agent notice of any material change in zoning and land use ordinances and other Requirements of Law affecting the Project promptly after obtaining knowledge thereof.

6.37 Fiscal Year. Neither Borrower nor Co-Borrower shall change, and Borrower shall not permit any Subsidiary Guarantor or Creative Group Subsidiary to change, its fiscal year for accounting or tax purposes from the Fiscal Year without obtaining the written consent of the Required Lenders.

6.38 Cooperation with Construction Consultant. Co-Borrower shall provide the items described on Schedule 6.38 to the Construction Consultant on a current basis as the same are available from time to time in order to permit the Construction Consultant to render periodic reports to the Lenders with respect to the status of Project Construction.

6.39 Security Interest in Accounts; Certain Remedies. (a) Borrower and

Co-Borrower covenant and agree not to maintain, and not to permit the Property Manager to maintain with respect to the Project, any bank accounts, investment accounts or other accounts other than the Interest Reserve Account, the FF&E Reserve Account, Completion Reserve Account and the Restoration Account (all of which shall be maintained by Co-Borrower or Borrower, as applicable, and not by the Property manager) and the other accounts identified in Schedule 6.39 hereto (collectively, the "Accounts"). To secure the payment and performance of the Secured Obligations, Borrower and Co-Borrower hereby pledge and assign to the Administrative Agent for the benefit of itself and the Lenders and other Holders of Secured Obligations all of the Borrower's and Co-Borrower's right, title and interest in, and hereby grant to the Administrative Agent for the benefit of itself and the Lenders and other Holders of the Secured Obligations a security interest in and right of set-off against, and, without limiting the foregoing, the right (exercisable only after the occurrence and during the continuance of a Default) to direct the holders of the Accounts to set-off against and immediately to turn over to the Administrative Agent: (i) the Accounts; (ii) all cash, instruments, securities, investments and other property from time to time transferred or credited to, contained in or comprising the Accounts or any of them; (iii) all statements, certificates, passbooks and instruments representing the Accounts or any of them; (iv) any and all substitutions or additions of or with respect to any of the foregoing; and (v) any and all proceeds and products of any of the foregoing, whether now owned and existing or hereafter acquired or arising, including, without limitation (A) interest, principal, dividends and other amounts or distributions received with respect to any of the foregoing and (B) property received from the sale, exchange or other disposition of any of the foregoing (collectively, the "Account Collateral"). Borrower and Co-Borrower shall cause the Property Manager and the holders of the Accounts (the "Account Holders") to execute and deliver notices and acknowledgments of the Administrative Agent's security interest in the Accounts, in form and

substance satisfactory to the Administrative Agent, prior to the Initial Funding Date or upon establishing each Account, as applicable. Borrower and Co-Borrower agree from time to time, at their expense, to execute and deliver and promptly cause to be filed in the appropriate public offices UCC financing statements and all further instruments and documents, and to take all further action which Administrative Agent may reasonably request and which are necessary or desirable in the opinion of Administrative Agent or its counsel in order to create, preserve, perfect and protect any security interests granted or purported to be granted hereby and enable Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Account Collateral. Borrower and Co-Borrower hereby authorize Administrative Agent to file one or more financing or continuation statements, and amendments thereto, and authorize Administrative Agent to take all such further action and execute all such further documents and instruments as may be reasonably necessary or desirable in order to create, preserve, perfect and protect the security interest granted hereby, without the signature of the Borrower or where permitted by law. Whenever applicable law requires the signature of Borrower or Co-Borrower on a document to be filed to preserve, perfect or protect the security interest granted hereby, Borrower and Co-Borrower hereby appoint Administrative Agent as their respective attorney-in-fact, with full power of substitution, to sign their names (or the names of any of them) on any such document. Borrower and Co-Borrower hereby agree that a photocopy or other reproduction of this Agreement or any financing statement covering the Account Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Neither Borrower nor Co-Borrower shall further pledge, assign or grant a security interest in the Account Collateral or any part thereof or permit any other lien to attach thereto or any levy to be made thereon, or any UCC-1 financing statement (except those naming Administrative Agent as secured party) to be filed with respect thereto.

(b) After the occurrence and during the continuance of a Default, the Administrative Agent shall, in addition to all remedies conferred upon it and the Lenders by law and by the terms of the Loan Documents, have the right, but not the obligation, without notice to the Borrower or Co-Borrower, except as



required by law, and at any time or from time to time to charge, set-off and otherwise apply all or any portion of the Account Collateral against the Secured Obligations and direct the disbursement thereof to the Administrative Agent. In furtherance of the foregoing, the Administrative Agent shall be irrevocably authorized to direct the Account Holders to withdraw or transfer the Account Collateral from the Accounts and deposit or deliver the same into an account of, or designated by, the Administrative Agent in its sole and absolute discretion. The Account Holders shall be irrevocably authorized to comply with any and all directions so given by the Administrative Agent.

(c) In addition to (and not in limitation of) all other rights or remedies granted to the Administrative Agent and the Lenders pursuant to the Loan Documents, Borrower and Co-Borrower hereby grant the Account Holders, their Affiliates and the Administrative Agent, in each case for the benefit of the Administrative Agent and the Lenders, a contractual right of set-off against each of the Accounts and all of the Account Collateral.

(d) Notwithstanding anything to the contrary contained in this Agreement, and without limiting the foregoing provisions of this Section 6.39, after a Default has occurred and during the continuance thereof, the Administrative Agent may, at its sole and absolute discretion, (A) elect to apply the Account Collateral in whole or in part to pay Project expenditures,

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including expenditures relating to Project Construction, (B) elect to have all or any portion of the Account Collateral disbursed to a receiver appointed by a court of competent jurisdiction and thereafter held and disbursed by such receiver in accordance with the Administrative Agent's directions; and/or (C) elect to apply all or any part of the Account Collateral to the Secured Obligations in such order and in such manner as the Administrative Agent shall determine in its sole and absolute discretion.

(e) The Administrative Agent may also exercise in respect of the Account Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party under the UCC, and the Administrative Agent may, without notice except as specified below, sell the Account Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable. Borrower and Co-Borrower shall, upon the request of the Administrative Agent, at the Borrower's and Co-Borrower's, expense, execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be reasonably necessary or, in the opinion of the Administrative Agent or its counsel, advisable to make such sale of the Account Collateral or any part thereof valid and binding and in compliance with applicable law. Borrower and Co-Borrower agree that ten (10) days' notice of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of the Account Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(f) BORROWER AND CO-BORROWER HEREBY IRREVOCABLY WAIVE ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE ADMINISTRATIVE AGENT OF ITS RIGHTS TO REPOSSESS THE ACCOUNT COLLATERAL WITHOUT JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON SUCH COLLATERAL WITHOUT PRIOR NOTICE OR HEARING.

(g) Without limiting the foregoing provisions of this Section 6.39, after a Default has occurred and during the continuance thereof, the Administrative Agent shall have the right to apply to a court of competent jurisdiction for and to obtain appointment of a receiver of the Account Collateral as a matter of strict right, to take possession of the Account

Collateral, and to apply and disburse the same in accordance with this Agreement.

(h) To the full extent that they may lawfully so agree, Borrower and Co-Borrower agree that they shall not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force to prevent or delay the enforcement of this Agreement, the Loan Documents or the absolute sale of any portion of or all of the Account Collateral or any portion of the Project, or the possession of any of the foregoing by any purchaser at any sale under this Agreement or the other Loan Documents, and Borrower and Co-Borrower, each for itself and all who may claim under Borrower or Co-Borrower to the full extent that Borrower or Co-Borrower now or hereafter lawfully may do so, hereby each waives the benefit of all such laws.

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6.40 Principal Places of Business; Names. Neither Borrower nor Co-Borrower will relocate its principal place of business, chief executive office, place where it maintains its records, or residence, or change its name or the name under which it does business without giving the Administrative Agent at least thirty (30) days advance written notice thereof or without taking such steps as the Administrative Agent may reasonably require (including, without limitation, executing additional Financing Statements) to maintain the perfection of all Liens in favor of the Administrative Agent with respect to the Collateral.

6.41 Documents of Further Assurance. Borrower and Co-Borrower shall, from time to time, upon the Administrative Agent's request, promptly execute, deliver, record and furnish such documents as the Administrative Agent may reasonably deem necessary to (a) perfect and maintain perfected as valid Liens upon the Collateral the Liens contemplated by this Agreement, (b) correct any mistakes of a typographical nature which may be contained herein or in any of the Loan Documents, (c) replace any Notes or other Loan Documents that may have been misplaced, lost or destroyed (as evidenced by an affidavit to such effect from the holder thereof), (d) acknowledge and confirm the unpaid principal balance of and interest on the Loans and state whether Borrower or Co-Borrower claim any off-set or defense with respect thereto and (e) consummate fully the transaction contemplated under this Agreement and the other Loan Documents.

6.42 Wetlands. The Borrower shall not cause or permit any Project Construction or other activities at the Project that affect any wetlands areas except to the extent permitted under Permits or other Governmental Approvals issued by the Army Corps of Engineers or other applicable Government Authorities.

## ARTICLE VII

### DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1 Any representation or warranty made or deemed made by or on behalf of Borrower, Co-Borrower or any Subsidiary Guarantor to the Lenders or the Administrative Agent under or in connection with this Agreement, any Advance, or any certificate or material written or documentary information delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made or deemed remade in accordance with the terms hereof.

7.2 Nonpayment of principal of or interest on any Loan, any commitment fee, undrawn fee, Agency Fee or any other Obligations payable to the Administrative Agent or any Lender under any of the Loan Documents (i) within five Business Days after written notice from the Administrative Agent to Borrower that the same has not been paid when due or (ii) on the Maturity Date (or such earlier date on which the Obligations may become due or may be declared

due hereunder).

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7.3 The breach by the Borrower or Co-Borrower of any of the terms or provisions of Sections 2.20.3, 2.20.4, 2.20.5, 6.2, 6.6 (provided that a breach of any covenant in Section 6.6 with respect to the furnishing of information, evidence or certificates of insurance shall not be a Default until the same remains unremedied for ten (10) days after receipt of written notice thereof from the Administrative Agent to Borrower and Co-Borrower), 6.8, 6.10(a)(ii), 6.12 (after the period of ten (10) Business Days described therein), 6.13, 6.14, 6.15, 6.16, 6.17, 6.18 (provided that a Default shall not occur in respect of any breach of the covenant in the last sentence of Section 6.18(a) to deliver documentation with respect to new Subsidiary Guarantors unless such breach is not remedied within ten (10) days after receipt of written notice thereof from the Administrative Agent to Borrower and Co-Borrower), 6.19, 6.20, 6.21, 6.22, 6.23, 6.24, 6.25, 6.33, 6.34, 6.35 (provided that a breach of Section 6.35(b)(i) shall not be a Default unless the same is also a breach of Section 6.35(c)(ii) or the same remains unremedied for ten (10) days after receipt of written notice thereof from the Administrative Agent to Borrower and Co-Borrower; a breach of Section 6.35(b)(iv) shall not be a Default unless the same results in a material impairment of the Hotel Ground Lease or the Lien of the Mortgage or the same remains unremedied for ten (10) Business Days after receipt of written notice thereof from the Administrative Agent to Borrower and Co-Borrower; a breach of Section 6.35(c)(i) shall not be a Default unless the same is also a breach of Section 6.35(c)(ii) or the same remains unremedied for ten (10) Business Days after receipt of written notice thereof from the Administrative Agent to Borrower and Co-Borrower; and a breach of Section 6.35(f) shall not be a Default unless the same remains unremedied for ten (10) Business Days after receipt of written notice thereof from the Administrative Agent to Borrower and Co-Borrower), 6.36, 6.37, 6.39 or 6.40.

7.4 The breach by the Borrower or Co-Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement or any of the other Loan Documents which (a) if a default in the payment of money as and when due, is not remedied within five Business Days after written notice from the Administrative Agent to Borrower and Co-Borrower, or (b) if any other breach or default, is not remedied for thirty (30) days after receipt of written notice from the Administrative Agent thereof to Borrower and Co-Borrower, provided that if Borrower or Co-Borrower commences to remedy such non-monetary breach or default within such thirty (30) day time period, such thirty (30) day time period for cure shall be extended for such time as is reasonably necessary to complete such cure so long as Borrower or Co-Borrower is diligently pursuing the completion of such cure, but in no event shall the time period for cure be extended for a period in excess of ninety (90) days after Borrower's or Co-Borrower's receipt of the initial written notice of breach or default.

7.5 Borrower or any of its Subsidiaries shall (a) default in any payment of any Indebtedness (other than the Obligations) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (b) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Obligations) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due or required to be repurchased prior to its stated maturity, provided that (x) it shall not be a Default or Event of

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Default under this Section 7.5 unless the aggregate principal amount of all

Indebtedness as described in preceding clauses (a) and (b) is at least \$5,000,000.

7.6 Borrower, Property Manager, Co-Borrower or any Subsidiary Guarantor or Creative Group Subsidiary shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7 Without the application, approval or consent of Borrower, Property Manager, Co-Borrower or any Subsidiary Guarantor or Creative Group Subsidiary a receiver, trustee, examiner, liquidator or similar official shall be appointed for Borrower, Property Manager, Co-Borrower or any Subsidiary Guarantor or Creative Group Subsidiary or any of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against Borrower, Property Manager, Co-Borrower or any Subsidiary Guarantor or Creative Group Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 consecutive days.

7.8 Any court, government or governmental agency shall, other than in a Non-Material Condemnation, condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of Co-Borrower.

7.9 One or more of the following shall occur: (i) any money judgment (other than a money judgment covered by insurance as to which the insurance company has acknowledged coverage), writ or warrant of attachment, or similar process is entered against Borrower, Co-Borrower, any Subsidiary Guarantor or Creative Group Subsidiary or the Project and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days or in any event later than five (5) days prior to the date of any proposed sale thereunder, (ii) a federal, state, local or foreign tax Lien is filed against the Borrower, Co-Borrower any Subsidiary Guarantor or Creative Group Subsidiary or the Project which is not discharged of record, bonded over or otherwise secured to the satisfaction of the Administrative Agent within thirty (30) days after the filing thereof, or (iii) an Environmental Lien is filed against the Borrower, Co-Borrower, any Subsidiary Guarantor or Creative Group Subsidiary or the Project, and the aggregate amount of any or all of the foregoing with respect to Co-Borrower and the Project exceeds \$100,000 or with respect to Borrower, Subsidiary Guarantors and Creative Group Subsidiaries taken together exceeds \$1,000,000.

7.10 The occurrence of any "Default" or "Event of Default", as defined in any Loan Document (other than this Agreement).

7.11 Nonpayment by Borrower of any Rate Management Obligation when due or the breach by Borrower of any material term, provision or condition contained in any Rate Management Transaction and the expiration of the cure period, if any, applicable thereto under the provisions of the Rate Management Transaction.

7.12 The Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Guaranty or any Subsidiary Guarantor shall fail to comply with any of the terms or provisions of the Guaranty, or shall deny that

it has any further liability thereunder, or shall give notice to such effect.

7.13 Any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any collateral purported to be covered thereby, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document.

7.14 The representations and warranties set forth in Section 5.15 ("Plan Assets; Prohibited Transactions; ERISA") shall at any time not be true and correct.

7.15 Project Construction shall not be completed such that all Completion Conditions are satisfied on or prior to the Required Completion Date.

7.16 There shall occur either (i) an interruption or cessation of work in Project Construction not called for in the Approved Project Schedule, not attributable to Force Majeure, or (ii) a lack of ordinary diligence in proceeding with the work, for any period in excess of 14 consecutive days, or for 25 days in total in any three month period.

7.17 There shall occur any Change of Control not consented to by the Administrative Agent, with the consent of the Required Lenders.

7.18 There shall occur an Event of Default under (and as defined in) the Hotel Ground Lease.

7.19 The conditions precedent set forth in Section 4.2(a)(ii) hereof shall not be satisfied on or before the date which is 30 days after the date hereof.

#### ARTICLE VIII

##### ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

###### 8.1 Acceleration.

(a) If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, Co-Borrower, Property Manager or any Subsidiary Guarantor, the Aggregate Commitment and the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent or any Lender. If any other Default occurs, the Administrative Agent shall upon the direction of, and may, with the consent of, Required Lenders terminate or suspend the Aggregate Commitment and the obligations of the Lenders to

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make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower and Co-Borrower hereby expressly waive.

(b) The Administrative Agent may at any time or from time to time while any Default exists and is continuing apply any funds deposited in any of the Accounts to the payment of the Secured Obligations and any other amounts as shall from time to time have become due and payable by Borrower or Co-Borrower to the Lenders under the Loan Documents.

(c) At any time while any Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in any Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Commitment has been terminated, any funds remaining in the Accounts shall be returned by the Administrative Agent to Borrower or Co-Borrower or paid to whomever may be legally entitled thereto at such time.

(d) If, after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to Borrower or Co-Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2 All Remedies. Upon the occurrence and during the continuance of a Default, the Administrative Agent and the Lenders shall have all rights and remedies set forth herein, in the Loan Documents, at law and in equity and the Administrative Agent and the Lenders shall have the right (but not the obligation) to pursue one or more of such rights and remedies concurrently or successively, it being the intent hereof that all such rights and remedies shall be cumulative, and that no remedy shall be to the exclusion of any other.

8.3 Construction. In addition to and without limiting any of its rights and remedies available hereunder, under the other Loan Documents, at law or in equity, and without constituting an election of remedies, upon the occurrence and continuance of any Default, the Administrative Agent and the Lenders may (i) complete the construction of the Project or any part thereof and take any other action whatever which, in the Administrative Agent's and the Lenders' sole judgment, is necessary to fulfill the covenants, agreements and obligations of Borrower and Co-Borrower under this Agreement and the other Loan Documents, including the right to avail themselves of and procure performance of existing Construction Agreements and Project Agreements and (ii) let any contracts with the same contractors and subcontractors or others and to employ watchmen to protect the Project or any part thereof from injury. Without restricting the generality of the foregoing, and for the purpose aforesaid, each of Borrower and Co-Borrower hereby appoints and constitutes the Administrative Agent its lawful attorney in fact with full power of substitution and agrees that the Administrative Agent shall be entitled to: (A) complete the construction of the Project or any part thereof; (B) use any Balancing Payments, funds in the Restoration Account, Completion Reserve Account or any other Account or unadvanced funds remaining in the Aggregate Commitment or which may be reserved, escrowed or set aside for any purpose whatever at any time, to complete the construction of the Project or

any part thereof; (C) advance funds in excess of the amount of any or all the Loans to complete the construction of the Project; (D) make changes in the Approved Plans and Specifications which shall be necessary or desirable to complete the construction of the Project in substantially the manner contemplated by the Approved Plans and Specifications; (E) retain or employ such new general contractors, contractors, subcontractors, architects, engineers and inspectors as may be required for said purposes; (F) pay, settle or compromise all existing bills and claims, the nonpayment of which might result in Liens on the Project or any part thereof, or prevent such bills and claims from resulting in Liens against the Project or any part thereof or against fixtures, furnishing, furniture or equipment or other Property, or as may be necessary or desirable for the completion of the construction and equipping and furnishing of the Project or any part thereof or for the clearance of title; (G) execute all applications and certificates which may be required by any of the Loan Documents; (H) prosecute and defend all actions or proceedings connected with or relating to the Project or any part thereof; (I) take such action and require such performance as the Administrative Agent deems necessary under any payment and performance bonds, and make settlements and compromises with the surety or sureties thereunder, and, in connection therewith, execute instruments of release and satisfaction; (J) take possession of and operate the Project or any part thereof; and (K) do any and every act which Borrower or Co-Borrower might do in its own behalf, it being understood and agreed that the foregoing power of attorney shall be a power coupled with an interest and cannot be revoked.

8.4 Enforcement. Borrower and Co-Borrower each acknowledges that in the event the Borrower or Co-Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement or any other Loan Document, any remedy of law may prove to be inadequate relief to the Administrative Agent and the Lenders; therefore, the Borrower and Co-Borrower each agrees that the Administrative Agent and the Lenders shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

8.5 Preservation of Rights. No delay or omission of the Lenders or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of an Advance notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Advance shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Administrative Agent, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Lenders until the Obligations have been paid in full.

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## ARTICLE IX

### GENERAL PROVISIONS

9.1 Survival of Representations. All representations and warranties made herein and all obligations, covenants and agreements of Borrower and/or Co-Borrower in respect of taxes, indemnification and expense reimbursement shall survive the execution and delivery of this Agreement and the other Loan Documents, the making and repayment of the Advances and the termination of this Agreement and shall not be limited in any way by the passage of time or occurrence of any event and shall expressly cover time periods when the Administrative Agent or any of the Lenders may have come into possession or control of any Property of Borrower.

9.2 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation unless the same has resulted from the failure of such Lender to comply with any requirements imposed upon such Lender by applicable Law.

9.3 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4 Entire Agreement. The Loan Documents embody the entire agreement and understanding among Borrower, Co-Borrower, the Administrative Agent and the Lenders and supersede all prior agreements and understandings among Borrower, Co-Borrower, the Administrative Agent and the Lenders relating to the subject matter thereof.

9.5 Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. Borrower and Co-Borrower are jointly and severally liable and obligated for each other's obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided,

however, that the parties hereto expressly agree that the Joint Book Running Managers, Co-Lead Arrangers, Syndication Agent and Documentation Agent (each, an Initial Lender Affiliate, and collectively, the "Initial Lender Affiliates") shall enjoy the benefits of the provisions of Sections 9.6, 9.10, 10.10, 10.18 and 10.20 to the extent specifically set forth therein and shall have the right to enforce such provisions on their own behalf and in their own names to the same extent as if each were a party to this Agreement.

9.6 Expenses; Indemnification. (a) Borrower and Co-Borrower shall reimburse the Administrative Agent, and the Co-Lead Arrangers for any costs and out-of-pocket expenses (including reasonable attorneys' fees) paid or incurred by the Administrative Agent or the Co-Lead Arrangers (but excluding overhead and internal costs) in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and

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administration of the Loan Documents (other than (i) legal fees and related disbursements incurred by the Lenders in connection with any amendments to the Loan Documents requested by the Lenders after the Effective Date to facilitate the syndication of the Commitments and the Loans, which legal fees and disbursements shall be borne by the Lenders in proportion to their Pro Rata Shares and (ii) the fees and expenses of the Construction Consultant, which shall be borne solely by the Administrative Agent), in connection with disbursements hereunder and otherwise with respect to the Project. Borrower also agrees to reimburse the Administrative Agent, Co-Lead Arrangers and the Lenders for any costs and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Administrative Agent, Co-Lead Arrangers and the Lenders, but excluding internal administrative overhead except for legal fees hereafter referred to in this sentence) paid or incurred by the Administrative Agent, Co-Lead Arrangers and the Lenders, which attorneys may be employees of the Administrative Agent, Co-Lead Arrangers or any Lender in connection with the collection and enforcement of the Loan Documents in the event of a Default. Expenses required to be reimbursed by Borrower and Co-Borrower under this Section include, without limitation, the cost and expense of obtaining Appraisals of the Project, provided that so long as no Default shall exist that is continuing Borrower shall not be required to pay for Appraisals other than (i) the initial Appraisal by CB Richard Ellis obtained by the Administrative Agent prior to the Effective Date and (ii) a single further Appraisal which the Administrative Agent may commission in its sole discretion.

(b) Borrower and Co-Borrower hereby further agree to indemnify the Administrative Agent, the Initial Lender Affiliates, each Lender, their respective Affiliates, and each of their agents, shareholders, directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Administrative Agent, any Initial Lender Affiliate, any Lender or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby (including without limitation the Project Construction and any claims for personal injury, property damage, economic loss, violation of Law, mechanics Liens, and patent, trademark or copyright infringement) or the direct or indirect application or proposed application of the proceeds of any Advance hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of Borrower under this Section 9.6 shall survive the termination of this Agreement.

9.7 Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

9.8 Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations



hereunder shall be made in accordance with Agreement Accounting Principles.

9.9 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that

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jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10 Nonliability of Lenders. The relationship between the Borrower and Co-Borrower on the one hand and the Lenders and the Administrative Agent on the other hand shall be solely that of borrower and lender. None of the Administrative Agent, any Initial Lender Affiliate, or any Lender shall have any fiduciary responsibilities to the Borrower Co-Borrower or any Subsidiary Guarantor. None of the Administrative Agent, any Initial Lender Affiliate, or any Lender undertakes any responsibility to the Borrower, Co-Borrower or any Subsidiary Guarantor to review or inform the Borrower, Co-Borrower or any Subsidiary Guarantor of any matter in connection with any phase of the Borrower's or Co-Borrower's business or operations. Borrower and Co-Borrower agree that none of the Administrative Agent, any Initial Lender Affiliate, or any Lender shall have liability to Borrower or Co-Borrower (whether sounding in tort, contract or otherwise) for losses suffered by Borrower or Co-Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. None of the Administrative Agent, any Initial Lender Affiliate, or any Lender shall have any liability with respect to, and the Borrower and Co-Borrower hereby waive, release and agree not to sue for, any special, indirect or consequential damages suffered by Borrower, Co-Borrower or any Subsidiary Guarantor in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11 Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrower or Co-Borrower or any of their Subsidiaries or Affiliates pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee or prospective Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap or similar agreements or to legal counsel, accountants and other professional advisors to such counterparties, and (vii) permitted by Section 12.4.

9.12 Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Advances provided for herein.

9.13 Disclosure. Borrower and Co-Borrower and each Lender hereby (i) acknowledge and agree that Bankers Trust Company, Deutsche Banc Alex. Brown Inc. and/or their respective Affiliates from time to time may hold investments in, make other loans to or have other relationships with Borrower, Co-Borrower and any of their Affiliates, and (ii) waive any liability of Bankers Trust Company, Deutsche Banc Alex. Brown Inc. and/or their respective Affiliates to the Borrower, Co-Borrower or any Lender, respectively, arising out of or resulting from such investments, loans or relationships.

9.14 Marshalling; Payments Set Aside. Neither the Administrative Agent nor any Lender shall be under any obligation to marshal any assets in favor of the Borrower, Co-Borrower or any other party or against or in payment of any or all of the Secured Obligations. To the extent that the Borrower or Co-Borrower makes a payment or payments to the Administrative Agent or the Lenders or any such Person receives payment from the proceeds of the Collateral or exercises its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, right and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

9.15 Successors and Assigns. This Agreement and the other Loan Documents shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and permitted assigns of the Lenders. The rights hereunder of the Borrower and Co-Borrower and any interest therein, may not be assigned without the written consent of all Lenders, which may be granted or withheld in the sole discretion of each.

9.16 Inconsistencies. This Agreement and each of the other Loan Documents shall be construed to the extent reasonable to be consistent one with the other, but to the extent that the terms and conditions of this Agreement are actually inconsistent with the terms and conditions of any other Loan Document, this Agreement shall govern. Notwithstanding anything to the contrary contained herein, the existence of (and the Lenders' review of), the Organizational Documents or any Project Agreements shall not be deemed to be an approval by the Administrative Agent or the Lenders of any of the actions that may be permitted to be taken by Borrower, Co-Borrower or any other Person thereunder to the extent such actions violate the terms hereof. In addition to the foregoing, none of the terms or provisions hereof shall be deemed to be waived or modified by virtue of the fact that such terms and provisions conflict with, or contradict, any of the terms and provisions of the Organizational Documents or any Project Agreements.

9.17 Disclaimer by Lender. Neither the Administrative Agent nor the Lenders nor any Initial Lender Affiliate shall be liable to any contractor, subcontractor, supplier, laborer, architect, engineer, tenant or other party for services performed or materials supplied in connection with any work performed at the Project or any other Property. Neither the Administrative Agent nor the Lenders nor any Initial Lender Affiliate shall be liable for any debts or claims accruing in favor of any such parties against Borrower, Co-Borrower or others or against any Property. Neither Borrower nor Co-Borrower shall be an agent of either the Administrative Agent or the Lenders or any Initial Lender Affiliate for any purposes and neither the Lenders nor the Administrative Agent nor any Initial Lender Affiliate shall be deemed partners or joint venturers with Borrower, Co-Borrower or any other Person. Neither the Administrative Agent nor the Lenders nor any Initial Lender Affiliate shall be deemed to be in privity of contract with any contractor or provider of services to the Project, nor shall any payment of funds directly to a contractor or subcontractor or provider of services be deemed to create any third party beneficiary status or recognition of same by either the Administrative Agent or the Lenders or any Initial Lender Affiliate, and Borrower and Co-Borrower each agrees

to hold the Administrative Agent, the Lenders and the Initial Lender Affiliates harmless from any of the damages and expenses resulting from such a construction of the relationship of the parties or any assertion thereof.

9.18 Time is of the Essence. Time is of the essence of each and every term and provision of this Agreement and the other Loan Documents.

9.19 Protective Advances. The Administrative Agent may from time to time, before or after the occurrence and during the continuance of a Default, subject to the prior written approval of the Required Lenders, make such disbursements and advances pursuant to the Loan Documents (which disbursements and advances shall be deemed to be "Loans" made hereunder) which the Administrative Agent, in its reasonable discretion, deems necessary or desirable to preserve or protect the Collateral or any portion thereof or to enhance the likelihood or maximize the amount of repayment of the Secured Obligations ("Protective Advances"). The Administrative Agent shall notify the Borrower and each Lender in writing of each such Protective Advance, which notice (each a "Protective Advance Notice") shall include a description of the purpose of such Protective Advance, the aggregate amount of such Protective Advance, each Lender's Pro Rata Share thereof and the date each Lender shall be required to pay its Pro Rata Share of the Protective Advance (the "Protective Advance Date"), which Protective Advance Date shall be not less than two (2) Business Days after delivery of the Protective Advance Notice. Each Lender agrees to pay to the Administrative Agent its Pro Rata Share of any Protective Advance on the Protective Advance Date in the manner set forth herein for a funding of an Advance. Borrower agrees to pay the Administrative Agent, upon demand, the principal amount of all outstanding Protective Advances, together with interest thereon at the rate set forth in Section 2.11 applicable in the event of a Default. If Borrower fails to make payment in respect of any Protective Advance within three (3) Business Days after the date Borrower receives written demand therefor from the Administrative Agent, such failure shall constitute a Default. All outstanding principal of, and interest on, Protective Advances shall constitute Secured Obligations secured by the Collateral until paid in full by Borrower. Upon the making of a Protective Advance, the Administrative Agent shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote, regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment.

## ARTICLE X

### THE ADMINISTRATIVE AGENT AND THE LENDERS

10.1 Appointment. The Lenders hereby designate Bankers Trust Company as Administrative Agent to act as specified herein and in the other Loan Documents. Each Lender hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, the Administrative Agent to take such action on its behalf under the provisions of this Agreement, the other Loan Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof and such other powers as are reasonably incidental

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thereto. The Administrative Agent may perform any of its duties hereunder by or through its respective officers, directors, agents, employees or affiliates.

10.2 Nature of Duties. The Administrative Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement and in the other Loan Documents. Neither the Administrative Agent nor any of its respective officers, directors, agents, employees or affiliates shall be liable for any action taken or omitted by it or them hereunder or under any other Loan Documents or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision). The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have by reason of this Agreement or any other

Loan Document a fiduciary relationship in respect of any Lender or the holder of any Note; and nothing in this Agreement or any other Loan Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein.

10.3 Lack of Reliance on the Administrative Agent. (a) Independently and without reliance upon the Administrative Agent, each Lender and the holder of each Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Borrower, Co-Borrower and the Subsidiary Guarantors in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of such Persons and, except as expressly provided in this Agreement, the Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Lender or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. The Administrative Agent shall not be responsible to any Lender or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any other Loan Document or in any document, certificate or other writing delivered in connection herewith or therewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Loan Document or the financial condition of Borrower, Co-Borrower, or the Subsidiary Guarantors, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Loan Document, or the financial condition of the Credit Parties or the existence or possible existence of any Default or Unmatured Default.

(b) The Administrative Agent does not represent, warrant or guaranty to the Lenders the performance of the Borrower, Co-Borrower, any Subsidiary Guarantor, any architect, any project managers, any contractor, subcontractor or provider of materials or services in connection with the construction of the Project and Borrower and Co-Borrower shall remain solely responsible for all aspects of the Projects, including but not limited to the quality and suitability of the Plans and Specifications, the supervision of the work of construction, the qualifications, financial condition and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants and property managers, the accuracy of all applications for payment, and the proper application of all Loans.

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10.4 Certain Rights of the Administrative Agent. If the Administrative Agent shall request instructions from the Required Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any other Loan Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Lenders; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender or holder of any Note shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any other Loan Document in accordance with the instructions of the Required Lenders.

10.5 Reliance. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that the Administrative Agent in good faith believed to be the proper Person, and, with respect to all legal matters pertaining to this Agreement and any other Loan Document and its duties hereunder and thereunder, upon advice of counsel selected by the Administrative Agent (which may be counsel for Borrower

or Co-Borrower).

10.6 Indemnification. To the extent the Administrative Agent is not reimbursed and indemnified by Borrower, the Lenders will reimburse and indemnify the Administrative Agent, in proportion to their respective "percentages" as used in determining the Required Lenders, for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its respective duties hereunder or under any other Loan Document, in any way relating to or arising out of this Agreement or any other Loan Document; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision).

10.7 The Administrative Agent in its Individual Capacity. With respect to its obligation to make Loans under this Agreement, the Administrative Agent shall have the rights and powers specified herein for a "Lender" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Lenders," "Required Lenders," "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of Lending, investment Lending, trust or other business with Borrower, Co-Borrower, any Subsidiary Guarantor or any Affiliate of any such Person as if it were not performing the duties specified herein, and may accept fees and other consideration from any such Person for services in connection with this Agreement or any other Loan Document and otherwise without having to account for the same to the Lenders.

10.8 Holders. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment,

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transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee, assignee or endorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefor.

10.9 Resignation by the Administrative Agent. (a) The Administrative Agent may resign from the performance of all its functions and duties hereunder and/or under the other Loan Documents at any time by giving 15 Business Days' prior written notice to Borrower and the Lenders. Such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation by the Administrative Agent, the Borrower shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial Lender or trust company reasonably acceptable to the Required Lenders (it being understood and agreed that any Lender is deemed to be acceptable to the Required Lenders), provided that, if a Default or an Unmatured Default exists at the time of such resignation, the Required Lenders shall appoint such successor Administrative Agent.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent, with the consent of the Borrower (which consent shall not be unreasonably withheld), shall then appoint a successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Borrower or the Required Lenders, as the case may be, appoint a successor

Administrative Agent as provided above.

(d) If no successor Administrative Agent has been appointed pursuant to clause (b) or (c) above by the 30th Business Day after the date such notice of resignation was given by the Administrative Agent, the Administrative Agent's resignation shall become effective and the Required Lenders shall thereafter perform all the duties of the Administrative Agent hereunder and/or under any other Loan Document until such time, if any, as the Borrower or the Required Lenders, as the case may be, appoint a successor Administrative Agent as provided above.

10.10 Other Agents. None of the Co-Lead Arrangers nor the Joint Book Running Managers nor the Syndication Agent nor the Documentation Agent shall have any liabilities or obligations hereunder in their respective capacities as such.

10.11 Lender Default. If any Lender (a "Defaulting Lender") fails to fund its Pro Rata Share of any Advance on or before the time required pursuant to this Agreement, or fails to fund its Pro Rata Share of any amount due under Section 10.14(d) or the last sentence of Section 10.12 on or before the time required thereunder or fails to pay the Administrative Agent, within twenty (20) days of demand (which demand shall be accompanied by invoices or other reasonable back up information demonstrating the amount owed), such Lender's Pro Rata Share of any out-of-pocket costs, expenses or disbursements incurred or made by the Administrative Agent pursuant to the terms of this Agreement (the aggregate amount which the Defaulting

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Lender fails to pay or fund is referred to as the "Default Amount"), then, in addition to the rights and remedies that may be available to the Non-Defaulting Lenders at law and in equity:

(a) The Defaulting Lender's right to participate in the administration of the Obligations and the Loan Documents, including without limitation, any rights to vote upon, consent to or direct any action of the Administrative Agent or the Lenders shall be suspended and such rights shall not be reinstated unless and until such default is cured, provided, however, that if the Administrative Agent is a Defaulting Lender, the Administrative Agent shall continue to have all rights provided for in this Agreement and the Loan Agreement with respect to the administration of the Loan, unless the Required Lenders vote to remove and replace the Administrative Agent, in which event the Required Lenders shall notify the Administrative Agent, Borrower and the other Lenders of the identity of the successor Administrative Agent so chosen by the Required Lenders and such successor Administrative Agent shall assume all the rights and duties of Administrative Agent hereunder as of the date such notice is given;

(b) If and to the extent the Default Amount includes an amount which, if advanced by the Defaulting Lender, would be applied to interest, fees or other amounts due to the Lenders under the Loan Documents (such portion of the Default Amount is herein referred to as the "Lender Payment Portion"), the Administrative Agent may, and shall upon the direction of the Required Lenders, treat as advanced by the Defaulting Lender to itself (with a corresponding automatic increase in the Defaulting Lender's Loan balance, and without necessity for executing any further documents) the Lender Payment Portion, whereupon a corresponding offset shall be made against the Default Amount;

(c) If and to the extent any Default Amount remains (after taking into account the deemed advance and application made under Section 10.11(b) above), any or all of the Non-Defaulting Lenders shall be entitled (but shall not be obligated) to fund all or part of the remaining Default Amount (the "Funded Default Amount"), and collect from the Defaulting Lender or from amounts otherwise payable to the Defaulting Lender interest at the Default Rate on the Funded Default Amount for the period from the date on which the payment was due until the date on which payment is made (less any interest actually paid by the

Borrower on the Funded Default Amount from time to time, which payments shall be applied by the Administrative Agent pari passu to the Non-Defaulting Lenders which shall have so funded the Funded Default Amount);

(d) So long as any Default Amount remains outstanding, the Defaulting Lender's interest in the Obligations and the Loan Documents and proceeds thereof shall be subordinated to the interest of the Non-Defaulting Lenders in the Obligations and the Loan Documents in the manner set forth in Section 10.11(e) below, without necessity for executing any further documents, provided that such Defaulting Lender's interest in the Obligations and the Loan Documents and the proceeds thereof shall no longer be so subordinated if the Default Amount (and all interest which has accrued pursuant to Section 10.11(c) above) shall be repaid (or, if not funded by the Non-Defaulting Lenders, advanced to the Administrative Agent for disbursement in accordance with this Agreement) in full;

(e) To achieve such subordination, that portion of all amounts received by the Administrative Agent on account of the Obligations which would otherwise be payable to the

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Defaulting Lender on account of its interest in the Obligations shall be applied by the Administrative Agent as follows:

(i) first to pay pari passu to the Non-Defaulting Lenders the Funded Default Amount, together with interest thereon payable under Section 10.11(c) above, until the Funded Default Amount and all interest thereon has been repaid in full (with collections from the Borrower being deemed earned by the Defaulting Lender to the extent of its Pro Rata Share thereof and paid over to the Non-Defaulting Lenders for application first to interest (in accordance with Section 10-13(c) above and then to principal upon the Funded Default Amount); then

(ii) second, the remainder, if any, shall be deemed earned by the Defaulting Lender to the extent of its Pro Rata Share thereof and held in escrow by the Administrative Agent for distribution as follows:

(A) upon payment in full of all the Secured Obligations, without foreclosure, deed-in-lieu of foreclosure (or other similar disposition of the Collateral) or other enforcement proceedings with respect to the Secured Obligations, the funds held in escrow shall be promptly disbursed to the Defaulting Lender; and

(B) upon completion of any foreclosure, deed-in-lieu of foreclosure (or other similar disposition of the Collateral) or other enforcement proceedings with respect to the Secured Obligations the funds held in trust shall be promptly disbursed as follows:

- (1) first, to the Non-Defaulting Lenders and their Affiliates which are Holders of Secured Obligations pari passu in the amount of all Secured Obligations which have not been paid and satisfied by the foreclosure, deed-in-lieu of foreclosure (or other similar disposition of the Collateral) or other enforcement proceedings with respect to the Secured Obligations in order to compensate the Non-Defaulting Lenders for any failure to recover the full amount of the Secured Obligations upon completion of any such disposition of the Collateral or other enforcement action; and
- (2) second, any remaining funds shall be disbursed to the Defaulting Lender.

(f) Each Non-Defaulting Lender shall have the right, but not the obligation, in its sole discretion, to acquire such Defaulting Lender's Pro Rata Share of the Advances and the Obligations, together with the Funded Default Amount, in which case the following provisions shall apply:

(i) If more than one Non-Defaulting Lender exercises such right, each such Non-Defaulting Lender shall have the right to acquire (in accordance with such acquiring Lender's Pro Rata Share (or upon agreement thereof, any other proportion) of the Defaulting Lender's Pro Rata Share in the Advances and the Obligations, together with all of the Funded

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Default Amount (being deemed a portion of the Obligations advanced by the Non-Defaulting Lenders which funded the Funded Default Amount). Such right to purchase shall be exercised by written notice from the applicable Non-Defaulting Lender(s) electing to exercise such right to the Defaulting Lender and the Administrative Agent (an "Exercise Notice"), copies of which shall also be sent concurrently to the other Lenders. The Exercise Notice shall specify (A) the Purchase Price for the Pro Rata Share of the Defaulting Lender, determined in accordance with Section 10.11(f) (ii) below, and (B) the date on which such purchase is to occur, which shall be any Business Day which is not less than fifteen (15) days after the date on which the Exercise Notice is given, provided that if such Defaulting Lender shall have cured its default in full (including all interest and other amounts due in connection therewith) to the satisfaction of the Administrative Agent within said fifteen (15) day period, then the Exercise Notice shall be of no further effect and the applicable Non-Defaulting Lenders shall no longer have a right to purchase such Defaulting Lender's Pro Rate Share or the Funded Default Amount. Upon any such purchase of the Pro Rata Share of a Defaulting Lender and as of the date of such purchase (the "Purchase Date"), (X) the Non-Defaulting Lenders purchasing the Defaulting Lender's Pro Rata Share shall also purchase the Funded Default Amount in equivalent proportions from the Non-Defaulting Lenders which funded the same, for a purchase price equal to par plus interest accrued and unpaid thereon under the provisions of Section 10.11(c) ("Default Amount Accrued Interest"), (Y) the Non-Defaulting Lenders purchasing the Defaulting Lender's Pro Rata Share shall promptly advance to the Administrative Agent their proportionate shares of any unfunded portion of the Default Amount, and (Z) the Defaulting Lender's interest in the Loans and the Obligations, and its rights hereunder as a Lender arising from and after the Purchase Date (but not its rights and liabilities in respect thereof or under the Loan Documents or this Agreement for obligations, indemnities and other matters arising or matters occurring before the Purchase Date) shall terminate on the Purchase Date, and the Defaulting Lender shall promptly execute all documents reasonably requested to surrender and transfer such interest. Without in any manner limiting the remedies of the Lenders, the obligations of a Defaulting Lender to sell and assign its Pro Rata Share under this Section 10.11(f) shall be specifically enforceable by the Administrative Agent and/or the other Lenders, by an action brought in any court of competent jurisdiction for such purpose, it being acknowledged and agreed that, in light of the disruption in the administration of the Advances and the other terms of the Loan Documents that a Defaulting Lender may cause, damages and other remedies at law are not adequate.

(ii) The purchase price for the Pro Rata Share in the Advances and the Obligations of a Defaulting Lender (the "Purchase Price") shall be equal to one hundred percent (100%) of the sum of all of the Defaulting Lender's advances (including advances for Protective Advances) under the Loans outstanding as of the Purchase Date, less the Default Amount Accrued Interest and costs and expenses incurred by the Administrative Agent and the Lenders directly as a result of the Defaulting Lender's default hereunder, court costs and the fees and expenses of attorneys, paralegals, accountants and other similar advisors, and if such amounts are not then known, there shall be deducted from the Purchase Price and placed into escrow with the Administrative Agent an amount equal to 200% of the Administrative Agent's reasonable estimate of such costs, to be held for disbursement to pay such costs as incurred, with any remainder being returned to the Defaulting Lender upon payment in full of



all the Secured Obligations. The Lenders hereby acknowledge that the Lenders purchasing the Defaulting Lender's Pro Rata Share are entitled to do so at the price set forth in this Section 10.11(f) (ii) due

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to the risk that the Obligations and Collateral may further decline in value after such purchase as a result of the Defaulting Lender's default.

Nothing herein contained shall be deemed or construed to waive, diminish or limit, or prevent or stop any Lender from exercising or enforcing, any rights or remedies which may be available at law or in equity as a result of or in connection with any default under this Agreement by a Lender. In addition, no Lender shall be deemed to be a Defaulting Lender if such Lender refuses to fund its Pro Rata Share of any Advance being made after any bankruptcy-related Default under Section 7.6 or Section 7.7 of this Agreement due to the lack of bankruptcy court approval for such Advance.

10.12 Authority. The Administrative Agent, as described herein, shall have all rights with respect to collection and administration of the Obligations, the security therefor and the exercise of remedies with respect thereto, except to the extent otherwise expressly set forth herein. The Lenders agree that the Administrative Agent shall make all determinations as to whether to grant or withhold approvals under the Loan Documents and as to compliance with the terms and conditions of the Loan Documents, except to the extent otherwise expressly set forth therein or herein. The Administrative Agent will simultaneously deliver to the Lenders copies of any default notices sent to Borrower, Co-Borrower or any Subsidiary Guarantor under the terms of the Loan Documents and will promptly provide to the Lenders copies of any material notices received from Borrower, Co-Borrower or any Subsidiary Guarantor, including without limitation notices received under Section 6.17(d) and notices received under Section 6.18 (and copies of the documents received by the Administrative Agent thereunder). The Administrative Agent shall not, however, take the following actions without first obtaining the consent of requisite Lenders, as set forth below:

(a) The Administrative Agent shall not, without first obtaining the consent of the Unanimous Lenders, take any of the following actions:

(i) amend the interest rate or Maturity Date set forth in the Loan Documents;

(ii) release any collateral for the Secured Obligations, or release any guaranty, indemnity agreement or any Person (including, without limitation, any Subsidiary Guarantor) with respect to any such guaranty or indemnity agreement (except for the release of any Subsidiary Guarantor from the Guaranty upon consummation of an Asset Sale with respect to such Subsidiary Guarantor or substantially all of its assets and except for releases otherwise expressly permitted pursuant to the Loan Documents upon satisfaction of all applicable conditions specified therein), or waive or release any indemnity obligations of Borrower, Co-Borrower or any guarantor (including, without limitation, any Subsidiary Guarantor) to the Lenders under the Loan Documents;

(iii) increase the amount of any Commitment;

(iv) forgive or reduce any principal, interest or fees due under the Obligations or extend the time for payment of any such principal, interest or fees;

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(v) consent to the further encumbrance or hypothecation of all or any portion of the Project or any other Collateral except to the extent expressly permitted under the Loan Documents;

(vi) modify, waive or consent to any assignment in violation of Section 12.1(i);

(vii) change the Pro Rata Share of any Lender, except in connection with a transfer of a Lender's interest permitted under the Loan Agreement;

(viii) modify or amend this Section 10.12; or

(ix) modify or amend the definition of "Unanimous Lenders" or "Required Lenders" herein.

(b) The Administrative Agent shall not, without first obtaining the consent of the Required Lenders, take any of the following actions:

(i) exercise (or refrain from exercising) rights or remedies with respect to any Default, including any action with respect to the exercise of remedies or the realization, operation or disposition of any Collateral, provided, however, that the Administrative Agent may deliver consents contemplated by the Loan Documents and waivers of provisions (other than material provisions) of the Loan Documents;

(ii) consent to any material change in Project Scope of Work which reflects a material reduction in the revenue generating capacity of the Project or a material reduction in the Project quality, in each case to the extent that any such changes require the Administrative Agent's consent pursuant to the terms of the Loan Documents;

(iii) amend, supplement or otherwise modify in any material respect any of the Loan Documents or execute a written waiver of any material provision of the Loan Documents, provided that such amendment, supplement, modification or waiver does not require the consent of all the Lenders under Section 10.14(a) above;

(iv) consent to the transfer by Borrower or Co-Borrower of all or any part of its direct or indirect interest in the Project or any other Collateral, except to the extent expressly permitted under the Loan Documents;

(v) consent to any Change of Control; or

(vi) agree to cause an additional or updated Appraisal to be ordered at the Lenders' expense.

As to any matters which are subject to the consent of any or all of the Lenders, as set forth above or elsewhere in this Agreement, the Administrative Agent shall not be permitted or required to exercise any discretion or to take any action except upon the receipt of the written consent or instruction with respect to such action by the requisite Lenders, which written consent or instruction shall be binding upon the Lenders. Notwithstanding anything contained herein to

the contrary, it is understood and agreed that the Lenders' right to consent to or disapprove any particular matter shall be limited to the extent that the Lenders' or Administrative Agent's rights to consent to or disapprove of such matter are limited in the Loan Documents.

As to any matter which is subject to a vote of the Lenders hereunder, any of the Lenders may require the Administrative Agent to initiate such a vote. In such event, the Administrative Agent shall conduct a vote in accordance with the provisions of the next paragraph. The Administrative Agent shall be bound by the results of such vote, so long as the action voted in favor of is permissible under the Loan Documents and under applicable law, and subject to the obligation of each Lender to contribute its Pro Rata Share of all expenses and liabilities

incurred in connection therewith as more fully set forth below.

All communications from the Administrative Agent to the Lenders requesting the Lenders' approval (i) shall be given in the form of a written notice to each Lender, (ii) shall be accompanied by a description of the matter as to which such approval is requested and (iii) shall include, if appropriate, the recommendation of the Administrative Agent, if any.

Subject to the foregoing limitations, each Lender hereby appoints and constitutes the Administrative Agent as its agent with full power and authority to exercise on behalf of such Lender any and all rights and remedies which such Lender may have with respect to, and to the extent necessary under applicable law for, the enforcement of the Loan Documents, including the right to exercise, or to refrain from exercising, any and all remedies afforded to such Lender by the Loan Documents or which such Lender may have as a matter of law.

Subject to the last sentence of this paragraph, each Lender shall be responsible for its Pro Rata Share of any reasonable out-of-pocket costs, expenses or liabilities incurred by the Administrative Agent in connection with the Obligations, the protection of any security for the Secured Obligations, the enforcement of the Loan Documents or the management or operation of the Project or any other Collateral after acquisition of title thereto. Each Lender shall, within twenty (20) days after a written demand therefor accompanied with a description of the amounts payable, contribute its respective Pro Rata Share of the out-of-pocket costs and expenses incurred by the Administrative Agent in accordance with the terms of this Agreement, including, but not limited to, fees of receivers or trustees, court costs, title company charges, filing and recording fees, appraisers' fees and expenses of attorneys.

10.13 Borrower Default. Promptly after the Administrative Agent acquires actual knowledge that a Default has occurred, the Administrative Agent shall evaluate the circumstances of such Default, its impact on Borrower, Co-Borrower and Subsidiary Guarantors and the courses of action available to the Lenders, which may include such responses as entering into a forbearance agreement for a period of time, establishing certain additional credit or collateral safeguards in exchange for a waiver of such Default or determining the timing and order of enforcement of the remedies available to the Lenders. Unless expressly directed in writing to the contrary by the Required Lenders, the Administrative Agent is expressly authorized to discuss such Default and possible resolutions with the Borrower, Co-Borrower and Subsidiary Guarantors and to refrain from exercising any rights and remedies while conducting such evaluation, provided that the Administrative Agent shall not enter into any written forbearance agreement with Borrower or Co-Borrower or any Subsidiary Guarantor without the

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prior consent of the Required Lenders. The foregoing provisions shall not limit the right, power or authority of the Administrative Agent to take actions pursuant to and in accordance with Section 8.1 or Section 9.19.

The Administrative Agent shall, upon completing such evaluation and if the Administrative Agent deems it appropriate, forward to each Lender a written proposal outlining the course of action that the Administrative Agent recommends, if any.

If the Required Lenders so approve the Administrative Agent's proposal, the Administrative Agent shall seek to implement such proposal in due course in the same manner the Administrative Agent generally implements similar proposals for loans held for its own account.

The Lenders agree to cooperate in good faith and in a commercially reasonable manner in connection with the exercise by the Administrative Agent of the rights granted to the Lenders by law and the Loan Documents, including, but not limited to, providing necessary information to the Administrative Agent with respect to the Obligations, preparing and executing necessary affidavits, certificates, notices, instruments and documents and participating in the

organization of applicable entities to hold title to the Project. Each Lender agrees that it shall subscribe to and accept its Pro Rata Share of the ownership interests in any entity organized to hold title to the Project and any other Collateral. Each Lender agrees that it shall subscribe to and accept its Pro Rata Share of the ownership interests in any entity organized to hold title to the Project and each such Lender agrees that the nature of such entity shall be determined by the Required Lenders. The Administrative Agent is hereby authorized to act for and on behalf of the Lenders in all day-to-day matters with respect to the exercise of rights described herein such as the supervision of attorneys, accountants, appraisers or others acting for the benefit of all of the Lenders in connection with litigation, foreclosure, realization of all or any security given as collateral for the Secured Obligations or other similar actions.

10.14 Acquisition of Project. If the Administrative Agent (or its nominee or designee), on behalf of the Lenders, acquires the Project or any other Collateral either by foreclosure or deed in lieu of foreclosure, then the Lenders agree to negotiate in good faith to reach agreement among themselves in writing relating to the ownership, operation, maintenance, marketing, and sale of such Project. The Lenders agree that such agreement shall be consistent with the following:

(a) The Collateral will not be held as a long term investment but will be marketed in an attempt to sell the Collateral in a time period consistent with the regulations applicable to national banks for owning real estate. Current Appraisals of the Collateral shall be obtained by the Administrative Agent, such Appraisals shall be furnished to the Lenders from time to time during the ownership period at the Lenders' expense (without diminishing or releasing any obligation of Borrower and Co-Borrower to pay for such costs) and an appraised value shall be established and updated from time to time based on such Appraisals.

(b) Decision-making with respect to the day to day operations of the Project will be delegated to management and leasing agents. All agreements with such management and leasing agents will be subject to the approval of the Required Lenders. All material decisions

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reserved to the owner in such agreements will also be subject to the approval of the Required Lenders. The day to day supervision of such agents shall be done by the Administrative Agent.

(c) Except as provided in the immediately following sentence, all decisions as to whether to sell the Project and any other Collateral shall be subject to the approval of all the Lenders. Notwithstanding the foregoing, the Lenders agree that if the Administrative Agent receives a bona fide "all cash" (as determined by the Administrative Agent in its discretion) offer for the purchase of the Project or other Collateral which has been approved in writing by the Required Lenders and such offer equals or exceeds one hundred percent (100%) of the most recent appraised value of the Project or such other Collateral as established by an Appraisal that has been completed within six months of such offer, then the Administrative Agent is irrevocably authorized to accept such offer on behalf of all the Lenders.

(d) All expenses incurred by the Administrative Agent and the Lenders in connection with the Project shall be allocated among the Lenders pro rata in accordance with their respective Pro Rata Shares. In the event any Lender does not pay its Pro Rata Share of such expenses, such Lender shall be subject to the terms of Section 10.13 above.

(e) All proceeds received by the Administrative Agent or any Lender from the operation, sale or other disposition of Project and any other Collateral (net of expenses incurred by the Administrative Agent in connection therewith and any reserves deemed reasonably necessary by the Required Lenders for potential obligations of the Lenders with respect to the Project and subject

to Section 10.13 above) shall be paid to the Lenders in accordance with each Lender's Pro Rata Share from time to time upon authorization by the Required Lenders.

(f) All expenditures and other actions taken with respect to the Project and any other Collateral shall at all times be subject to the regulations and requirements pertaining to national banks applicable thereto. Without limiting the generality of the foregoing, all necessary approvals from regulatory authorities in connection with any expenditure of funds by the Lenders shall be a condition to such expenditure.

10.15 Documents. Except as otherwise expressly provided herein, it is acknowledged and agreed that (a) the Administrative Agent has not and shall not provide to the other Lenders documents, other than Loan Documents delivered as of the Effective Date, received from Borrower with respect to the satisfaction of the conditions set forth in Section 4.1 or the conditions precedent to the initial or any subsequent Advances, but that such documents are or shall be available for inspection by each Lender, and (b) the determination by each Lender of whether the conditions precedent set forth in Section 4.1 and 4.2 have been satisfied shall be for the benefit of each such Lender only, and may not be relied on by any other party.

10.16 Receipt and Maintenance of Loan Documents. Each Lender acknowledges that it has received, reviewed and approved the form of the Loan Documents delivered as of the Effective Date. Borrower shall deliver to the Administrative Agent and to each of the Lenders party hereto on the Effective Date executed original counterparts of all of the Loan Documents, other than the originals of the Notes, each of which shall be delivered to the Lender named therein.

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10.17 No Representations. Each Lender acknowledges and agrees that the Administrative Agent has not made any representations or warranties, express or implied, with respect to any aspect of the Loan, including, without limitation (i) the existing or future solvency or financial condition or responsibility of Borrower, Co-Borrower and Subsidiary Guarantors, (ii) the payment or collectibility of the Obligations, (iii) the validity, enforceability or legal effect of the Loan Documents, or the Mortgage Title Insurance Policy or the survey furnished by Borrower, or (iv) the validity or effectiveness of the lien created by the Mortgage or any other liens or security interests required by the Loan Agreement.

10.18 No Relation. The relationship between the Administrative Agent, the Co-Lead Arrangers, Joint Book-Running Managers, Syndication Agent, Documentation Agent and the other Lenders is not intended by the parties to create, and shall not create, any trust, joint venture or partnership relation between them.

10.19 Standard of Care. The Administrative Agent shall be liable to the Lenders for any loss or liability sustained in connection with its management and administration of the Obligations, or in connection with the exercise of any rights and remedies under the Loan Documents or at law, only if, and to the extent, such loss or liability results from the gross negligence or willful misconduct of such Administrative Agent or any of its employees, officers, agents or directors or a breach of the Administrative Agent's express obligations under this Agreement.

10.20 No Responsibility for Loans, Etc. Except as otherwise provided in this Agreement (including Section 10.21), none of the Administrative Agent, the Initial Lender Affiliates or any of their respective shareholders, directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Loan Document or any Advances hereunder; (ii) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (iii) the satisfaction of any condition specified herein; (iv) the validity, effectiveness or

genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; or (v) the value, sufficiency, creation, perfection or priority of any interest in any collateral security. Neither the Administrative Agent nor any of the Initial Lender Affiliates shall have any duty to disclose to the Lenders information that is not required to be furnished to it by the Borrower or Co-Borrower.

10.21 Payments After Default. Subject to the provisions of Section 10.13 regarding the subordination of any Defaulting Lender's interest, after the occurrence of a Default, the Administrative Agent shall apply all payments in respect of any Obligations and all proceeds of Collateral in the following order:

(i) first, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Administrative Agent;

(ii) second, to pay principal of and interest on any Protective Advance for which the Administrative Agent has not then been paid by the Borrower or reimbursed by the Lenders;

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(iii) third, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Lenders (other than Rate Management Obligations);

(iv) fourth, to the ratable payment, on a pari passu basis, of (a) principal and interest on the Loans (such application to be made first to interest and then to principal) and (b) Secured Rate Management Obligations; and

(v) fifth, to the ratable payment of all other Obligations.

The order of priority set forth in this Section 10.23 is set forth solely to determine the rights and priorities of the Administrative Agent and the Lenders as among themselves. As between Borrower, Co-Borrower and Subsidiary Guarantors, on the one hand, and the Administrative Agent and Lenders on the other, after the occurrence of a Default the Administrative Agent and Lenders may apply all payments in respect of any Secured Obligations, and all proceeds of Collateral, to the Secured Obligations in such order and manner as the Administrative Agent and Lenders may elect in their sole and absolute discretion. The order of priority set forth in clauses (i) through (iii) of this Section 10.21 may be changed by the Required Lenders with the prior written consent of the Administrative Agent.

10.22 Payments Received. All payments received by the Administrative Agent from the Borrower for the account of the Lenders shall be disbursed to the applicable Lenders no later than the next Business Day following the day such payment is received in good funds by the Administrative Agent. If payments received by the Administrative Agent from the Borrower are not disbursed to the applicable Lenders the same day as they are received, such funds shall be invested overnight by the Administrative Agent and each Lender will receive its Pro Rata Share of any interest so earned. The Lenders acknowledge that the Administrative Agent does not guarantee any particular level of return on the overnight funds and that the Administrative Agent will invest such funds as it deems prudent from time to time.

## ARTICLE XI

### SETOFF; RATABLE PAYMENTS

11.1 Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if Borrower, Co-Borrower or any Subsidiary Guarantor becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit

or account of Borrower, Co-Borrower or any Subsidiary Guarantor may be offset and applied toward the payment of the Secured Obligations owing to such Lender, whether or not the Secured Obligations, or any part thereof, shall then be due.

11.2 Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding

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Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary to provide that the Administrative Agent and all Lenders share in the benefits of such collateral in accordance with the provisions of Section 2.12(b).

## ARTICLE XII

### BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of Borrower, Co-Borrower, Subsidiary Guarantors, the Administrative Agent and the Lenders and their respective successors and assigns, except that (i) Borrower, Co-Borrower and Subsidiary Guarantors shall not have the right to assign their respective rights or obligations under the Loan Documents and (ii) any assignment by any Lender must be made in compliance with Section 12.3. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and does not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; provided, however, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

#### 12.2 Participations.

12.2.1 Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts

payable by Borrower and Co-Borrower under this Agreement

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shall be determined as if such Lender had not sold such participating interests, and Borrower and Co-Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Advance or Commitment in which such Participant has an interest which (a) forgives principal, interest, fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment (except in connection with a waiver of applicability of any post-Default increase in interest rates), extends the Maturity Date, postpones any date fixed for any required payment of principal of, or interest on any Loan in which such Participant has an interest, or any regularly-scheduled payment of fees on any such Advance or Commitment, (b) releases any guarantor of any such Advance (except in connection with an Asset Sale in accordance with the terms hereof) or all or substantially all of any collateral, if any, securing any such Advance; (c) increases the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default shall not constitute a change in the terms of such participation, and that an increase in any Commitment (or the available portion thereof) or Loan shall be permitted without the consent of any participant if the participant's participation therein is not increased as a result thereof) or (d) consents to the assignment or transfer by Borrower or Co-Borrower of any of their obligations under this Agreement. Notwithstanding the foregoing, the Borrower, Co-Borrower and the other Lenders shall be entitled to rely upon any actions taken by a Lender in its capacity as such, whether or not within the scope of such Lender's authority under any agreement between the Lender and a Participant.

12.2.3 Benefit of Setoff. Borrower and Co-Borrower agree that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender.

### 12.3 Assignments.

12.3.1 Permitted Assignments. Subject to satisfaction of the applicable requirements and conditions set forth in this Section 12.3, any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents, subject to the following:

(i) such assignment shall be substantially in the form of Exhibit F or in such other form as may be agreed to by the Administrative Agent;

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(ii) the consent of Borrower and the Administrative Agent, not to be unreasonably withheld or delayed, shall be required prior to an assignment becoming effective, and, unless each of the Borrower and the Administrative



Agent otherwise consents, each assignment with respect to an Eligible Assignee which is not a Lender or an Affiliate thereof shall be in an amount not less than the lesser of (A) \$5,000,000 or (B) the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment) or outstanding Loans (if the applicable Commitment has been terminated); provided, however, that (1) the consent of Borrower shall not be required for an assignment from one Lender to another Lender or an Affiliate thereof; (2) the consent of Borrower shall not be required in connection with any such assignments occurring in connection with the primary syndication of this facility and (3) if a Default has occurred and is continuing, no consent of the Borrower to any assignment shall be required;

(iii) Unless the Administrative Agent otherwise consents, a Lender shall not be permitted to assign less than the entire remaining amount of the assigning Lender's Commitment or outstanding Loans if upon completion of such assignment the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment) or outstanding Loans (if the applicable Commitment has been terminated) shall be less than \$5,000,000; and

(iv) No Lender shall assign all or any part of its rights and obligations under the Loan Documents (A) prior to December 31, 2001, without the Administrative Agent's consent, which shall not be unreasonably withheld, or (B) to any Person other than an Eligible Assignee.

12.3.2 Effect; Effective Date. Upon (a) delivery to the Administrative Agent of an assignment, together with any consents required by Section 12.3.1, and (b) payment of a non-refundable assignment fee of \$3,500 to the Administrative Agent for processing such assignment (unless such fee is waived by the Administrative Agent), such assignment shall become effective on the effective date specified in such assignment. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and the transferor Lender shall be discharged and released with respect to the percentage of the Aggregate Commitment and Outstanding Credit Exposure assigned to such Purchaser, without any further consent or action by Borrower, the Lenders or the Administrative Agent. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Administrative Agent and Borrower shall make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments and Outstanding Credit Exposures, as adjusted pursuant to such assignment.

12.4 Dissemination of Information. Borrower and Co-Borrower each authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of Borrower,

Co-Borrower and Subsidiary Guarantors; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5 Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

13.1 Notices. Except as otherwise permitted by Section 2.14 with respect to Borrowing Notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (a) in the case of Borrower, Co-Borrower, the Administrative Agent or any Lender, at its address or facsimile number set forth on the signature pages hereof, or (b) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent, Borrower and Co-Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by certified mail, return receipt requested, when delivered at the address specified in this Section, as indicated by the return receipt, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received.

13.2 Change of Address. Borrower, Co-Borrower, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

#### ARTICLE XIV

#### COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by Borrower, Co-Borrower, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by facsimile transmission or telephone that it has taken such action.

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#### ARTICLE XV

#### CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1 CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (EXCLUDING THE NEW YORK LIEN LAW AND WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS), BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2 CONSENT TO JURISDICTION. BORROWER AND CO-BORROWER EACH HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK OR ANY UNITED STATES FEDERAL OR FLORIDA STATE COURT SITTING IN FLORIDA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND BORROWER AND CO-BORROWER, EACH HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST BORROWER, CO-BORROWER OR ANY SUBSIDIARY GUARANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY BORROWER OR CO-BORROWER AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK.

15.3 WAIVER OF JURY TRIAL. BORROWER, CO-BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING,

DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIPS ESTABLISHED THEREUNDER.

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IN WITNESS WHEREOF, Borrower, Co-Borrower, the Lenders and the Administrative Agent have executed this Agreement as of the date first above written.

ADDRESSES:

One Gaylord Drive  
Nashville, Tennessee 37214  
Attention: Chief Financial Officer

BORROWER:

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Dave Kloeppe  
-----  
Name: Dave Kloeppe  
Title: Executive Vice President

CO-BORROWER:

One Gaylord Drive  
Nashville, Tennessee 37214  
Attention: Chief Financial Officer

OPRYLAND HOTEL - FLORIDA LIMITED  
PARTNERSHIP, a Florida limited  
partnership

By: Opryland Hospitality, LLC, its  
general partner

By: Gaylord Entertainment  
Company, its sole member

By: /s/ Dave Kloeppe  
-----  
Name: Dave Kloeppe  
Title: Executive Vice President

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LENDERS:

40 Kingsbridge Road  
Mail Stop PIS01-217A  
Piscataway, New Jersey 08854  
Tel.: (732) 981-7472  
Fax: (732) 981-5851  
Attention: George R. Reynolds

BANKERS TRUST COMPANY, Individually  
and as Administrative Agent

By: /s/ Linda Wang  
-----  
Name: Linda Wang  
Title: Vice President

599 Lexington Avenue, 25th Floor, Zone 10  
New York, New York 10043  
Attention: David Hirsh

CITICORP REAL ESTATE, INC.

By: /s/ David Z. Hirsh  
-----  
Name: David Z. Hirsh  
Title: Vice President

c/o CIBC World Markets

CIBC INC.

350 South Grand Avenue, Suite 2600  
Los Angeles, California 90071  
Attention: Paul Chakmak

By: /s/ Paul J. Chakmak

-----  
Name: Paul J.Chakmak  
Title: Managing Director  
CIBC World Markets Corp.,  
AS AGENT

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SCHEDULES

Schedule 1	Approved Construction Budget
Schedule 2	Commitments
Schedule 3	Environmental Reports
Schedule 4	Initial Subsidiary Guarantors
Schedule 5.1	Ownership Chart
Schedule 5.7	Litigation Pending or Threatened
Schedule 5.9	Affiliate Contracts with Respect to Project
Schedule 5.13	Violations of Law
Schedule 5.14	Defective Property
Schedule 5.16	Environmental Matters
Schedule 5.20	Permits not Obtained as of Effective Date
Schedule 5.22	Leasehold Matters
Schedule 6.14	Existing Indebtedness as of Effective Date
Schedule 6.18	Existing Loans to Subsidiaries other than Subsidiary Guarantors and Not Expected to be Paid
Schedule 6.20	Non-Arms Length Transactions
Schedule 6.38	Items to be Produced by Co-Borrower to Construction Consultant
Schedule 6.39	Certain Project Accounts

## CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is made and entered into as of the 31st day of October, 2001, by and between Dave Jones ("Jones") and Gaylord Entertainment Company (the "Company").

## RECITALS

WHEREAS, Jones is currently employed by the Company as President of its Opryland Hospitality Group ("OHG"), and the Company has determined to discontinue its OHG, but desires to retain Jones as a consultant for the Company going forward on the terms outlined herein;

WHEREAS, Jones has agreed to resign as President of the OHG as a part of the discontinuance of that division, and Jones also desires to remain employed by the Company as a consultant on the terms set forth in this Agreement; and

WHEREAS, Jones and the Company desire to resolve fully and finally all issues that may arise out of the cessation of Jones' employment as President of the OHG.

## AGREEMENT

In consideration of the premises and mutual promises herein contained, it is agreed as follows:

1. JONES' DUTIES. Jones and the Company agree that Jones' duties as President of the OHG shall be substantially complete by October 31, 2001, and Jones' employment as President of the OHG will end on October 31, 2001.

2. KEY EMPLOYEE AGREEMENT. Jones and the Company are parties to a severance agreement dated February 1, 1999 (the "Key Employee Agreement"). Jones and the Company agree that the Key Employee Agreement is canceled and its provisions void and of no effect as of the date of this Agreement.

3. PAYMENT FOR TERMINATION OF KEY EMPLOYEE AGREEMENT. In exchange for Jones' agreement to the termination of the Key Employee Agreement, the Company agrees to pay Jones a total of Three Hundred Fifty One Thousand One Hundred Ninety Six Dollars (\$351,196) (the "Key Employee Agreement Termination Fee") in nineteen (19) monthly installments of Eighteen Thousand Four Hundred Eighty Four Dollars (\$18,484) each, payable beginning November 25, 2001, and on the twenty fifth (25th) day of each consecutive month thereafter until the Key Employee Agreement Termination Fee has been paid in full. In addition, as additional consideration for the termination of the Key Employee Agreement, on or before January 31, 2002, the Company agrees to transfer to Jones or his designee the title of the 2002 Cadillac Escalade, VIN 1GYEK63N92R105154, that Jones is currently driving. The Company will

deduct from the payments described above all taxes, social security and other usual deductions as required by law. The Company's obligation to pay the Key Employee Agreement Termination Fee and transfer the automobile to Jones shall survive any termination of this Agreement.

4. EMPLOYMENT AS CONSULTANT. The Company and Jones agree that the Company will employ Jones as a consultant from October 31, 2001, until May 31, 2003 (the "Consulting Period"). As compensation for the performance by Jones of his consulting obligations under this Agreement, the Company agrees to pay Jones a consulting fee throughout the nineteen (19) month term hereof at a rate of Thirteen Thousand One Hundred Fifty Eight Dollars (\$13,158) per month, payable on or about the 25th day of each month during the Consulting Period. The Company will deduct from the payments described above, all taxes, social security and

other usual deductions as required by law. The compensation paid to Jones under this paragraph 4 shall be in addition to the Key Employee Agreement Termination Fee.

During the Consulting Period, the Company will pay or reimburse Jones' reasonable out of pocket expenses directly pertaining to his consulting services provided to the Company, including transportation, entertainment, mileage reimbursement, etc., in accordance with the Company's travel and entertainment policies.

5. DUTIES AS CONSULTANT. During the Consulting Period, Jones will make himself available to consult with the Company with respect to its Florida and Texas Hotel projects, and other matters as the Company may reasonably request. During the first eight (8) months of the Consulting Period (i.e., through June 30, 2002), Jones agrees that he will be available (if requested by the Company) to consult for at least (but not more than) 30 hours per week. He will travel to Orlando or Grapevine as requested by the Company (but no more than four times per month in the aggregate) during such time. Thereafter, during the remaining eleven (11) months of the Consulting Period, Jones shall be available to consult with the Company approximately five (5) hours per week. Jones acknowledges that during the Consulting Period he will not have the authority to bind the Company to agreements without the express written consent of the Company, and that during such time, he will report to and take instruction from any of the Company's Chief Executive Officer, Chief Financial Officer or Director of Real Estate Development. The Company acknowledges that during the Consulting Period Jones may provide consulting services to or be employed by other hospitality related businesses, but not prior to June 30, 2002, without the Company's prior written approval and, in the event the Company provides such approval, the Company shall not be relieved of its obligations to pay consulting fees to Jones by reason of Jones' employment by or providing such consulting services to other hospitality related businesses. In addition, during the Consulting Period, Jones agrees that he will make himself available to consult with the Company in connection with any present or future actual or threatened litigation or administrative proceedings involving the Company or its affiliates relating to events or conduct occurring (or claimed to have occurred) during the period of his employment or related to his employment with the Company.

Jones may terminate this Agreement at any time on thirty (30) days' written notice to the Company. If Jones terminates his consulting relationship with the Company prior to June 30, 2002, then the Company will have no remaining obligations to Jones except to pay him his consulting payment through the date of termination and to pay the balance of the Key Employee Agreement Termination Fee by making the remaining payments and transferring the automobile

to Jones as provided for above in paragraph 3. If, however, Jones completes his consulting arrangement with the Company through at least June 30, 2002, then the Company may not terminate Jones as a consultant without cause. As used herein, the term "cause" shall mean the failure by Jones to perform in any material respect his duties hereunder which is not cured within thirty (30) days after Jones' receipt of written notice from the Company advising Jones of such failure, or other misconduct by Jones which is likely to result in damage to the Company. If Jones provides consulting services or is employed by another hospitality related business prior to June 30, 2002, without the Company's prior written consent, then that will be deemed a termination of this Agreement by Jones; provided, however, that such a termination will not relieve the Company of its continuing obligation to pay the Key Employee Agreement Termination Fee and transfer the automobile to Jones upon the terms set forth in paragraph 3.

6. BENEFITS. As an employee, and during the Consulting Period, the Company shall provide Jones with the same employee benefits that he was receiving as an employee of the Company immediately prior to the date hereof, including without limitation, medical and dental coverage, and pension and retirement savings, based upon his current elections under the Company's plans; provided, however, that instead of providing Jones with the same amount of life

insurance he was receiving as an employee of the Company, the Company will provide Jones with life insurance coverage of \$300,000 per year. Any changes made to these plans during the Consulting Period shall apply equally to Jones. Effective June 1, 2003, or upon any earlier termination of this Agreement, Jones shall be eligible for continuation of health insurance benefits pursuant to COBRA for eighteen (18) months, provided he both timely elects COBRA coverage and pays the premiums for such coverage. Jones agrees that if he obtains other employment that offers to provide health insurance to him that the Company will no longer be required to provide him with medical, dental or life insurance as an employee or pursuant to COBRA. Jones agrees to promptly notify the Company if he becomes employed by any entity which offers health insurance coverage to him.

The Company will pay to Jones the vested amount currently held in his account under the Company's Supplemental Deferred Compensation Plan within ninety (90) days after the end of the Consulting Period or upon any earlier termination of this Agreement, or according to Jones' payout election then in effect.

At the end of the Consulting Period the Company will pay Jones his accrued benefit in the Company's Retirement Plan and Supplemental Executive Retirement Plan pursuant to which he is entitled to benefits as provided in those respective plans.

At the end of the Consulting Period and with respect to the Company's 401(K) Plan Jones may leave his account in the 401(K) Plan or may elect to "roll" his account to another qualified plan or take a taxable distribution. Vesting of Jones 401(K) Plan matching contributions and earnings vesting will be determined as provided by the Plan.

7. RELEASE BY THE COMPANY; INDEMNIFICATION. The Company hereby releases Jones from any and all legal claims, causes of action, agreements, obligations, liabilities, damages and/or demands whatsoever at law or in equity, in any federal or state court, which it, its successors and assigns had, has, or may have, against Jones or his heirs, successors, administrators, or assigns, relating in any way to or arising out of his employment with the Company as President of OHG and/or the termination of his employment with the Company as President of OHG, but only to the extent that Jones' conduct giving rise to any such released

matter was in accordance with his authority in his official capacity at the Company, was done in good faith, and in accordance with then-applicable federal, state and local laws and regulations.

8. STOCK OPTIONS. As of the date of this Agreement, Jones has 21,667 Company stock options vested pursuant to the Company's 1997 Omnibus Stock Option and Incentive Plan. Additional stock options will vest as follows: 8,334 options will vest as of February 15, 2002; 5,000 options will vest as of May 12, 2002; and 21,667 options will vest as of May 15, 2002. Accordingly, at the successful completion of the Consulting Period on May 31, 2003, Jones will have 56,668 vested stock options. In addition, 1,167 shares of restricted stock will have restrictions lifted as of February 8, 2002. Each of these options must be exercised within ninety (90) days of the end of the Consulting Period. Jones and the Company agree that all other stock options and shares of restricted stock granted to Jones by the Company and not previously vested or exercised are hereby terminated.

9. FUTURE COOPERATION. Jones further agrees that, at any time in the future, he will cooperate fully with the Company and with the Company's counsel in connection with any present or future actual or threatened litigation or administrative proceedings involving the Releasees (as defined below) relating to events or conduct occurring (or claimed to have occurred) during the period of his employment or related to his employment with the Company. This undertaking includes making himself reasonably available for interviews and

discussions with the Company's counsel as well as for depositions and trial testimony. Jones will be reimbursed for his reasonable attorney's fees and costs incurred by Jones in so cooperating and also all reasonable travel, telephone, and similar expenses incurred in connection with such cooperation, which the Company shall schedule at times not conflicting with his then prior commitments or the reasonable requirements of any future employer.

10. CONFIDENTIAL INFORMATION; NONDISPARAGEMENT. In consideration for the payments and other obligations described herein, Jones agrees that:

(a) He will return to the Company all company credit cards, customer or client lists and records, policy manuals, pricing lists or information, business contracts, and other confidential information relating to the Company's marketing or distribution data; internal financial information; business methods, plans and efforts; personnel data; and courses of dealing and contracts with its actual or potential customers, vendors, distributors and suppliers (herein collectively referred to as "Confidential Information"). Jones acknowledges that all Confidential Information is solely the Company's property and constitutes the Company's trade secrets and confidential information. Jones agrees, represents, warrants, and covenants that he will not disclose, directly or indirectly, any Confidential Information to any person, firm, company, or entity; and

(b) He will refrain publicly from making any disparaging or other negative comments or statements with respect to the Company.

11. RELEASE BY JONES. Jones understands and acknowledges that, except as expressly stated in this Agreement, Jones shall not be entitled to any other benefits (including unused or earned vacation days), bonuses, payments or compensation of any kind at any time after the date hereof. Jones agrees that (i) the Company has not breached any oral or written employment or

other agreement which may have existed between Jones and the Company with respect to any aspect of Jones' employment by, or separation of employment from, the Company or with respect to any other matter whatsoever as of the time of execution of this Agreement, and (ii) the Company has not violated any law, statute, rule, regulation, or ordinance of the United States or of any State or political subdivision thereof, with respect to any aspect of Jones' employment by, or separation of employment from, the Company as of the time of execution of this Agreement. In addition, Jones does, both for himself and for his heirs dependents, successors, assigns, heirs, executors, and administrators, release and forever discharge the Company, its successors and assigns, and its officers, directors, agents, employees, shareholders, subsidiaries, and related or affiliated companies ("Releasees") from any and all claims, demands, damages, actions, and causes of action whatsoever (including claims for attorneys' fees) ("Claims") which he now has or may have in the future against the Releasees arising from or in any way related to his employment with the Company and/or its affiliates, including, but not limited to, claims for severance or other termination pay and benefits; breach of contract; wrongful discharge; claims under Title VII of the Civil Rights Act of 1964, which prohibits discrimination in employment based on race, color, national origin, religion or sex or retaliation against someone who makes a claim of discrimination; the Americans With Disabilities Act; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Tennessee Human Rights Act; claims under the Age Discrimination in Employment Act of 1967, which prohibits discrimination in employment based on age; or any other federal, state or local laws or regulations prohibiting employment discrimination. This does not mean that the Releasees admit to any violation of law, liability, or invasion of any of Jones' rights. In fact, any such violation, liability, or invasion is expressly denied. Jones is not releasing the Company for any Claims arising out of the non-performance of any obligation of the Company under this Agreement or from any claim under the Age Discrimination in Employment Act which arises after the date of this Agreement; provided that nothing contained in this paragraph shall



be deemed to release the Company from its obligations under this Agreement.

12. ACKNOWLEDGEMENT; REVIEW PERIOD; REVOCATION. JONES ACKNOWLEDGES AND UNDERSTANDS THAT:

(A) He has been advised by the Company to consult with legal counsel of his choice prior to executing this Agreement and the general release provided for, and has had an opportunity to consult with and been advised by legal counsel of his choice, fully understands the terms of this Agreement, and enters into this Agreement freely and voluntarily and intending to be bound;

(B) He has been given a period of twenty-one (21) days to review and consider the terms of this Agreement prior to executing it and that he may use as much of that such twenty-one (21) day period as he desires; and

(C) He has seven (7) days after signing this Agreement in which to change his mind. This Agreement will not take effect, and neither party will have any obligation to do any of the things provided for in this Agreement until those seven (7) days have passed. To revoke this Agreement, Jones must state that intention in writing and deliver that writing to the Company on or before the seventh (7th) day. If he revokes this Agreement, Jones understands

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that it will be ineffective, and neither party will have any obligation to do any of the things provided for in this Agreement.

13. NOTICE. All notices required to be given by this Agreement shall be in writing and may be delivered personally (which notice shall be deemed to have been received upon delivery to the addressee at the address appearing below), or by Federal Express or other nationally recognized overnight courier guaranteeing overnight delivery (which notice shall be deemed to have been received on the date of delivery to the addressee at the address appearing below), or by telecopy facsimile electronic confirmation of transmission with original to follow by United States mail, postage prepaid (which notice shall be deemed to have been received by the addressee on the next Business Day following the date of transmission to the telecopy facsimile number appearing below). The term "Business Day" as used herein shall mean every day except Saturdays, Sundays, and national holidays. Notice must be in writing and must be delivered to the addressee at the address appearing below (or if sent by telecopy facsimile, to the telecopy facsimile number appearing below).

Notice to the Company:

Gaylord Entertainment Company  
One Gaylord Drive  
Nashville, Tennessee 37214  
Attention: General Counsel  
Telecopy Facsimile No. 615 316-6544

Notice to Jones:

Dave Jones  
4 Castle Rising  
Nashville, Tennessee 37215  
Telecopy Facsimile No. 615 665-2830

14. ATTORNEYS' FEES. In the event that any dispute or litigation arises between the parties regarding this Agreement, the prevailing party shall be entitled to recover from the other party, and shall be awarded judgment against such other party, for reasonable attorneys' fees and expenses incurred by the prevailing party in such dispute or litigation.

15. BINDING AGREEMENT. This Agreement shall be binding upon Jones and the Company and upon their respective heirs, administrators, representatives,

executors, successors and assigns, and shall inure to the benefit of the Company and its agents and affiliates, and to their heirs, administrators, representatives, executors, successors and assigns.

16. CHOICE OF LAW; CONSTRUCTION; VENUE. This Agreement is made and entered into in the State of Tennessee and shall, in all respects, be interpreted, enforced and governed under the laws of said State. The language of all parts of this Agreement shall, in all cases, be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties. Any action to enforce the Agreement shall be heard in the courts of Davidson County, Tennessee.

17. ENTIRE AGREEMENT; AMENDMENT. This Agreement sets forth the entire agreement between the parties hereto and fully supersedes any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof. Any amendment, waiver, or modification of this Agreement shall be effective only if in writing and signed by both the parties. If any part of this Agreement is found to be invalid, the parties agree that the remainder of the Agreement shall remain effective and enforceable.

IN WITNESS WHEREOF, Jones and the Company have executed this Agreement as of the date first set forth above.

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Rod Connor  
-----  
Rod Connor, Senior Vice President and  
Chief Administrative Officer

DAVE JONES  
  
/s/ Dave Jones  
-----  
Dave Jones

STATE OF TENNESSEE            ]  
  ]  
COUNTY OF DAVIDSON         ]

On this the 20th day of November, 2001, David B. Jones, to me personally known, came before me and executed this Agreement as his free act and deed.

/s/ Ruth A. Wortylko  
-----  
Notary Public

My Commission Expires: 7/24/01  
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STATE OF TENNESSEE            )  
COUNTY OF DAVIDSON         )

Before me, Ruth A. Wortylko, a Notary Public of said County and State,

personally appeared Rod Connor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Senior Vice President (or other officer authorized to execute the instrument) of GAYLORD ENTERTAINMENT COMPANY, the within named bargainor, a Delaware corporation, and that he as such Senior Vice President executed the foregoing instrument for the purposes therein contained, by personally signing the name of the corporation by himself as Senior Vice President.

Witness my hand and seal, at Office in Nashville, Tennessee, this 20th day of November, 2001.

/s/ Ruth A. Wortylko  
-----  
Notary Public

My Commission Expires: 7/24/04  
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INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made and entered into as of the 23rd day of April, 2001, by and between GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation (the "Company"), and the undersigned (the "Indemnitee"). The Agreement shall become effective the later of April 23, 2001, or the date the Indemnitee became a director or an officer of the Company.

RECITALS:

WHEREAS, it is essential to the Company that it attract and retain as directors and officers the most capable persons available; and

WHEREAS, both the Company and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in the course of exercising their duties; and

WHEREAS, the Company and the Indemnitee are also aware of conditions in the insurance industry that have affected the Company's ability to obtain adequate directors' and officers' liability insurance coverage on an economically acceptable basis;

WHEREAS, Section 145 of the Delaware General Corporation Law, Article X of the Company's Certificate of Incorporation (the "Certificate of Incorporation") and Article 52 of the Company's By-laws provide for the indemnification of the Company's directors and officers under certain circumstances;

WHEREAS, the Company and the Indemnitee recognize the potential inadequacy of the protection available to directors and officers under the Delaware General Corporation Law, the Company's Certificate of Incorporation, the Company's By-laws, and directors' and officers' liability insurance; and

WHEREAS, Section 145(f) of the Delaware General Corporation Law, the Company's Certificate of Incorporation and the Company's By-laws specifically provide that the indemnification provided thereunder is not exclusive and contemplate that indemnification agreements may be entered into between the Company and its directors and officers.

WHEREAS, in recognition of the Indemnitee's need for additional protection against personal liability in order to enhance the Indemnitee's continued service to the Company in an effective manner, and in order to induce the Indemnitee to continue to provide services to the Company as a director and/or officer thereof, the Company wishes to provide in this Agreement for the indemnification of the Indemnitee to the fullest extent permitted by law and as set forth in this Agreement;

NOW THEREFORE, in consideration of the foregoing, the covenants contained herein and the Indemnitee's continued service to the Company, the Company and the Indemnitee, intending to be legally bound, hereby agree as follows:

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1. DEFINITIONS. The following terms, as used herein, shall have the following respective meanings:

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common

control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings relative to the foregoing.

"CHANGE IN CONTROL" shall be deemed to have taken place if: (i) any person or entity, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended ("Exchange Act") other than the Company or a wholly-owned subsidiary thereof or any employee benefit plan of the Company or any of its subsidiaries, becomes the beneficial owner of the Company's securities having 50% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or (ii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of substantially all of the assets or contested election, or any combination of the foregoing transactions less than a majority of the combined voting power of the then-outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction is held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; or (iii) during any period of two consecutive years, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of any such period.

"CLAIM" means (a) any threatened, pending or completed action, suit, proceeding or arbitration or other alternative dispute resolution mechanism, or (b) any inquiry, hearing or investigation, whether conducted by the Company or any other Person, that the Indemnitee in good faith believes might lead to the institution of any such action, suit, proceeding or arbitration or other alternative dispute resolution mechanism, in each case whether civil, criminal, administrative or other (whether or not the claims or allegations therein are groundless, false or fraudulent) and includes, without limitation, those brought by or in the name of the Company or any director or officer of the Company.

"COMPANY AGENT" means any director, officer, partner, employee, agent, trustee or fiduciary of the Company, any Subsidiary or any Other Enterprise.

"COVERED EVENT" means any event or occurrence on or after the effective date of this Agreement related to the fact that the Indemnitee is or was a Company Agent or related to anything done or not done by the Indemnitee in any such capacity, and includes, without limitation, any such event or occurrence (a) arising from performance of the responsibilities, obligations or duties imposed by ERISA or any similar applicable provisions of state or common law, or (b) arising from any merger, consolidation or other business combination involving the Company, any Subsidiary or

any Other Enterprise, including without limitation any sale or other transfer of all or substantially all of the business or assets of the Company, any Subsidiary or any Other Enterprise.

"DETERMINATION" means a determination made by (a) a majority vote of Disinterested Directors, even though less than a quorum; (b) Independent Legal Counsel, in a written opinion addressed to the Company and the Indemnitee; (c) the stockholders of the Company; or (d) a decision by a court of competent jurisdiction which is not subject to further appeal or not appealed in a timely

manner.

"DISINTERESTED DIRECTOR" shall be a director of the Company who is not or was not a party to the Claim giving rise to the subject matter of a Determination.

"EXPENSES" are any fees or costs, including, but not limited to, attorneys' fees, travel expenses, fees of experts, transcript costs, filing fees, witness fees, telephone charges, postage, copying costs, delivery service fees and other expenses and obligations of any nature whatsoever paid or incurred in connection with investigating, prosecuting or defending, being a witness in or participating in (including on appeal), or preparing to prosecute or defend, be a witness in or participate in any Claim, for which the Indemnitee is or becomes legally obligated to pay.

"INDEPENDENT LEGAL COUNSEL" shall mean a law firm or a member of a law firm that (a) neither is nor in the past five years has been retained to represent in any material matter the Company, any Subsidiary, the Indemnitee or any other party to the Claim, (b) under applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights to indemnification under this Agreement and (c) is reasonably acceptable to the Company and the Indemnitee.

"LOSS" means any amount which the Indemnitee is legally obligated to pay as a result of any Claim, including, without limitation (a) all judgments (whether by court of competent jurisdiction or arbitrator), penalties and fines, and amounts paid or to be paid in settlement, (b) all interest, assessments and other charges paid or payable in connection therewith and (c) any federal, state, local or foreign taxes imposed (net of the value to the Indemnitee of any tax benefits resulting from tax deductions or otherwise as a result of the actual or deemed receipt of any payments under this Agreement, including the creation of the Trust).

"OTHER ENTERPRISE" means any corporation (other than the Company or any Subsidiary), partnership, joint venture, association, employee benefit plan, trust or other enterprise or organization to which the Indemnitee renders service at the request of the Company or any Subsidiary.

"PARENT" shall have the meaning set forth in the regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended; provided the term "Parent" shall not include the board of directors of a corporation in its capacity as a board of directors, and provided further that if the other party to any transaction referred to in Section 11.1.2 has no Parent as so defined above, "Parent" shall mean such other party.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government (or any subdivision, department, commission or agency thereof), and includes without limitation any "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act.

"POTENTIAL CHANGE IN CONTROL" shall be deemed to have occurred if (a) the Company enters into an agreement or arrangement the consummation of which would result in the occurrence of a Change in Control, (b) any Person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control or (c) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

"SUBSIDIARY" means any corporation of which more than 50% of the outstanding stock having ordinary voting power to elect a majority of the board of directors of such corporation is now or hereafter owned, directly or

indirectly, by the Company.

"TRUST" has the meaning set forth in Section 8.2.

"VOTING SECURITIES" means any securities of the Company which vote generally in the election of directors.

## 2. INDEMNIFICATION.

### 2.1 GENERAL INDEMNITY OBLIGATION.

2.1.1 Notwithstanding anything else in this Agreement to the contrary, the Company shall indemnify and hold the Indemnitee harmless for any Losses or Expenses arising from any Claims relating to (or arising in whole or in part out of) any acts or failures to act by the Company, its directors, employees or agents that occurred before the effective date of this Agreement (a "Section 2.1.1 Event").

2.1.2 Subject to the remaining provisions of this Agreement, the Company hereby agrees to indemnify and hold the Indemnitee harmless for any Losses or Expenses arising from any Claims relating to (or arising in whole or in part out of) any Covered Event, including without limitation, any Claim the basis of which is any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or other act done or attempted by the Indemnitee in the capacity as a Company Agent, whether or not the Indemnitee is acting or serving in such capacity at the effective date of this Agreement, at the time liability is incurred or at the time the Claim is initiated.

2.1.3 The obligations of the Company under this Agreement shall apply to the fullest extent authorized or permitted by the provisions of applicable law, as presently in effect or as changed after the effective date of this Agreement, whether by statute or judicial decision (but, in the case of any subsequent change, only to the extent that such change permits the Company to provide broader indemnification than permitted prior to giving effect thereto).

2.1.4 The Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by the Indemnitee against the Company or any director or officer of the Company, unless the Company has joined in or consented to the initiation of such Claim; provided, the provisions of this Section 2.1.4 shall not apply following a Change in Control to Claims seeking enforcement of this Agreement, the Company's Certificate of Incorporation the Company's By-laws or any other agreement now or hereafter in effect relating to indemnification for Covered Events.

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2.1.5 If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Losses or Expenses paid with respect to a Claim but not, however, for the total amount thereof, the Company shall nevertheless indemnify and hold the Indemnitee harmless against the portion thereof to which the Indemnitee is entitled.

2.1.6 Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating to (or arising in whole or in part out of) a Covered Event or in defense of any issue or matter therein, including dismissal without prejudice, the Company shall indemnify and hold the Indemnitee harmless against all Expenses incurred in connection therewith.

2.2 INDEMNIFICATION FOR SERVING AS WITNESS AND CERTAIN OTHER CLAIMS. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify and hold the Indemnitee harmless for all Expenses in connection with (a) the preparation to serve or service as a witness in any Claim in which the Indemnitee is not a party, if such actual or proposed service as a witness arose by reason of the Indemnitee having served as a Company Agent on or after the effective date of this Agreement and (b) any Claim initiated by the

Indemnitee on or after the effective date of this Agreement (i) for recovery under any directors' and officers' liability insurance maintained by the Company or (ii) following a Change in Control, for enforcement of the indemnification obligations of the Company under this Agreement, the Company's Certificate of Incorporation or Bylaws or any other agreement now or hereafter in effect relating to indemnification for Covered Events, regardless of whether the Indemnitee ultimately is determined to be entitled to such insurance recovery or indemnification, as the case may be.

### 3. LIMITATIONS ON INDEMNIFICATION.

3.1 COVERAGE LIMITATIONS. No indemnification is available pursuant to the provisions of this Agreement:

3.1.1 If such indemnification is not lawful;

3.1.2 If the Indemnitee's conduct giving rise to the Claim with respect to which indemnification is requested was knowingly fraudulent, a knowing violation of law, deliberately dishonest or in bad faith, or constituted willful misconduct;

3.1.3 In respect of any Claim based upon or attributable to the Indemnitee's gaining any personal profit or advantage to which the Indemnitee was not legally entitled;

3.1.4 In respect of any Claim for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act;

3.1.5 If the Indemnitee's conduct giving rise to the Claim with respect to which indemnification is requested constituted a breach of the duty of loyalty to the Company or its stockholders; or

3.1.6 In respect of any Claim based upon any violation of Section 174 of the Delaware General Corporation Law, as amended.

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3.2 NO DUPLICATION OF PAYMENTS. The Company shall not be liable under this Agreement to make any payment otherwise due and payable to the extent the Indemnitee has otherwise actually received payment (whether under the Company's Certificate of Incorporation, By-laws, any directors' and officers' liability insurance or otherwise) of any amounts otherwise due and payable under this Agreement.

### 4. PAYMENTS AND DETERMINATIONS.

4.1 ADVANCEMENT AND REIMBURSEMENT OF EXPENSES. If requested by the Indemnitee, the Company shall advance to Indemnitee, no later than two business days following any such request, any and all Expenses for which indemnification is available under Section 2. In order to obtain such advancement or reimbursement, the Indemnitee must also furnish to the Company a written affirmation of his good faith belief that he has conducted himself in good faith and that he reasonably believed that: (1) in the case of conduct in his official capacity with the Company, that his conduct was in the Company's best interest; and (2) in all other cases, that his conduct was at least not opposed to the Company's best interests; and (3) in the case of any criminal action or proceeding, he had no reasonable cause to believe his conduct was unlawful. In addition, the Indemnitee must furnish to the Company a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he is not entitled to indemnification. Provided, however, the Indemnitee shall not be required to furnish the Company with an affidavit and written undertaking to repay an advance if Indemnitee is seeking an advance or reimbursement pursuant to Section 2.1.1. Upon any Determination that the Indemnitee is not permitted to be indemnified for any Expenses so advanced, the Indemnitee hereby agrees to reimburse the Company (or, as appropriate, any Trust



established pursuant to Section 8.2) for all such amounts previously paid. Such obligation of reimbursement shall be unsecured and no interest shall be charged thereon.

#### 4.2 PAYMENT AND DETERMINATION PROCEDURES.

4.2.1 To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request, together with such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that the Indemnitee has requested indemnification.

4.2.2 Upon written request by the Indemnitee for indemnification pursuant to Section 4.2.1, a Determination with respect to the Indemnitee's entitlement to indemnification thereto shall be made in the specific case (a) if a Change in Control shall have occurred, as provided in Section 8.1; and (b) if a Change in Control shall not have occurred, by (i) the Board of Directors by a majority vote of Disinterested Directors even though less than a quorum, (ii) Independent Legal Counsel, if either (A) there are no Disinterested Directors or (B) a majority vote of such Disinterested Directors otherwise so directs or (iii) the stockholders of the Company (if submitted by the Board of Directors) but shares of stock owned by or voted under the control of any Indemnitee who is at the time party to the proceeding may not be voted. If a Determination is made that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within 10 days after such Determination.

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4.2.3 If no Determination is made within 60 days after receipt by the Company of a request for indemnification by the Indemnitee pursuant to Section 4.2.1, a Determination shall be deemed to have been made that the Indemnitee is entitled to the requested indemnification (and the Company shall pay the related Losses and Expenses no later than 10 days after the expiration of such 60-day period), except where such indemnification is not lawful; provided, however, that (a) such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the Person or Persons making the Determination in good faith require such additional time for obtaining or evaluating the documentation and information relating thereto; and (b) the foregoing provisions of this Section 4.2.3 shall not apply (i) if the Determination is to be made by the stockholders of the Company and if (A) within 15 days after receipt by the Company of the request by the Indemnitee pursuant to Section 4.2.1 the Board of Directors has resolved to submit such Determination to the stockholders at an annual meeting of the stockholders to be held within 75 days after such receipt, and such Determination is made at such annual meeting, or (B) a special meeting of stockholders is called within 15 days after such receipt for the purpose of making such Determination, such meeting is held for such purpose within 60 days after having been so called and such Determination is made at such special meeting, or (ii) if the Determination is to be made by Independent Legal Counsel.

5. SUBROGATION. In the event of any payment under this Agreement to or on behalf of the Indemnitee, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee against any Person other than the Company or the Indemnitee in respect of the Claim giving rise to such payment. The Indemnitee shall execute all papers reasonably required and shall do everything reasonably necessary to secure such rights, including the execution of such documents reasonably necessary to enable the Company effectively to bring suit to enforce such rights and providing deposition or oral testimony at trial.

#### 6. NOTIFICATIONS AND DEFENSE OF CLAIMS.

6.1 NOTICE BY INDEMNITEE. The Indemnitee shall give notice in writing

to the Company as soon as practicable after the Indemnitee becomes aware of any Claim with respect to which indemnification will or could be sought under this Agreement; provided the failure of the Indemnitee to give such notice, or any delay in giving such notice, shall not relieve the Company of its obligations under this Agreement except to the extent the Company is actually prejudiced by any such failure or delay.

## 6.2 DEFENSE.

6.2.1 In the event any Claim relating to Covered Events or a Section 2.1.1 Event is by or in the right of the Company, the Indemnitee may, at the option of the Indemnitee, either control the defense thereof or accept the defense provided; provided, however, that the amounts expended by the Company shall be reimbursed to the Company by the Indemnitee if the provisions of Section 145 of the Delaware General Corporation Law so require.

6.2.2 In the event any Claim relating to Covered Events or a Section 2.1.1 Event is other than by or in the right of the Company, the Indemnitee may, at the option of Indemnitee, either control the defense thereof or require the Company to defend. In the event that the Indemnitee requires the Company to so defend, the Company shall promptly undertake to defend any such Claim, at the Company's sole cost and expense, utilizing counsel of the Indemnitee's choice who

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has been approved by the Company. If appropriate, the Company shall have the right to participate in the defense of any such Claim.

6.2.3 In the event the Company shall fail, as required by any election by the Indemnitee pursuant to Section 6.2.2, to timely defend the Indemnitee against any such Claim, the Indemnitee shall have the right to do so, including without limitation, the right (notwithstanding Section 6.2.4) to make any settlement thereof, and to recover from the Company, to the extent otherwise permitted by this Agreement, all Expenses and Losses paid as a result thereof.

6.2.4 The Company shall have no obligation under this Agreement with respect to any amounts paid or to be paid in settlement of any Claim without the express prior written consent of the Company to any related settlement. In no event shall the Company authorize any settlement imposing any liability or other obligations on the Indemnitee without the express prior written consent of the Indemnitee. Neither the Company nor the Indemnitee shall unreasonably withhold consent to any proposed settlement.

## 7. DETERMINATIONS AND RELATED MATTERS.

### 7.1 PRESUMPTIONS.

7.1.1 If a Section 2.1.1 Event or Change in Control shall have occurred, the Indemnitee shall be entitled to a rebuttable presumption that the Indemnitee is entitled to indemnification under this Agreement and the Company shall have the burden of proof in rebutting such presumption.

7.1.2 The termination of any Claim by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere or its equivalent shall not adversely affect either the right of the Indemnitee to indemnification under this Agreement or the presumptions to which the Indemnitee is otherwise entitled pursuant to the provisions of this Agreement nor create a presumption that the Indemnitee did not meet any particular standard of conduct or have a particular belief or that a court has determined that indemnification is not permitted by applicable law.

### 7.2 APPEALS: ENFORCEMENT.

7.2.1 In the event that (a) a Determination is made that the Indemnitee shall not be entitled to indemnification under this Agreement, (b)

any Determination to be made by Independent Legal Counsel is not made within 90 days of receipt by the Company of a request for indemnification pursuant to Section 4.2.1 or (c) the Company fails to otherwise perform any of its obligations under this Agreement (including, without limitation, its obligation to make payments to the Indemnitee following any Determination made or deemed to have been made that such payments are appropriate), the Indemnitee shall have the right to commence a Claim in any court of competent jurisdiction, as appropriate, to seek a Determination by the court, to challenge or appeal any Determination which has been made, or to otherwise enforce this Agreement. If a Change of Control shall have occurred, the Indemnitee shall have the option to have any such Claim conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. Any such judicial proceeding challenging or appealing any Determination shall be deemed to be conducted de novo and without prejudice by reason of any prior Determination to the effect that the Indemnitee is

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not entitled to indemnification under this Agreement. Any such Claim shall be at the sole expense of the Indemnitee except as provided in Section 8.3.

7.2.2 If a Determination shall have been made or deemed to have been made pursuant to this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such Determination in any judicial proceeding or arbitration commenced pursuant to this Section 7.2, except if such indemnification is unlawful.

7.2.3 The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 7.2 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. The Company hereby consents to service of process and to appear in any judicial or arbitration proceedings and shall not oppose the Indemnitee's right to commence any such proceedings.

7.3 PROCEDURES. The Indemnitee shall cooperate with the Company and with any Person making any Determination with respect to any Claim for which a request for indemnification under this Agreement has been made, as the Company may reasonably require. The Indemnitee shall provide to the Company or the Person making any Determination, upon reasonable advance request, any documentation or information reasonably available to the Indemnitee and necessary to (a) the Company with respect to any such Claim or (b) the Person making any Determination with respect thereto.

## 8. CHANGE IN CONTROL PROCEDURES.

8.1 DETERMINATIONS. If there is a Change in Control, any Determination to be made under Section 4 shall be made by Independent Legal Counsel selected by the Indemnitee and approved by the Company, which approval shall not be unreasonably withheld. The Company shall pay the reasonable fees of the Independent Legal Counsel and indemnify fully such Independent Legal Counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or the engagement of Independent Legal Counsel pursuant hereto.

8.2 ESTABLISHMENT OF TRUST. Following the occurrence of any Potential Change in Control, the Company, upon receipt of a written request from the Indemnitee, shall create a Trust (the "Trust") for the benefit of the Indemnitee, the trustee of which shall be a bank or similar financial institution with trust powers chosen by the Indemnitee. From time to time, upon the written request of the Indemnitee, the Company shall fund the Trust in amounts sufficient to satisfy any and all Losses and Expenses reasonably anticipated at the time of each such request to be incurred by the Indemnitee for which indemnification may be available under this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding

obligation shall be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement or, if a Change in Control has occurred, by Independent Legal Counsel (selected pursuant to Section 8.1). The terms of the Trust shall provide that, except upon the prior written consent of the Indemnitee and the Company, (a) the Trust shall not be revoked or the principal thereof invaded, other than to make payments to unsatisfied judgment creditors of the Company if payment to such judgment creditors cannot be made from any other source, (b) the Trust shall continue to be funded by the Company in accordance with the funding obligations set forth in

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this Section, (c) the Trustee shall promptly pay or advance to the Indemnitee any amounts to which the Indemnitee shall be entitled pursuant to this Agreement, and (d) all unexpended funds in the Trust shall revert to the Company upon a Determination by Independent Legal Counsel (selected pursuant to Section 8.1) or a court of competent jurisdiction that the Indemnitee has been fully indemnified under the terms of this Agreement. All income earned on the assets held in the trust shall be reported as income by the Company for federal, state and local tax purposes.

8.3 EXPENSES. Following any Change in Control, the Company shall be liable for, and shall pay the Expenses paid or incurred by the Indemnitee in connection with the making of any Determination (irrespective of the determination as to the Indemnitee's entitlement to indemnification) or the prosecution of any Claim pursuant to Section 7.2, and the Company hereby agrees to indemnify and hold the Indemnitee harmless therefrom. If requested by counsel for the Indemnitee, the Company shall promptly give such counsel an appropriate written agreement with respect to the payment of its fees and expenses and such other matters as may be reasonably requested by such counsel.

9. PERIOD OF LIMITATIONS. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company, any Subsidiary, any Other Enterprise or any Affiliate of the Company against the Indemnitee or the Indemnitee's spouse, heirs, executors, administrators or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company, any Subsidiary, any Other Enterprise or any Affiliate of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations, whether established by statute or judicial decision, is otherwise applicable to any such cause of action, such shorter period shall govern.

10. CONTRIBUTION. If the indemnification provisions of this Agreement should be unenforceable under applicable law in whole or in part or insufficient to hold the Indemnitee harmless in respect of any Losses and Expenses incurred by the Indemnitee, then for purposes of this Section 10, the Company shall be treated as if it were, or was threatened to be made, a party defendant to the subject Claim and the Company shall contribute to the amounts paid or payable by the Indemnitee as a result of such Losses and Expenses incurred by the Indemnitee in such proportion as is appropriate to reflect the relative benefits accruing to the Company on the one hand and the Indemnitee on the other and the relative fault of the Company on the one hand and the Indemnitee on the other in connection with such Claim, as well as any other relevant equitable considerations. For purposes of this Section 10 the relative benefit of the Company shall be deemed to be the benefits accruing to it and to any Subsidiary, and other Enterprise, or any Affiliate of the Company and all of their respective directors, officers, employees and agents (other than the Indemnitee) on the one hand, as a group and treated as one entity, and the relative benefit of the Indemnitee shall be deemed to be an amount not greater than the Indemnitee's yearly base salary from the Company during the first year in which the Covered Event forming the basis for the subject Claim was alleged to have occurred. The relative fault shall be determined by reference to, among other

things, the fault of the Company and to any Subsidiary, any other Enterprise, or any Affiliate of the Company and all of their respective directors, officers, employees and agents (other than the Indemnitee) on the one hand, as a group and treated as one entity, and the Indemnitee's and such group's relative intent, knowledge, access to information and opportunity to have altered or prevented the Covered Event forming the basis for the subject Claim.

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## 11. MISCELLANEOUS PROVISIONS.

### 11.1 SUCCESSORS AND ASSIGNS. ETC.

11.1.1 This Agreement shall be binding upon and inure to the benefit of (a) the Company, its successors and assigns (including any direct or indirect successor by merger, consolidation or operation of law or by transfer of all or substantially all of its assets) and (b) the Indemnitee and the heirs, personal and legal representatives, executors, administrators or assigns of the Indemnitee.

11.1.2 The Company shall not consummate any consolidation, merger or other business combination, nor will it transfer 50% or more of its assets (in one or a series of related transactions), unless the ultimate Parent of the successor to the business or assets of the Company shall have first executed an agreement, in form and substance satisfactory to the Indemnitee, to expressly assume all obligations of the Company under this Agreement and agree to perform this Agreement in accordance with its terms, in the same manner and to the same extent that the Company would be required to perform this Agreement if no such transaction had taken place; provided that, if the Parent is not the Company, the legality of payment of indemnity by the Parent shall be determined by reference to the fact that such indemnity is to be paid by the Parent rather than the Company.

11.2 SEVERABILITY. The provisions of this Agreement are severable. If any provision of this Agreement shall be held by any court of competent jurisdiction to be invalid, void or unenforceable, such provision shall be deemed to be modified to the minimum extent necessary to avoid a violation of law and, as so modified, such provision and the remaining provisions shall remain valid and enforceable in accordance with their terms to the fullest extent permitted by law.

11.3 RIGHTS NOT EXCLUSIVE: CONTINUATION OF RIGHT OF INDEMNIFICATION. Nothing in this Agreement shall be deemed to diminish or otherwise restrict the Indemnitee's right to indemnification pursuant to any provision of the Company's Certificate of Incorporation, By-laws, any agreement, vote of shareholders or Disinterested Directors, applicable law or otherwise. This Agreement shall be effective as of the effective date set forth above written and continue in effect until no Claims relating to any Covered Event may be asserted against the Indemnitee and until any Claims commenced prior thereto are finally terminated and resolved, regardless of whether the Indemnitee continues to serve as a director or officer of the Company, any Subsidiary or any Other Enterprise.

11.4 NO EMPLOYMENT AGREEMENT. Nothing contained in this Agreement shall be construed as giving the Indemnitee any right to be retained in the employ of the Company, any Subsidiary or any Other Enterprise.

11.5 SUBSEQUENT AMENDMENT. No amendment, termination or repeal of any provision of the Company's Certificate of Incorporation, or any respective successor thereto, or of any relevant provision of any applicable law, shall affect or diminish in any way the rights of the Indemnitee to indemnification, or the obligations of the Company, arising under this Agreement, whether the alleged actions or conduct of the Indemnitee giving rise to the necessity of such indemnification arose before or after any such amendment, termination or repeal.

11.6 NOTICES. Notices required under this Agreement shall be given in writing and shall be deemed given when delivered in person or sent by certified or registered mail, return receipt requested, postage prepaid. Notices shall be directed to the Company at One Gaylord Drive, Nashville, Tennessee 37214, Attention: Secretary, and to the Indemnitee at the address found on the signature page to this Agreement (or such other address as either party may designate in writing to the other).

11.7 GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and performed in such state without giving effect to the principles of conflict of laws.

11.8 HEADINGS. The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to discriminate part of this Agreement or to affect the construction thereof.

11.9 COUNTERPARTS. This Agreement may be executed in any number of counterparts all of which taken together shall constitute one instrument.

11.10 MODIFICATION AND WAIVER. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by any of the parties hereto. No waiver of this Agreement shall constitute, or be a waiver of any other provisions hereof (whether or not similar) nor shall any such waiver constitute a continuing waiver.

The parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Rod Connor  
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Title: SVP/CAO  
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INDEMNITEE

/s/ Colin V. Reed  
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Colin V. Reed

Indemnitee's Address:  
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INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made and entered into as of the 23rd day of April, 2001, by and between GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation (the "Company"), and the undersigned (the "Indemnitee"). The Agreement shall become effective the later of April 23, 2001, or the date the Indemnitee became a director or an officer of the Company.

RECITALS:

WHEREAS, it is essential to the Company that it attract and retain as directors and officers the most capable persons available; and

WHEREAS, both the Company and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in the course of exercising their duties; and

WHEREAS, the Company and the Indemnitee are also aware of conditions in the insurance industry that have affected the Company's ability to obtain adequate directors' and officers' liability insurance coverage on an economically acceptable basis;

WHEREAS, Section 145 of the Delaware General Corporation Law, Article X of the Company's Certificate of Incorporation (the "Certificate of Incorporation") and Article 52 of the Company's By-laws provide for the indemnification of the Company's directors and officers under certain circumstances;

WHEREAS, the Company and the Indemnitee recognize the potential inadequacy of the protection available to directors and officers under the Delaware General Corporation Law, the Company's Certificate of Incorporation, the Company's By-laws, and directors' and officers' liability insurance; and

WHEREAS, Section 145(f) of the Delaware General Corporation Law, the Company's Certificate of Incorporation and the Company's By-laws specifically provide that the indemnification provided thereunder is not exclusive and contemplate that indemnification agreements may be entered into between the Company and its directors and officers.

WHEREAS, in recognition of the Indemnitee's need for additional protection against personal liability in order to enhance the Indemnitee's continued service to the Company in an effective manner, and in order to induce the Indemnitee to continue to provide services to the Company as a director and/or officer thereof, the Company wishes to provide in this Agreement for the indemnification of the Indemnitee to the fullest extent permitted by law and as set forth in this Agreement;

NOW THEREFORE, in consideration of the foregoing, the covenants contained herein and the Indemnitee's continued service to the Company, the Company and the Indemnitee, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS. The following terms, as used herein, shall have the following respective meanings:

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition,

"control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings relative to the foregoing.

"CHANGE IN CONTROL" shall be deemed to have taken place if: (i) any person or entity, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended ("Exchange Act") other than the Company or a wholly-owned subsidiary thereof or any employee benefit plan of the Company or any of its subsidiaries, becomes the beneficial owner of the Company's securities having 50% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or (ii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of substantially all of the assets or contested election, or any combination of the foregoing transactions less than a majority of the combined voting power of the then-outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction is held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; or (iii) during any period of two consecutive years, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of any such period.

"CLAIM" means (a) any threatened, pending or completed action, suit, proceeding or arbitration or other alternative dispute resolution mechanism, or (b) any inquiry, hearing or investigation, whether conducted by the Company or any other Person, that the Indemnitee in good faith believes might lead to the institution of any such action, suit, proceeding or arbitration or other alternative dispute resolution mechanism, in each case whether civil, criminal, administrative or other (whether or not the claims or allegations therein are groundless, false or fraudulent) and includes, without limitation, those brought by or in the name of the Company or any director or officer of the Company.

"COMPANY AGENT" means any director, officer, partner, employee, agent, trustee or fiduciary of the Company, any Subsidiary or any Other Enterprise.

"COVERED EVENT" means any event or occurrence on or after the effective date of this Agreement related to the fact that the Indemnitee is or was a Company Agent or related to anything done or not done by the Indemnitee in any such capacity, and includes, without limitation, any such event or occurrence (a) arising from performance of the responsibilities, obligations or duties imposed by ERISA or any similar applicable provisions of state or common law, or (b) arising from any merger, consolidation or other business combination involving the Company, any Subsidiary or

any Other Enterprise, including without limitation any sale or other transfer of all or substantially all of the business or assets of the Company, any Subsidiary or any Other Enterprise.

"DETERMINATION" means a determination made by (a) a majority vote of Disinterested Directors, even though less than a quorum; (b) Independent Legal Counsel, in a written opinion addressed to the Company and the Indemnitee; (c) the stockholders of the Company; or (d) a decision by a court of competent jurisdiction which is not subject to further appeal or not appealed in a timely



manner.

"DISINTERESTED DIRECTOR" shall be a director of the Company who is not or was not a party to the Claim giving rise to the subject matter of a Determination.

"EXPENSES" are any fees or costs, including, but not limited to, attorneys' fees, travel expenses, fees of experts, transcript costs, filing fees, witness fees, telephone charges, postage, copying costs, delivery service fees and other expenses and obligations of any nature whatsoever paid or incurred in connection with investigating, prosecuting or defending, being a witness in or participating in (including on appeal), or preparing to prosecute or defend, be a witness in or participate in any Claim, for which the Indemnitee is or becomes legally obligated to pay.

"INDEPENDENT LEGAL COUNSEL" shall mean a law firm or a member of a law firm that (a) neither is nor in the past five years has been retained to represent in any material matter the Company, any Subsidiary, the Indemnitee or any other party to the Claim, (b) under applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights to indemnification under this Agreement and (c) is reasonably acceptable to the Company and the Indemnitee.

"LOSS" means any amount which the Indemnitee is legally obligated to pay as a result of any Claim, including, without limitation (a) all judgments (whether by court of competent jurisdiction or arbitrator), penalties and fines, and amounts paid or to be paid in settlement, (b) all interest, assessments and other charges paid or payable in connection therewith and (c) any federal, state, local or foreign taxes imposed (net of the value to the Indemnitee of any tax benefits resulting from tax deductions or otherwise as a result of the actual or deemed receipt of any payments under this Agreement, including the creation of the Trust).

"OTHER ENTERPRISE" means any corporation (other than the Company or any Subsidiary), partnership, joint venture, association, employee benefit plan, trust or other enterprise or organization to which the Indemnitee renders service at the request of the Company or any Subsidiary.

"PARENT" shall have the meaning set forth in the regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended; provided the term "Parent" shall not include the board of directors of a corporation in its capacity as a board of directors, and provided further that if the other party to any transaction referred to in Section 11.1.2 has no Parent as so defined above, "Parent" shall mean such other party.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government (or any subdivision, department, commission or agency thereof), and includes without limitation any "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act.

"POTENTIAL CHANGE IN CONTROL" shall be deemed to have occurred if (a) the Company enters into an agreement or arrangement the consummation of which would result in the occurrence of a Change in Control, (b) any Person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control or (c) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

"SUBSIDIARY" means any corporation of which more than 50% of the outstanding stock having ordinary voting power to elect a majority of the board of directors of such corporation is now or hereafter owned, directly or

indirectly, by the Company.

"TRUST" has the meaning set forth in Section 8.2.

"VOTING SECURITIES" means any securities of the Company which vote generally in the election of directors.

## 2. INDEMNIFICATION.

### 2.1 GENERAL INDEMNITY OBLIGATION.

2.1.1 Notwithstanding anything else in this Agreement to the contrary, the Company shall indemnify and hold the Indemnitee harmless for any Losses or Expenses arising from any Claims relating to (or arising in whole or in part out of) any acts or failures to act by the Company, its directors, employees or agents that occurred before the effective date of this Agreement (a "Section 2.1.1 Event").

2.1.2 Subject to the remaining provisions of this Agreement, the Company hereby agrees to indemnify and hold the Indemnitee harmless for any Losses or Expenses arising from any Claims relating to (or arising in whole or in part out of) any Covered Event, including without limitation, any Claim the basis of which is any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or other act done or attempted by the Indemnitee in the capacity as a Company Agent, whether or not the Indemnitee is acting or serving in such capacity at the effective date of this Agreement, at the time liability is incurred or at the time the Claim is initiated.

2.1.3 The obligations of the Company under this Agreement shall apply to the fullest extent authorized or permitted by the provisions of applicable law, as presently in effect or as changed after the effective date of this Agreement, whether by statute or judicial decision (but, in the case of any subsequent change, only to the extent that such change permits the Company to provide broader indemnification than permitted prior to giving effect thereto).

2.1.4 The Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by the Indemnitee against the Company or any director or officer of the Company, unless the Company has joined in or consented to the initiation of such Claim; provided, the provisions of this Section 2.1.4 shall not apply following a Change in Control to Claims seeking enforcement of this Agreement, the Company's Certificate of Incorporation the Company's By-laws or any other agreement now or hereafter in effect relating to indemnification for Covered Events.

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2.1.5 If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Losses or Expenses paid with respect to a Claim but not, however, for the total amount thereof, the Company shall nevertheless indemnify and hold the Indemnitee harmless against the portion thereof to which the Indemnitee is entitled.

2.1.6 Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating to (or arising in whole or in part out of) a Covered Event or in defense of any issue or matter therein, including dismissal without prejudice, the Company shall indemnify and hold the Indemnitee harmless against all Expenses incurred in connection therewith.

2.2 INDEMNIFICATION FOR SERVING AS WITNESS AND CERTAIN OTHER CLAIMS. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify and hold the Indemnitee harmless for all Expenses in connection with (a) the preparation to serve or service as a witness in any Claim in which the Indemnitee is not a party, if such actual or proposed service as a witness arose by reason of the Indemnitee having served as a Company Agent on or after

the effective date of this Agreement and (b) any Claim initiated by the Indemnitee on or after the effective date of this Agreement (i) for recovery under any directors' and officers' liability insurance maintained by the Company or (ii) following a Change in Control, for enforcement of the indemnification obligations of the Company under this Agreement, the Company's Certificate of Incorporation or Bylaws or any other agreement now or hereafter in effect relating to indemnification for Covered Events, regardless of whether the Indemnitee ultimately is determined to be entitled to such insurance recovery or indemnification, as the case may be.

### 3. LIMITATIONS ON INDEMNIFICATION.

3.1 COVERAGE LIMITATIONS. No indemnification is available pursuant to the provisions of this Agreement:

3.1.1 If such indemnification is not lawful;

3.1.2 If the Indemnitee's conduct giving rise to the Claim with respect to which indemnification is requested was knowingly fraudulent, a knowing violation of law, deliberately dishonest or in bad faith, or constituted willful misconduct;

3.1.3 In respect of any Claim based upon or attributable to the Indemnitee's gaining any personal profit or advantage to which the Indemnitee was not legally entitled;

3.1.4 In respect of any Claim for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act;

3.1.5 If the Indemnitee's conduct giving rise to the Claim with respect to which indemnification is requested constituted a breach of the duty of loyalty to the Company or its stockholders; or

3.1.6 In respect of any Claim based upon any violation of Section 174 of the Delaware General Corporation Law, as amended.

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3.2 NO DUPLICATION OF PAYMENTS. The Company shall not be liable under this Agreement to make any payment otherwise due and payable to the extent the Indemnitee has otherwise actually received payment (whether under the Company's Certificate of Incorporation, By-laws, any directors' and officers' liability insurance or otherwise) of any amounts otherwise due and payable under this Agreement.

### 4. PAYMENTS AND DETERMINATIONS.

4.1 ADVANCEMENT AND REIMBURSEMENT OF EXPENSES. If requested by the Indemnitee, the Company shall advance to Indemnitee, no later than two business days following any such request, any and all Expenses for which indemnification is available under Section 2. In order to obtain such advancement or reimbursement, the Indemnitee must also furnish to the Company a written affirmation of his good faith belief that he has conducted himself in good faith and that he reasonably believed that: (1) in the case of conduct in his official capacity with the Company, that his conduct was in the Company's best interest; and (2) in all other cases, that his conduct was at least not opposed to the Company's best interests; and (3) in the case of any criminal action or proceeding, he had no reasonable cause to believe his conduct was unlawful. In addition, the Indemnitee must furnish to the Company a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he is not entitled to indemnification. Provided, however, the Indemnitee shall not be required to furnish the Company with an affidavit and written undertaking to repay an advance if Indemnitee is seeking an advance or reimbursement pursuant to Section 2.1.1. Upon any Determination that the Indemnitee is not permitted to be indemnified for any Expenses so advanced, the

Indemnitee hereby agrees to reimburse the Company (or, as appropriate, any Trust established pursuant to Section 8.2) for all such amounts previously paid. Such obligation of reimbursement shall be unsecured and no interest shall be charged thereon.

#### 4.2 PAYMENT AND DETERMINATION PROCEDURES.

4.2.1 To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request, together with such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that the Indemnitee has requested indemnification.

4.2.2 Upon written request by the Indemnitee for indemnification pursuant to Section 4.2.1, a Determination with respect to the Indemnitee's entitlement to indemnification thereto shall be made in the specific case (a) if a Change in Control shall have occurred, as provided in Section 8.1; and (b) if a Change in Control shall not have occurred, by (i) the Board of Directors by a majority vote of Disinterested Directors even though less than a quorum, (ii) Independent Legal Counsel, if either (A) there are no Disinterested Directors or (B) a majority vote of such Disinterested Directors otherwise so directs or (iii) the stockholders of the Company (if submitted by the Board of Directors) but shares of stock owned by or voted under the control of any Indemnitee who is at the time party to the proceeding may not be voted. If a Determination is made that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within 10 days after such Determination.

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4.2.3 If no Determination is made within 60 days after receipt by the Company of a request for indemnification by the Indemnitee pursuant to Section 4.2.1, a Determination shall be deemed to have been made that the Indemnitee is entitled to the requested indemnification (and the Company shall pay the related Losses and Expenses no later than 10 days after the expiration of such 60-day period), except where such indemnification is not lawful; provided, however, that (a) such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the Person or Persons making the Determination in good faith require such additional time for obtaining or evaluating the documentation and information relating thereto; and (b) the foregoing provisions of this Section 4.2.3 shall not apply (i) if the Determination is to be made by the stockholders of the Company and if (A) within 15 days after receipt by the Company of the request by the Indemnitee pursuant to Section 4.2.1 the Board of Directors has resolved to submit such Determination to the stockholders at an annual meeting of the stockholders to be held within 75 days after such receipt, and such Determination is made at such annual meeting, or (B) a special meeting of stockholders is called within 15 days after such receipt for the purpose of making such Determination, such meeting is held for such purpose within 60 days after having been so called and such Determination is made at such special meeting, or (ii) if the Determination is to be made by Independent Legal Counsel.

5. SUBROGATION. In the event of any payment under this Agreement to or on behalf of the Indemnitee, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee against any Person other than the Company or the Indemnitee in respect of the Claim giving rise to such payment. The Indemnitee shall execute all papers reasonably required and shall do everything reasonably necessary to secure such rights, including the execution of such documents reasonably necessary to enable the Company effectively to bring suit to enforce such rights and providing deposition or oral testimony at trial.

#### 6. NOTIFICATIONS AND DEFENSE OF CLAIMS.

6.1 NOTICE BY INDEMNITEE. The Indemnitee shall give notice in writing to the Company as soon as practicable after the Indemnitee becomes aware of any Claim with respect to which indemnification will or could be sought under this Agreement; provided the failure of the Indemnitee to give such notice, or any delay in giving such notice, shall not relieve the Company of its obligations under this Agreement except to the extent the Company is actually prejudiced by any such failure or delay.

## 6.2 DEFENSE.

6.2.1 In the event any Claim relating to Covered Events or a Section 2.1.1 Event is by or in the right of the Company, the Indemnitee may, at the option of the Indemnitee, either control the defense thereof or accept the defense provided; provided, however, that the amounts expended by the Company shall be reimbursed to the Company by the Indemnitee if the provisions of Section 145 of the Delaware General Corporation Law so require.

6.2.2 In the event any Claim relating to Covered Events or a Section 2.1.1 Event is other than by or in the right of the Company, the Indemnitee may, at the option of Indemnitee, either control the defense thereof or require the Company to defend. In the event that the Indemnitee requires the Company to so defend, the Company shall promptly undertake to defend any such Claim, at the Company's sole cost and expense, utilizing counsel of the Indemnitee's choice who

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has been approved by the Company. If appropriate, the Company shall have the right to participate in the defense of any such Claim.

6.2.3 In the event the Company shall fail, as required by any election by the Indemnitee pursuant to Section 6.2.2, to timely defend the Indemnitee against any such Claim, the Indemnitee shall have the right to do so, including without limitation, the right (notwithstanding Section 6.2.4) to make any settlement thereof, and to recover from the Company, to the extent otherwise permitted by this Agreement, all Expenses and Losses paid as a result thereof.

6.2.4 The Company shall have no obligation under this Agreement with respect to any amounts paid or to be paid in settlement of any Claim without the express prior written consent of the Company to any related settlement. In no event shall the Company authorize any settlement imposing any liability or other obligations on the Indemnitee without the express prior written consent of the Indemnitee. Neither the Company nor the Indemnitee shall unreasonably withhold consent to any proposed settlement.

## 7. DETERMINATIONS AND RELATED MATTERS.

### 7.1 PRESUMPTIONS.

7.1.1 If a Section 2.1.1 Event or Change in Control shall have occurred, the Indemnitee shall be entitled to a rebuttable presumption that the Indemnitee is entitled to indemnification under this Agreement and the Company shall have the burden of proof in rebutting such presumption.

7.1.2 The termination of any Claim by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere or its equivalent shall not adversely affect either the right of the Indemnitee to indemnification under this Agreement or the presumptions to which the Indemnitee is otherwise entitled pursuant to the provisions of this Agreement nor create a presumption that the Indemnitee did not meet any particular standard of conduct or have a particular belief or that a court has determined that indemnification is not permitted by applicable law.

### 7.2 APPEALS: ENFORCEMENT.

7.2.1 In the event that (a) a Determination is made that the Indemnitee shall not be entitled to indemnification under this Agreement, (b) any Determination to be made by Independent Legal Counsel is not made within 90 days of receipt by the Company of a request for indemnification pursuant to Section 4.2.1 or (c) the Company fails to otherwise perform any of its obligations under this Agreement (including, without limitation, its obligation to make payments to the Indemnitee following any Determination made or deemed to have been made that such payments are appropriate), the Indemnitee shall have the right to commence a Claim in any court of competent jurisdiction, as appropriate, to seek a Determination by the court, to challenge or appeal any Determination which has been made, or to otherwise enforce this Agreement. If a Change of Control shall have occurred, the Indemnitee shall have the option to have any such Claim conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. Any such judicial proceeding challenging or appealing any Determination shall be deemed to be conducted de novo and without prejudice by reason of any prior Determination to the effect that the Indemnitee is

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not entitled to indemnification under this Agreement. Any such Claim shall be at the sole expense of the Indemnitee except as provided in Section 8.3.

7.2.2 If a Determination shall have been made or deemed to have been made pursuant to this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such Determination in any judicial proceeding or arbitration commenced pursuant to this Section 7.2, except if such indemnification is unlawful.

7.2.3 The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 7.2 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. The Company hereby consents to service of process and to appear in any judicial or arbitration proceedings and shall not oppose the Indemnitee's right to commence any such proceedings.

7.3 PROCEDURES. The Indemnitee shall cooperate with the Company and with any Person making any Determination with respect to any Claim for which a request for indemnification under this Agreement has been made, as the Company may reasonably require. The Indemnitee shall provide to the Company or the Person making any Determination, upon reasonable advance request, any documentation or information reasonably available to the Indemnitee and necessary to (a) the Company with respect to any such Claim or (b) the Person making any Determination with respect thereto.

## 8. CHANGE IN CONTROL PROCEDURES.

8.1 DETERMINATIONS. If there is a Change in Control, any Determination to be made under Section 4 shall be made by Independent Legal Counsel selected by the Indemnitee and approved by the Company, which approval shall not be unreasonably withheld. The Company shall pay the reasonable fees of the Independent Legal Counsel and indemnify fully such Independent Legal Counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or the engagement of Independent Legal Counsel pursuant hereto.

8.2 ESTABLISHMENT OF TRUST. Following the occurrence of any Potential Change in Control, the Company, upon receipt of a written request from the Indemnitee, shall create a Trust (the "Trust") for the benefit of the Indemnitee, the trustee of which shall be a bank or similar financial institution with trust powers chosen by the Indemnitee. From time to time, upon the written request of the Indemnitee, the Company shall fund the Trust in amounts sufficient to satisfy any and all Losses and Expenses reasonably anticipated at the time of each such request to be incurred by the Indemnitee

for which indemnification may be available under this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement or, if a Change in Control has occurred, by Independent Legal Counsel (selected pursuant to Section 8.1). The terms of the Trust shall provide that, except upon the prior written consent of the Indemnitee and the Company, (a) the Trust shall not be revoked or the principal thereof invaded, other than to make payments to unsatisfied judgment creditors of the Company if payment to such judgment creditors cannot be made from any other source, (b) the Trust shall continue to be funded by the Company in accordance with the funding obligations set forth in

this Section, (c) the Trustee shall promptly pay or advance to the Indemnitee any amounts to which the Indemnitee shall be entitled pursuant to this Agreement, and (d) all unexpended funds in the Trust shall revert to the Company upon a Determination by Independent Legal Counsel (selected pursuant to Section 8.1) or a court of competent jurisdiction that the Indemnitee has been fully indemnified under the terms of this Agreement. All income earned on the assets held in the trust shall be reported as income by the Company for federal, state and local tax purposes.

8.3 EXPENSES. Following any Change in Control, the Company shall be liable for, and shall pay the Expenses paid or incurred by the Indemnitee in connection with the making of any Determination (irrespective of the determination as to the Indemnitee's entitlement to indemnification) or the prosecution of any Claim pursuant to Section 7.2, and the Company hereby agrees to indemnify and hold the Indemnitee harmless therefrom. If requested by counsel for the Indemnitee, the Company shall promptly give such counsel an appropriate written agreement with respect to the payment of its fees and expenses and such other matters as may be reasonably requested by such counsel.

9. PERIOD OF LIMITATIONS. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company, any Subsidiary, any Other Enterprise or any Affiliate of the Company against the Indemnitee or the Indemnitee's spouse, heirs, executors, administrators or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company, any Subsidiary, any Other Enterprise or any Affiliate of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations, whether established by statute or judicial decision, is otherwise applicable to any such cause of action, such shorter period shall govern.

10. CONTRIBUTION. If the indemnification provisions of this Agreement should be unenforceable under applicable law in whole or in part or insufficient to hold the Indemnitee harmless in respect of any Losses and Expenses incurred by the Indemnitee, then for purposes of this Section 10, the Company shall be treated as if it were, or was threatened to be made, a party defendant to the subject Claim and the Company shall contribute to the amounts paid or payable by the Indemnitee as a result of such Losses and Expenses incurred by the Indemnitee in such proportion as is appropriate to reflect the relative benefits accruing to the Company on the one hand and the Indemnitee on the other and the relative fault of the Company on the one hand and the Indemnitee on the other in connection with such Claim, as well as any other relevant equitable considerations. For purposes of this Section 10 the relative benefit of the Company shall be deemed to be the benefits accruing to it and to any Subsidiary, and other Enterprise, or any Affiliate of the Company and all of their respective directors, officers, employees and agents (other than the Indemnitee) on the one hand, as a group and treated as one entity, and the relative benefit of the Indemnitee shall be deemed to be an amount not greater than the Indemnitee's yearly base salary from the Company during the first year in which

the Covered Event forming the basis for the subject Claim was alleged to have occurred. The relative fault shall be determined by reference to, among other things, the fault of the Company and to any Subsidiary, any other Enterprise, or any Affiliate of the Company and all of their respective directors, officers, employees and agents (other than the Indemnitee) on the one hand, as a group and treated as one entity, and the Indemnitee's and such group's relative intent, knowledge, access to information and opportunity to have altered or prevented the Covered Event forming the basis for the subject Claim.

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## 11. MISCELLANEOUS PROVISIONS.

### 11.1 SUCCESSORS AND ASSIGNS. ETC.

11.1.1 This Agreement shall be binding upon and inure to the benefit of (a) the Company, its successors and assigns (including any direct or indirect successor by merger, consolidation or operation of law or by transfer of all or substantially all of its assets) and (b) the Indemnitee and the heirs, personal and legal representatives, executors, administrators or assigns of the Indemnitee.

11.1.2 The Company shall not consummate any consolidation, merger or other business combination, nor will it transfer 50% or more of its assets (in one or a series of related transactions), unless the ultimate Parent of the successor to the business or assets of the Company shall have first executed an agreement, in form and substance satisfactory to the Indemnitee, to expressly assume all obligations of the Company under this Agreement and agree to perform this Agreement in accordance with its terms, in the same manner and to the same extent that the Company would be required to perform this Agreement if no such transaction had taken place; provided that, if the Parent is not the Company, the legality of payment of indemnity by the Parent shall be determined by reference to the fact that such indemnity is to be paid by the Parent rather than the Company.

11.2 SEVERABILITY. The provisions of this Agreement are severable. If any provision of this Agreement shall be held by any court of competent jurisdiction to be invalid, void or unenforceable, such provision shall be deemed to be modified to the minimum extent necessary to avoid a violation of law and, as so modified, such provision and the remaining provisions shall remain valid and enforceable in accordance with their terms to the fullest extent permitted by law.

11.3 RIGHTS NOT EXCLUSIVE: CONTINUATION OF RIGHT OF INDEMNIFICATION. Nothing in this Agreement shall be deemed to diminish or otherwise restrict the Indemnitee's right to indemnification pursuant to any provision of the Company's Certificate of Incorporation, By-laws, any agreement, vote of shareholders or Disinterested Directors, applicable law or otherwise. This Agreement shall be effective as of the effective date set forth above written and continue in effect until no Claims relating to any Covered Event may be asserted against the Indemnitee and until any Claims commenced prior thereto are finally terminated and resolved, regardless of whether the Indemnitee continues to serve as a director or officer of the Company, any Subsidiary or any Other Enterprise.

11.4 NO EMPLOYMENT AGREEMENT. Nothing contained in this Agreement shall be construed as giving the Indemnitee any right to be retained in the employ of the Company, any Subsidiary or any Other Enterprise.

11.5 SUBSEQUENT AMENDMENT. No amendment, termination or repeal of any provision of the Company's Certificate of Incorporation, or any respective successor thereto, or of any relevant provision of any applicable law, shall affect or diminish in any way the rights of the Indemnitee to indemnification, or the obligations of the Company, arising under this Agreement, whether the alleged actions or conduct of the Indemnitee giving rise to the necessity of such indemnification arose before or after any such amendment, termination or



repeal.

11.6 NOTICES. Notices required under this Agreement shall be given in writing and shall be deemed given when delivered in person or sent by certified or registered mail, return receipt requested, postage prepaid. Notices shall be directed to the Company at One Gaylord Drive, Nashville, Tennessee 37214, Attention: Secretary, and to the Indemnatee at the address found on the signature page to this Agreement (or such other address as either party may designate in writing to the other).

11.7 GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and performed in such state without giving effect to the principles of conflict of laws.

11.8 HEADINGS. The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to discriminate part of this Agreement or to affect the construction thereof.

11.9 COUNTERPARTS. This Agreement may be executed in any number of counterparts all of which taken together shall constitute one instrument.

11.10 MODIFICATION AND WAIVER. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by any of the parties hereto. No waiver of this Agreement shall constitute, or be a waiver of any other provisions hereof (whether or not similar) nor shall any such waiver constitute a continuing waiver.

The parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Rod Connor  
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Title: SVP/CAO  
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INDEMNITEE

/s/ Michael D. Rose  
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Michael D. Rose

Indemnatee's Address:

6305 Humphreys Blvd.  
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Suite #110  
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Memphis, TN 38120  
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## DIRECTOR COMPENSATION POLICY

The Human Resources Committee reviews and recommends the compensation for directors. During 2001 each of the directors who were not employed by the Company received an annual Board retainer of \$30,000, an annual committee retainer for each committee on which the director served of \$5,000 (\$6,000 for chairpersons) and a fee of \$1,500 for each special Board meeting attended and \$1,000 for each special committee meeting attended. Non-employee directors may defer cash compensation into an unfunded deferred compensation plan until their retirement or resignation from the Board. Currently none of the directors participates in the deferred compensation plan.

In addition, non-employee directors receive a grant of a non-qualified stock option to purchase 10,000 shares of common stock under the 1997 Omnibus Stock Option and Incentive Plan upon their election to the Board, at an exercise price equal to the closing price on the date prior to the date of the grant, which becomes exercisable in four equal annual installments, and an annual grant of a non-qualified stock option to purchase 7,000 shares of common stock under the 1997 Omnibus Stock Option and Incentive Plan, at an exercise price equal to the closing price on the date prior to the date of the grant, which is immediately exercisable.

Directors who are employed by the Company do not receive compensation for their service as directors. All directors are reimbursed for expenses incurred in attending meetings.

SUBSIDIARIES OF GAYLORD ENTERTAINMENT COMPANY  
AS OF DECEMBER 31, 2001

Name -----	Jurisdiction of Organization -----
Acuff-Rose Music, Inc.	Tennessee
Acuff-Rose Music, Ltd.	England
Acuff-Rose Musikverlag GmbH	Germany
Acuff-Rose Scandia AB	Sweden
Acuff-Rose Music Publishing, Inc.	Tennessee
CCK, Inc.	Texas
Celebration Hymnal, LLC	Tennessee
Corporate Magic, Inc.	Texas
Country Music Television Australia Pty. Ltd.	Australia
Country Music Television International, GmbH	Germany
Country Music Television International, Inc.	Delaware
Country Music Television International, B. V.	Netherlands
Dayspring Music, Inc.	Tennessee
Editions Acuff Rose France	France
Gaylord Creative Group, Inc.	Delaware
Gaylord Creative Group Records, Inc.	Tennessee
Gaylord Digital, LLC	Delaware
Gaylord Investments, Inc.	Delaware
Gaylord Program Services, Inc.	Delaware
GBRJ Music, LLC	Texas
Grand Ole Opry Tours, Inc.	Tennessee
Hickory Records, Inc.	Tennessee
Lightsource, LLC	Delaware
Milene Music, Inc.	Tennessee
OHN Management, Inc.	Delaware
OKC Athletic Club Limited Partnership	Oklahoma
OKC Concession Service Limited Partnership	Oklahoma
Oklahoma City Athletic Club, Inc.	Oklahoma
OLH, G.P.	Tennessee
Opryland Attractions, Inc.	Delaware
Opryland Hospitality, LLC	Tennessee
Opryland Hotel Florida, L.P.	Florida
Opryland Hotel Nashville, LLC	Tennessee
Opryland Hotel Texas, LLC	Delaware
Opryland Hotel Texas, L.P.	Delaware
Opryland Productions, Inc.	Tennessee
Opryland Theatricals, Inc	Delaware
Springhouse Music, Inc.	Tennessee
TV Force, LLC	Texas
Wildhorse Saloon Entertainment Ventures, Inc.	Tennessee
Word Entertainment (Canada), Ltd.	Canada
Word Entertainment Direct, LLC	Tennessee
Word Music Group, Inc.	Tennessee
Word Music, Inc.	Tennessee
Wordspring Music, Inc.	Tennessee

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statement File Numbers 333-37051, 333-37053, 333-79323, 333-31254 and 333-40676.

ARTHUR ANDERSEN LLP

Nashville, Tennessee  
March 25, 2002

March 29, 2002

Securities and Exchange Commission  
Washington, DC 20549

Gaylord Entertainment Company has obtained a letter of representation from Arthur Andersen LLP ("Andersen") stating that its December 31, 2001 audit was subject to Andersen's quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards and that there was appropriate continuity of Andersen personnel working on the audit and availability of national office consultation. Availability of personnel at foreign affiliates of Andersen is not relevant to this audit.

Very truly yours,

Gaylord Entertainment Company

/s/ David C. Kloeppe

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Executive Vice President and  
Chief Financial Officer