

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10/A-3

GENERAL FORM FOR REGISTRATION OF SECURITIES  
PURSUANT TO SECTION 12(B) OR 12(G) OF  
THE SECURITIES EXCHANGE ACT OF 1934

NEW 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)

(615) 316-6000  
(Registrant's telephone number, including area code)

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

TITLE OF EACH CLASS  
TO BE SO REGISTERED

NAME OF EACH EXCHANGE ON WHICH  
EACH CLASS IS TO BE REGISTERED

Common Stock, \$.01 par value

New York Stock Exchange, Inc.

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

None  
(Title of class)

## EXPLANATORY NOTE:

This Form 10/A-3 is being filed to include financial information for New Gaylord Entertainment Company for the six months ended June 30, 1997 and to update certain other information included in the Information Statement dated July 16, 1997 previously furnished to stockholders of Gaylord Entertainment Company in connection with the proposed pro rata distribution by Gaylord Entertainment Company to its stockholders of all of the outstanding capital stock of New Gaylord Entertainment Company.

[GAYLORD ENTERTAINMENT]

INFORMATION STATEMENT  
NEW GAYLORD ENTERTAINMENT COMPANY

## COMMON STOCK, \$.01 PAR VALUE

This Information Statement ("Information Statement") has been prepared by Gaylord Entertainment Company, a Delaware corporation ("Old Gaylord"), in connection with the proposed pro rata distribution (the "Distribution") by Old Gaylord to its stockholders of all of the outstanding Common Stock, \$.01 par value ("New Gaylord Common Stock"), of New Gaylord Entertainment Company (formerly known as Gaylord Broadcasting Company), a Delaware corporation and a wholly owned subsidiary of Old Gaylord ("New Gaylord"). It is currently anticipated that the Distribution will be effected on the day prior to the effective time of the proposed merger (the "Merger") of G Acquisition Corp. ("Sub"), a Delaware corporation and a wholly owned subsidiary of Westinghouse Electric Corporation, a Pennsylvania corporation ("Westinghouse"), with and into Old Gaylord, as such Merger is described in the Proxy Statement/Prospectus dated July 16, 1997 (the "Proxy Statement/Prospectus"), relating to the Special Meeting of Stockholders of Old Gaylord held on August 15, 1997 (the "Special Meeting"). At the Special Meeting, the Old Gaylord stockholders approved the Merger.

As a result of the Distribution, each holder of record as of the record date for the Distribution (as established below, the "Record Date") of (a) shares of Class A Common Stock, \$.01 par value, of Old Gaylord ("Old Gaylord Class A Common Stock"), and (b) shares of Class B Common Stock, \$.01 par value, of Old Gaylord ("Old Gaylord Class B Common Stock" and, together with the Old Gaylord Class A Common Stock, the "Old Gaylord Common Stock"), will receive that number of shares of New Gaylord Common Stock equal to one-third the number of shares of Old Gaylord Common Stock held of record by such holder. Cash will be distributed in lieu of any fractional shares of New Gaylord Common Stock. The Record Date for the Distribution has been established by Old Gaylord's Board of Directors as the fifth calendar day following the receipt of certain Tax Rulings (as defined herein) (or legal opinions in lieu of certain of such rulings). Old Gaylord will issue a press release announcing the expected date of the Distribution promptly after the Tax Rulings are received.

The obligation of Old Gaylord to consummate the Distribution is subject to the satisfaction or waiver of a number of conditions, including, among other things, the satisfaction or waiver of all conditions to the obligations of Westinghouse and Old Gaylord to effect the Merger (other than the consummation of the Recapitalization (as defined herein), the Restructuring (as defined herein), and the Distribution) as set forth in the Agreement and Plan of Merger, dated as of February 9, 1997, among Westinghouse, Sub, and Old Gaylord (the "Merger Agreement"). The consummation of the Distribution is a condition to the obligations of Westinghouse and Old Gaylord to effect the Merger but will occur only if all other conditions to the Merger are satisfied or waived and the Merger is about to occur. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER."

(continued on next page)

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THE SECURITIES TO BE ISSUED IN THE DISTRIBUTION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS INFORMATION STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.  
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The date of this Information Statement is August 29, 1997.

Prior to the Distribution and the Merger, Old Gaylord will be restructured (the "Restructuring") so that the assets and liabilities that are part of Old Gaylord's hospitality, attractions, music, television, and radio businesses, including all of Old Gaylord's long-term debt, as well as Old Gaylord's interest in the Country Music Television cable networks outside of the United States and Canada ("CMT International") and the option to acquire 95% of and the assets used in the management of Z Music, Inc. ("Z Music"), a cable network currently featuring primarily contemporary Christian music videos, will be transferred to or retained by New Gaylord or one of its subsidiaries. Following the Restructuring, the businesses of New Gaylord will include the Grand Ole Opry; the Opryland Hotel; the Opryland theme park; the Wildhorse Saloon; the Ryman Auditorium; the broadcasting operations comprised of the CBS-affiliate television station KTVT in Dallas-Fort Worth and three Nashville-based radio stations; interests in country and Christian music publishing and recording with the Opryland Music Group and Word Entertainment ("Word"), and the operations of CMT International and the management of Z Music. As a result of the Restructuring, certain of the assets of Old Gaylord's cable networks business, consisting primarily of The Nashville Network ("TNN") and the domestic and Canadian operations of Country Music Television ("CMT"), and certain other related businesses, and certain liabilities related thereto, will be held by Old Gaylord or one of its subsidiaries (other than New Gaylord or its subsidiaries after giving effect to the Restructuring) and will be acquired by Westinghouse in the Merger.

No consideration will be paid by Old Gaylord stockholders for the shares of New Gaylord Common Stock to be received by them in the Distribution. There is currently no public trading market for the New Gaylord Common Stock. The shares of New Gaylord Common Stock to be distributed in the Distribution have been approved for listing, subject to official notice of issuance, on the New York Stock Exchange (the "NYSE") under the symbol "GET," which is currently the symbol for the Old Gaylord Class A Common Stock. No fractional shares of New Gaylord Common Stock will be distributed in the Distribution. Old Gaylord stockholders who otherwise would be entitled to receive a fractional share of New Gaylord Common Stock will receive cash in lieu thereof. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Manner of Effecting the Distribution."

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## AVAILABLE INFORMATION

New Gaylord has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form 10 (such registration statement, as it may be amended or supplemented, the "Registration Statement") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to the New Gaylord Common Stock. This Information Statement does not contain all of the information that is set forth in the Registration Statement and the exhibits and schedules thereto. Additional information concerning the Merger and related transactions may be found in the Proxy Statement/Prospectus included in the registration statement on Form S-4 (the "Form S-4") filed by Westinghouse under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement and the Form S-4, as well as the respective annexes, exhibits, and schedules thereto, are available for inspection and copying at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as the Regional Offices of the SEC at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; Seven World Trade Center, Suite 1300, New York, New York 10048; and at 5670 Wilshire Boulevard, Suite 1100, Los Angeles, California 90036. Copies of such information are obtainable by mail from the Public Reference Section of the SEC at 450 Fifth Street N.W., Washington, D.C. 20549 at prescribed rates. Copies of such material may also be obtained from the SEC's web site (<http://www.sec.gov>).

Following the Distribution, New Gaylord will be subject to the informational requirements of the Exchange Act and, in accordance therewith, will file reports, proxy statements, and other information with the SEC. The reports, proxy statements, and other information that will be filed by New Gaylord with the SEC will be available for inspection and copying at the SEC's public reference facilities referred to above. Copies of such material will be obtainable by mail from the Public Reference Section of the SEC at the address referred to above at prescribed rates and from the SEC's web site referred to above. In addition, it is expected that reports, proxy statements, and other information concerning New Gaylord will be available for inspection at the offices of the NYSE at 20 Broad Street, New York, New York 10005.

NO PERSON IS AUTHORIZED BY OLD GAYLORD OR NEW GAYLORD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE MATTERS DESCRIBED IN THIS INFORMATION STATEMENT OTHER THAN THOSE CONTAINED IN THIS INFORMATION STATEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OLD GAYLORD OR NEW GAYLORD. NEITHER THE DELIVERY OF THIS INFORMATION STATEMENT NOR CONSUMMATION OF THE DISTRIBUTION CONTEMPLATED HEREBY SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF NEW GAYLORD SINCE THE DATE HEREOF, OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

## SUMMARY OF INFORMATION STATEMENT

The following summary is not intended to be complete and is qualified in its entirety by reference to the more detailed information and financial statements, including the notes thereto, included in this Information Statement and the Annexes to the Proxy Statement/Prospectus, including (i) the Merger Agreement attached as Annex I to the Proxy Statement/Prospectus, and (ii) the form of Agreement and Plan of Distribution attached as Annex II to the Proxy Statement/Prospectus (the "Distribution Agreement"). Stockholders are urged to read this Information Statement, the Proxy Statement/Prospectus, and the Annexes thereto in their entirety. The Recapitalization, the Restructuring, the Distribution, the Merger, and the other transactions contemplated thereby are sometimes collectively referred to herein as the "Transactions." TNN, CMT, and the other related businesses that will be acquired by Westinghouse in the Merger are collectively referred to herein as the "Cable Networks Business." All businesses of Old Gaylord and its subsidiaries that are not part of the Cable Networks Business, including CMT International and the management of and option to acquire 95% of Z Music, are collectively referred to herein as the "New Gaylord Business."

## NEW GAYLORD

Following the Restructuring, the Distribution, and the Merger, New Gaylord will be a diversified entertainment company emphasizing family values and its country music roots, operating principally in three industry segments: (i) hospitality and attractions; (ii) broadcasting and music; and (iii) cable networks. New Gaylord's predecessor traces its origins to a newspaper publishing business founded in 1903 in the Oklahoma Territory by a group including the Gaylord and Dickinson families. In 1928, New Gaylord's predecessor entered the radio broadcasting business and, in 1949, expanded its broadcasting interests to include television stations. In 1983, New Gaylord's predecessor acquired an interrelated group of businesses ("Opryland USA") tracing their origins to the Grand Ole Opry music radio show created in 1925. Opryland USA has become the cornerstone of the company's hospitality and attractions businesses. Also in 1983, Opryland USA entered the cable networks business by launching TNN, a cable network with a national audience featuring country lifestyles, entertainment, and sports, and, in 1991, acquired a 67% interest in CMT, a cable network with a 24-hour country music video format. The first of the CMT International cable networks was launched in Europe in 1992 and CMT International has since expanded into Asia, the South Pacific, and Latin America. In 1994, New Gaylord's predecessor acquired an option to purchase 95% of Z Music, a cable network currently featuring primarily contemporary Christian music videos, which it currently manages. In 1997, New Gaylord's predecessor acquired the assets of Word, a contemporary Christian music company.

As a result of the Restructuring, the Distribution, and the Merger, the Cable Networks Business will be acquired by Westinghouse. Following the Restructuring, the Distribution, and the Merger, the New Gaylord Business will consist of Old Gaylord's hospitality, attractions, music, television, and radio businesses, as well as CMT International and the management of and option to acquire 95% of Z Music, and will include the Grand Ole Opry, the Opryland Hotel, the Opryland theme park, the Wildhorse Saloon, the Ryman Auditorium, CBS-affiliate television station KTVT (Dallas-Fort Worth), three Nashville-based radio stations, Opryland Music Group's interests in music publishing, and Word's music publishing and recording operations. See "BUSINESS OF NEW GAYLORD."

As a result of the Distribution, New Gaylord will be an independent, publicly held company. The current executive officers and directors of Old Gaylord are expected to be directors and executive officers of New Gaylord, with the exception of David Hall, currently a Vice President of Old Gaylord, who will remain with the Cable Networks Business following the Merger and will be employed by an affiliate of Westinghouse. See "MANAGEMENT."

New Gaylord was incorporated under the laws of the State of Delaware in 1956 and, since that time, has been a wholly owned subsidiary of Old Gaylord. Prior to the Restructuring, substantially all of Old Gaylord's assets and liabilities have been held by, and substantially all of Old Gaylord's operations have been conducted through, New Gaylord and direct and indirect subsidiaries of New Gaylord, and such assets, liabilities, and results of operations are reflected in the historical Consolidated Financial Statements of New Gaylord included herein.

New Gaylord's principal executive offices are located at One Gaylord Drive, Nashville, Tennessee 37214, and its telephone number is (615) 316-6000. Immediately after the Merger, New Gaylord will change its name to "Gaylord Entertainment Company."

#### THE TRANSACTIONS

**The Recapitalization.** Prior to the Distribution, New Gaylord will effect a recapitalization (the "Recapitalization") pursuant to which New Gaylord will amend and restate its Certificate of Incorporation to, among other things, (i) authorize one class of common stock of New Gaylord, (ii) increase the currently authorized number of shares of New Gaylord Common Stock to 150,000,000 shares, (iii) convert the 1,000 shares of New Gaylord common stock, \$100.00 par value, currently outstanding into a number of shares of New Gaylord Common Stock equal to one-third the total number of shares of Old Gaylord Common Stock outstanding immediately prior to the Record Date, and (iv) authorize 100,000,000 shares of preferred stock, \$.01 par value, of New Gaylord ("Preferred Stock"). See "DESCRIPTION OF CAPITAL STOCK." Based on the number of shares of Old Gaylord Common Stock outstanding on July 15, 1997, the 1,000 shares of New Gaylord common stock currently outstanding would be converted into 32,425,230 shares of New Gaylord Common Stock, all of which will be distributed to Old Gaylord's stockholders in the Distribution.

**The Restructuring.** Prior to the Distribution, Old Gaylord will effect a series of mergers, asset and stock transfers, and liability assumptions among itself and its subsidiaries. The purpose and effect of the Restructuring is to separate the New Gaylord Business, which is not being acquired by Westinghouse in the Merger, from the Cable Networks Business. In connection with the Restructuring, New Gaylord will, or will cause one of its subsidiaries to, assume all liabilities of Old Gaylord and its subsidiaries other than certain liabilities to the extent that they arise out of the Cable Networks Business, which Old Gaylord will, or will cause one of its subsidiaries to, retain or assume. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- The Restructuring."

**The Distribution.** Upon completion of the Restructuring and on the day prior to the effective time of the Merger, Old Gaylord will effect the Distribution by distributing to each holder of record of Old Gaylord Common Stock as of the Record Date certificates representing that number of shares of New Gaylord Common Stock equal to one-third the number of shares of Old Gaylord Common Stock held by such holder. Cash will be distributed in lieu of any fractional shares of New Gaylord Common Stock. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER."

**The Merger.** At the effective time of the Merger, Sub will be merged with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly owned subsidiary of Westinghouse. The number of shares of Westinghouse Common Stock to be received by Old Gaylord's stockholders in connection with the Merger for each outstanding share of Old Gaylord Common Stock (subject to the proviso to this sentence, the "Per Share Merger Consideration") will be equal to (i) the quotient of (x) \$1.55 billion divided by (y) the number of shares of Old Gaylord Common Stock issued and outstanding immediately prior to the effective time of the Merger, divided by (ii) the average of the daily closing prices per share of Common Stock, par value \$1.00 per share, of Westinghouse ("Westinghouse Common Stock") as reported on the NYSE Composite Transactions List for the 15 consecutive full NYSE trading days immediately preceding the third full NYSE trading day prior to the effective time of the Merger; provided, that Westinghouse will not be required to issue more than 110 million shares of Westinghouse Common Stock in the Merger (or 88 million shares in the unlikely event that Westinghouse consummates the anticipated separation of its power-related and non-power-related businesses into two companies (the "Westinghouse Distribution") prior to the effective time of the Merger). If the issuance of 110 million shares (or 88 million shares, as the case may be) of Westinghouse Common Stock would result in Old Gaylord's stockholders receiving shares with an aggregate value of less than \$1.55 billion (calculated in accordance with the Merger Agreement as described above), then Old Gaylord would have the right to terminate the Merger Agreement, subject to Westinghouse's right to issue additional shares. Based on the average of the daily closing prices per share of Westinghouse Common Stock as reported on the NYSE Composite Transactions List for the 15 day trading period ended July 15, 1997, and on the number of shares of Old Gaylord Common Stock outstanding on that date, the Per Share Merger Consideration would have been 0.673 shares of

Westinghouse Common Stock. The actual Per Share Merger Consideration at the effective time of the Merger, however, may be greater or less than the above number.

Old Gaylord and Westinghouse currently anticipate that the Merger will be consummated prior to the Westinghouse Distribution. In such event, stockholders of Old Gaylord who become shareholders of Westinghouse in connection with the Merger and who continue to hold their shares of Westinghouse Common Stock on the record date for the Westinghouse Distribution will be entitled to participate in the Westinghouse Distribution on the same basis as all other shareholders of Westinghouse. The foregoing is a brief summary of certain terms of the Merger Agreement. A more complete description of the Merger and the Merger Agreement may be found in the Proxy Statement/Prospectus.

#### THE DISTRIBUTION

Set forth below is a brief summary of certain terms of the Distribution and related transactions. The Distribution Agreement is more fully described herein under "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER," and is attached as Annex II to the Proxy Statement/Prospectus.

Distributing Company..... Old Gaylord

Securities to be

Distributed..... All the outstanding shares of New Gaylord Common Stock on the basis of one share of New Gaylord Common Stock for each three shares of Old Gaylord Common Stock, and cash in lieu of any fractional shares of New Gaylord Common Stock. Based on the number of shares of Old Gaylord Common Stock outstanding as of July 15, 1997, it is estimated that 32,425,230 shares of New Gaylord Common Stock will be distributed to Old Gaylord stockholders in the Distribution.

Time of Distribution..... The time at which the Distribution is effective (the "Time of Distribution") is expected to be on the day prior to the effective time of the Merger. Stock certificates for shares of New Gaylord Common Stock will be mailed as soon as practicable after the Time of Distribution. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Manner of Effecting the Distribution."

Record Date..... The Record Date for the Distribution has been established by Old Gaylord's Board of Directors as the fifth calendar day following the receipt of the Tax Rulings (or legal opinions in lieu of certain of such rulings). Old Gaylord will issue a press release announcing the expected Time of Distribution promptly after the Tax Rulings are received.

Trading Market..... The shares of New Gaylord Common Stock to be distributed in the Distribution have been approved for listing, subject to official notice of issuance, on the NYSE under the symbol "GET." See "LISTING AND TRADING OF NEW GAYLORD COMMON STOCK."

Conditions to

Distribution..... The obligation of Old Gaylord to consummate the Distribution is subject to the satisfaction or waiver of a number of conditions, including, among other things, the satisfaction or waiver of all conditions to the obligations of Westinghouse and Old Gaylord to effect the Merger (other than the consummation of the Recapitalization, the Restructuring, and the Distribution). See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Conditions."

Distribution Agent,  
Transfer Agent, and

Registrar..... SunTrust Bank, Atlanta, the transfer agent for the Old Gaylord Common Stock, is expected to serve as the distribution agent and as the transfer agent and registrar for the New Gaylord Common Stock.

Tax Consequences..... Consummation of the Distribution and the Merger is conditioned upon the receipt of private letter rulings (the "Tax Rulings") issued by the Internal Revenue Service (the "IRS") to the effect that (i) the Distribution will qualify as a transaction described in Section 355(a) of the United States Internal Revenue Code of 1986, as amended (the "Code"), and the transfer of assets and liabilities to New Gaylord immediately preceding the Distribution will qualify as a transaction described in Section 351 of the Code and/or a "reorganization" under Section 368(a)(1)(D) of the Code, and (ii) the Merger will qualify as a "reorganization" under Section 368(a)(1)(B) of the Code. In addition, Old Gaylord and Westinghouse have requested rulings from the IRS to the effect that certain aspects of the Restructuring will not be taxable to New Gaylord or any of its subsidiaries, and consummation of the Distribution and the Merger is conditioned upon either (i) the receipt of such rulings or (ii) the receipt by Old Gaylord and Westinghouse of opinions of their respective counsel to the same effect. See "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES."

Post-Closing Covenants Agreement..... Westinghouse, Old Gaylord, New Gaylord, and certain of New Gaylord's subsidiaries will enter into a Post-Closing Covenants Agreement, the form of which is attached as Annex IV to the Proxy Statement/Prospectus (the "Post-Closing Covenants Agreement"), which will provide, among other things, (i) that New Gaylord and certain of its subsidiaries will indemnify Westinghouse and its affiliates (including, after the Merger, Old Gaylord) against certain losses and liabilities and Westinghouse will indemnify New Gaylord and its affiliates against certain losses and liabilities; (ii) that New Gaylord and its subsidiaries will not engage in certain specified activities that would constitute competition with the Cable Networks Business, and Westinghouse will not engage in certain activities that would constitute competition with CMT International; and (iii) for a post-closing adjustment based on the level of working capital of the Cable Networks Business. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Post-Closing Covenants Agreement."

Tax Disaffiliation Agreement..... New Gaylord, Old Gaylord, and Westinghouse will also enter into a Tax Disaffiliation Agreement, the form of which is attached as Annex V to the Proxy Statement/Prospectus (the "Tax Disaffiliation Agreement"), which will set forth each party's rights and obligations with respect to U.S. Federal, state, local, and foreign taxes for periods before and after the Merger and related matters. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Tax Disaffiliation Agreement."

Relationship with Old Gaylord After the Distribution and Merger.. New Gaylord and Old Gaylord (or one of their respective subsidiaries after giving effect to the Restructuring) will enter into a number of other agreements relating to, among other things, the leasing by New Gaylord of certain real property to Old Gaylord, the provision of services between New Gaylord and Old Gaylord, and the licensing of certain intellectual property. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Relationships with Old Gaylord and Westinghouse Following the Distribution and the Merger."



## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Statement, including those under the captions "BUSINESS OF NEW GAYLORD" and "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of New Gaylord to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. When used in this Information Statement, the words "estimate," "project," "intend," "expect," "anticipate," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on various factors, many of which are beyond New Gaylord's control, and were derived utilizing numerous assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the following: uncertainty as to New Gaylord's future profitability without the Cable Networks Business; the growth in the popularity of Christian music and family values lifestyles; the advertising market in the United States in general and in New Gaylord's local television and radio markets; the perceived attractiveness of Nashville, Tennessee as a convention and tourist destination; competition in New Gaylord's existing and potential future lines of business; New Gaylord's ability to integrate and successfully operate any acquired businesses and the risks associated with such businesses; and uncertainty as to the future profitability of any acquired businesses. Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized as well as other factors may also cause actual results to differ materially from those projected. New Gaylord assumes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements.

SUMMARY CONSOLIDATED HISTORICAL AND PRO FORMA  
FINANCIAL DATA OF NEW GAYLORD

The following table sets forth (i) unaudited summary consolidated historical financial data as of June 30, 1997 and for the six months ended June 30, 1997 and 1996, before giving effect to the Transactions, which has been derived from New Gaylord's unaudited Condensed Consolidated Financial Statements as of June 30, 1997 and for the six months ended June 30, 1997 and 1996, included elsewhere herein; (ii) summary consolidated historical financial data as of December 31, 1996 and 1995 and for each year in the three-year period ended December 31, 1996, before giving effect to the Transactions, which has been derived from New Gaylord's Consolidated Financial Statements as of December 31, 1996 and 1995, and for each year in the three-year period ended December 31, 1996, included elsewhere herein; (iii) summary consolidated balance sheet data as of December 31, 1994, which has been derived from the audited consolidated balance sheet of New Gaylord as of December 31, 1994, not included elsewhere herein; and (iv) unaudited summary consolidated pro forma financial data as of and for the six months ended June 30, 1997 and for the year ended December 31, 1996, which gives effect to the Transactions, and which has been derived from New Gaylord's Unaudited Pro Forma Consolidated Financial Statements included elsewhere herein. Such data should be read in conjunction with the consolidated financial statements (including the notes thereto) and "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" included elsewhere herein. The unaudited summary consolidated pro forma balance sheet data as of June 30, 1997 is presented as if the Transactions had occurred on June 30, 1997, and the unaudited summary consolidated pro forma income statement data for the six months ended June 30, 1997 and for the year ended December 31, 1996 is presented as if the Transactions had occurred on January 1, 1997 and January 1, 1996, respectively. The unaudited summary consolidated pro forma financial data incorporates certain assumptions set forth in the footnotes to New Gaylord's Unaudited Pro Forma Consolidated Financial Statements included elsewhere herein. The summary consolidated pro forma information does not purport to represent what New Gaylord's financial position or results of operations actually would have been had the Transactions, in fact, occurred on such date or at the beginning of the period indicated, or to project New Gaylord's financial position or results of operations at any future date or for any future period.



discontinued operations. The Systems were sold in September 1995 which resulted in a gain of \$42,998, net of income taxes of \$30,824.

(7) Includes a pretax gain of \$10,689 on sale of Milwaukee television station WVTM.

## CAPITALIZATION

The following table sets forth the actual capitalization of New Gaylord as of June 30, 1997 before giving effect to the Transactions and the pro forma capitalization of New Gaylord as of such date after giving effect to the Transactions (amounts in thousands, except share data). This table should be read in conjunction with New Gaylord's Consolidated Financial Statements and the notes thereto, New Gaylord's Unaudited Pro Forma Consolidated Financial Statements and the footnotes thereto, and "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," all of which are included elsewhere herein.

	AS OF JUNE 30, 1997	
	ACTUAL	PRO FORMA
Long-term debt:		
Payable to Old Gaylord.....	\$324,264	\$ --
Other long-term debt.....	--	349,128
Total.....	324,264	349,128
Stockholders' equity:		
Common Stock, \$100.00 par value, 10,000 shares authorized, 1,000 shares issued and outstanding.....	100	--
Class B Common Stock, \$.01 par value, 10,000 shares authorized, no shares issued or outstanding.....	--	--
New Gaylord Preferred Stock, \$.01 par value, 100,000,000 shares authorized, no shares issued or outstanding....	--	--
New Gaylord Common Stock, \$.01 par value, 150,000,000 shares authorized, 32,130,780 shares issued and outstanding.....	--	321
Additional paid-in capital.....	92,400	329,001
Retained earnings.....	434,707	132,306
Total stockholders' equity.....	527,207	461,628
Total capitalization.....	\$851,471	\$810,756
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## LISTING AND TRADING OF NEW GAYLORD COMMON STOCK

The shares of New Gaylord Common Stock to be distributed in the Distribution have been approved for listing, subject to official notice of issuance, on the NYSE under the symbol "GET," which is currently the symbol for the Old Gaylord Class A Common Stock. There is currently no public trading market for the New Gaylord Common Stock and there can be no assurance as to the establishment or consistency of any such market. Of the 32.4 million shares of New Gaylord Common Stock that are expected to be outstanding following the Distribution, 19.2 million shares will become eligible for sale in the public market immediately following the Distribution, and the remaining 13.2 million shares held by affiliates will become eligible for resale, either immediately following the Distribution or 90 days thereafter depending on the SEC's response to Old Gaylord's request for interpretive guidance on this point, subject to volume, manner of sale, and other limitations of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates of New Gaylord after the Distribution generally include individuals or entities that control, are controlled by, or are under common control with New Gaylord, and may include the directors and executive officers of New Gaylord as well as any principal stockholder of New Gaylord. See "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

## DIVIDEND POLICY

After the Distribution, the Board of Directors of New Gaylord intends to establish a policy of declaring and paying regular quarterly cash dividends on the New Gaylord Common Stock, although the amount of such dividends has not yet been determined. The payment and amount of future dividends will be within the discretion of the Board of Directors and will depend upon New Gaylord's future earnings, financial condition, capital requirements, and other factors, including any limitations under then-existing credit facilities. Pursuant to the Restructuring, all of Old Gaylord's long-term debt, including bank indebtedness, will be assumed by New Gaylord. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- New Gaylord Credit Facility." New Gaylord believes that any contractual restrictions on the payment of dividends required by its lenders will not materially limit New Gaylord's ability to pay currently anticipated cash dividends.

Old Gaylord has historically paid regular quarterly cash dividends. In the first and second quarters of 1995, Old Gaylord paid a dividend of \$.073 per share with respect to the outstanding Old Gaylord Common Stock. For the third and fourth quarters of 1995, Old Gaylord paid a \$.076 per share dividend with respect to its outstanding Old Gaylord Common Stock. Old Gaylord paid a dividend of \$.086 per share of outstanding Old Gaylord Common Stock for the first and second quarters of 1996, \$.09 per share for the third quarter of 1996, and \$.10 per share for the fourth quarter of 1996 and the first and second quarters of 1997. The foregoing cash dividend amounts for 1995 and for the first two quarters of 1996 have been adjusted to reflect 5% stock dividends paid in June 1995 and June 1996.

THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER

This section of the Information Statement describes certain aspects of the Recapitalization, the Restructuring, the Distribution, and the Merger. This description does not purport to be complete and is qualified in its entirety by reference to the agreements (including the Merger Agreement and the form of Distribution Agreement) which are attached as Annexes to the Proxy Statement/Prospectus.

REASONS FOR THE TRANSACTIONS

For information concerning the background and reasons for the Transactions, see "THE MERGER -- Background of the Merger," "-- The Company's Reasons for the Merger; Recommendation of its Board of Directors," and "THE COMPANY DISTRIBUTION AND RELATED TRANSACTIONS -- General" in the Proxy Statement/Prospectus. As stated therein, the Old Gaylord Board of Directors believes that the Transactions, taken together, will permit the Old Gaylord stockholders to continue to be involved in the New Gaylord Business while also providing them with the opportunity to participate in the growth of the Cable Networks Business as shareholders of Westinghouse. The structure of the Transactions was designed to enable (i) Old Gaylord to transfer the Cable Networks Business to Westinghouse on a tax-free basis, and (ii) Old Gaylord's stockholders to receive the proceeds of such transfer on a tax-free basis while addressing Westinghouse's objective of effecting a transaction that would result in stock being issued directly to Old Gaylord's stockholders.

THE RECAPITALIZATION

Prior to the Distribution, New Gaylord will effect the Recapitalization pursuant to which New Gaylord will amend and restate its Certificate of Incorporation to, among other things, (i) authorize one class of common stock of New Gaylord, (ii) increase the currently authorized number of shares of common stock of New Gaylord to 150,000,000 shares of New Gaylord Common Stock, (iii) convert the 1,000 shares of New Gaylord common stock, \$100.00 par value, currently outstanding into that number of shares of New Gaylord Common Stock equal to one-third the total number of shares of Old Gaylord Common Stock outstanding immediately prior to the Record Date, and (iv) authorize 100,000,000 shares of the Preferred Stock. See "DESCRIPTION OF CAPITAL STOCK." Based on the number of shares of Old Gaylord Common Stock outstanding on July 15, 1997 the 1,000 shares of New Gaylord common stock currently outstanding would be converted into 32,425,230 shares of New Gaylord Common Stock, all of which will be distributed to Old Gaylord's stockholders in the Distribution.

THE RESTRUCTURING

Prior to the Distribution, Old Gaylord will effect a series of mergers, asset and stock transfers, and liability assumptions among itself and its subsidiaries. The purpose and effect of the Restructuring is to separate the New Gaylord Business, which is not being acquired by Westinghouse in the Merger, from the Cable Networks Business. In connection with the Restructuring, New Gaylord will, or will cause one of its subsidiaries to, assume all liabilities of Old Gaylord and its subsidiaries, including all of Old Gaylord's long-term debt, other than certain liabilities to the extent that they arise out of the Cable Networks Business, which Old Gaylord will, or will cause one of its subsidiaries to, retain or assume.

Following the Restructuring, the assets transferred to or retained by Old Gaylord or one of its subsidiaries and to be acquired by Westinghouse in the Merger will consist principally of all of the assets that are used, or are being held for use, in the Cable Networks Business (excluding certain specified assets), including, but not limited to: (i) TNN and CMT; (ii) all of Old Gaylord's contractual rights and obligations under the programming contracts for programs (a) produced for and originally aired on TNN and/or CMT, or (b) licensed from a third party for exhibition on TNN or CMT; (iii) all of Old Gaylord's right, title, and interest in and to the program inventory in its inventory tape library that was produced for and originally aired on TNN and/or CMT; and (iv) all of Old Gaylord's right, title, and interest in and to certain trademarks and other registered intellectual property relating primarily to the Cable Networks Business. The Distribution Agreement provides that certain assets that are or may be used or held for use in the Cable Networks Business prior to the closing date of the Merger (the "Merger Closing Date") will be transferred to or retained by New Gaylord, including, but not limited to: (i) all prepaid insurance amounts; (ii) Old Gaylord's indirect ownership interest in the Wildhorse Saloon and related entities; (iii) certain specified assets related to CMT International and Z Music; (iv) the cash surrender value of all

life insurance policies owned by Old Gaylord or any of its subsidiaries; (v) the Opryland Productions Duplicating Services service mark; (vi) all real property and related improvements (excluding certain properties listed in the Distribution Agreement) owned by, used by, or in any way related to the Cable Networks Business; (vii) certain shared computer software; and (viii) one Astra jet aircraft.

#### THE DISTRIBUTION

Upon completion of the Restructuring and on the day prior to the effective time of the Merger, Old Gaylord will effect the Distribution by distributing pro rata to each holder of record of Old Gaylord Common Stock as of the Record Date certificates representing that number of shares of New Gaylord Common Stock equal to one-third the number of shares of Old Gaylord Common Stock held by such holder. Cash will be distributed in lieu of any fractional shares of New Gaylord Common Stock. See "-- Manner of Effecting the Distribution."

The Board of Directors of Old Gaylord has formally declared the Distribution and authorized Old Gaylord to effect the Distribution on the day prior to the effective time of the Merger subject to the satisfaction or waiver of all the conditions to the consummation of the Merger, other than the consummation of the Distribution. The Distribution will occur only if, and at such time as, such conditions are satisfied and the Merger is about to occur. See " -- Conditions."

#### MANNER OF EFFECTING THE DISTRIBUTION

Old Gaylord will effect the Distribution by delivering share certificates for New Gaylord Common Stock to SunTrust Bank, Atlanta as the distribution agent (the "Distribution Agent"), for delivery on a pro rata basis to the holders of Old Gaylord Common Stock as of the close of business on the Record Date without further action by such holders. It is expected that the Distribution Agent will begin mailing share certificates representing the New Gaylord Common Stock as soon as practicable after the Distribution. The Distribution will be deemed effective upon notification by Old Gaylord to the Distribution Agent that the Distribution has been declared and that the Distribution Agent is authorized to proceed with the distribution of New Gaylord Common Stock. All shares of New Gaylord Common Stock to be distributed in the Distribution will be fully paid, nonassessable, and free of preemptive rights. See "DESCRIPTION OF CAPITAL STOCK."

No fractional shares of New Gaylord Common Stock will be distributed in the Distribution. Old Gaylord stockholders who otherwise would be entitled to receive fractional shares of New Gaylord Common Stock in the Distribution will receive a number of shares of New Gaylord Common Stock equal to the next lower number of shares of Old Gaylord Common Stock from the number of shares actually held by such holder which is evenly divisible by three. All fractional shares of New Gaylord Common Stock that otherwise would have been distributed to such holders of Old Gaylord Common Stock will be aggregated and sold in the open market as soon as practicable after the Time of Distribution and the holders otherwise entitled to such fractional shares will receive their pro rata share of the proceeds of such sale in lieu of such fractional shares.

No holder of Old Gaylord Common Stock will be required to pay any cash or any other consideration for the shares of New Gaylord Common Stock to be received in the Distribution or to surrender or exchange shares of Old Gaylord Common Stock in order to receive shares of New Gaylord Common Stock.

THE DISTRIBUTION AGENT WILL SEND YOU YOUR NEW GAYLORD STOCK CERTIFICATES FOLLOWING CONSUMMATION OF THE DISTRIBUTION.

#### CONDITIONS

The obligation of Old Gaylord to consummate the Distribution is subject to the fulfillment or waiver of each of the following conditions: (i) the Recapitalization shall have been consummated in accordance with the terms of the Distribution Agreement in all material respects; (ii) the Tax Disaffiliation Agreement shall have been executed and delivered by each of Old Gaylord, New Gaylord, and Westinghouse; (iii) the Restructuring shall have been consummated in accordance with the terms of the Distribution Agreement in all material respects; (iv) each condition to the closing of the Merger set forth in the Merger Agreement, including, but not limited to, the receipt of the Tax Rulings and the execution and delivery of the Post-Closing Covenants Agreement by each of Westinghouse, Old Gaylord, New Gaylord, and certain of New Gaylord's subsidiaries other than (a) the condition to each party's obligations set forth therein as to the consummation of the transactions contemplated by the Distribution Agreement and (b) the condition to Westinghouse's obligation set forth therein as to the satisfaction

of conditions contained in the Distribution Agreement, shall have been satisfied or waived by the party for whose benefit such provision exists; and (v) the Board of Directors of Old Gaylord shall be reasonably satisfied that, after giving effect to the Restructuring, (a) Old Gaylord will not be insolvent and will not have unreasonably small capital with which to engage in its businesses and (b) Old Gaylord's surplus will be sufficient to permit the Distribution, without violation of Section 170 of the General Corporation Law of the State of Delaware. See "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES." See also "THE COMPANY DISTRIBUTION AND RELATED TRANSACTIONS -- Conditions to Consummation of the Distribution," "THE MERGER AGREEMENT -- Conditions to Each Party's Obligation to Effect the Merger," "-- Conditions to Obligations of Westinghouse and Sub," "-- Conditions to Obligations of the Company" in the Proxy Statement/Prospectus.

#### THE MERGER

At the effective time of the Merger, Sub will be merged with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly owned subsidiary of Westinghouse. The Per Share Merger Consideration to be received by Old Gaylord's stockholders in the Merger will be equal to (i) the quotient of (x) \$1.55 billion divided by (y) the number of shares of Old Gaylord Common Stock issued and outstanding immediately prior to the effective time of the Merger, divided by (ii) the average of the daily closing prices per share of Westinghouse Common Stock as reported on the NYSE Composite Transactions List for the 15 consecutive full NYSE trading days immediately preceding the third full NYSE trading day prior to the effective time of the Merger; provided, that Westinghouse will not be required to issue more than 110 million shares of Westinghouse Common Stock in the Merger (or 88 million shares in the unlikely event that Westinghouse consummates the Westinghouse Distribution prior to the effective time of the Merger). If the issuance of 110 million shares (or 88 million shares, as the case may be) of Westinghouse Common Stock would result in Old Gaylord's stockholders receiving shares with an aggregate value of less than \$1.55 billion (calculated in accordance with the Merger Agreement as described above), then Old Gaylord would have the right to terminate the Merger Agreement, subject to Westinghouse's right to issue additional shares. Based on the average of the daily closing prices per share of Westinghouse Common Stock as reported on the NYSE Composite Transactions List for the 15-day trading period ended July 15, 1997, and on the number of shares of Old Gaylord Common Stock outstanding on that date, the Per Share Merger Consideration would have been 0.673 shares of Westinghouse Common Stock. The actual Per Share Merger Consideration at the effective time of the Merger may be greater or less than the above number.

Old Gaylord and Westinghouse currently anticipate that the Merger will be consummated prior to the Westinghouse Distribution. In such event, stockholders of Old Gaylord who become shareholders of Westinghouse in connection with the Merger and who continue to hold their shares of Westinghouse Common Stock on the record date for the Westinghouse Distribution will be entitled to participate in the Westinghouse Distribution on the same basis as all other shareholders of Westinghouse.

The foregoing is a brief summary of certain terms of the Merger. A more complete description of the Merger and the Merger Agreement may be found in the Proxy Statement/Prospectus.

#### POST-CLOSING COVENANTS AGREEMENT

Pursuant to the Merger Agreement and prior to the Distribution, Old Gaylord, New Gaylord, certain of New Gaylord's subsidiaries, and Westinghouse will enter into the Post-Closing Covenants Agreement, which will provide, among other things, (i) that New Gaylord and certain of its subsidiaries will indemnify Westinghouse and its affiliates against certain losses and liabilities and Westinghouse will indemnify New Gaylord and its affiliates against certain losses and liabilities; (ii) that New Gaylord and its subsidiaries will not engage in certain specified activities that would constitute competition with the Cable Networks Business (see "THE BUSINESS OF NEW GAYLORD -- Competition -- Cable Networks"), and Westinghouse will not engage in certain activities that would constitute competition with CMT International; and (iii) for a post-closing adjustment based on the level of working capital of the Cable Networks Business. See "THE POST-CLOSING COVENANTS AGREEMENT" in the Proxy Statement/Prospectus for a more complete description of the Post-Closing Covenants Agreement.



## TAX DISAFFILIATION AGREEMENT

Pursuant to the Merger Agreement and prior to the Distribution, New Gaylord, Old Gaylord, and Westinghouse will enter into the Tax Disaffiliation Agreement, which will set forth each party's rights and obligations with respect to U.S. Federal, state, local, and foreign taxes for periods before and after the Merger, and related matters such as the filing of tax returns and the conduct of audits and other tax proceedings. In general, under the Tax Disaffiliation Agreement, New Gaylord will be responsible for any tax liability of Old Gaylord and its subsidiaries for any taxable period (or portion thereof) ending on or prior to the date of the Merger; any tax liability of New Gaylord and its subsidiaries for any taxable period (or portion thereof) beginning after the Merger; and certain other tax liabilities imposed on Westinghouse or any of its subsidiaries after the Merger that are related to the tax position of Old Gaylord or its subsidiaries at the time of the Merger. In addition, Westinghouse will generally be responsible for all tax liabilities of Westinghouse and its subsidiaries for any taxable period (or portion thereof) beginning after the Merger. See "THE TAX DISAFFILIATION AGREEMENT" in the Proxy Statement/Prospectus for a more complete description of the Tax Disaffiliation Agreement.

## RELATIONSHIPS WITH OLD GAYLORD AND WESTINGHOUSE FOLLOWING THE DISTRIBUTION AND THE MERGER

Prior to the Distribution, New Gaylord will enter into various agreements described below with Old Gaylord relating to the future relationship between New Gaylord and Old Gaylord after the Transactions. The net cost of these arrangements, if any, is not expected to be material to New Gaylord. For the purposes of this section, New Gaylord includes one or more of its subsidiaries and Old Gaylord includes one or more of its subsidiaries, in each case after giving effect to the Restructuring.

**Leases.** New Gaylord and Old Gaylord will enter into various five-year leases of certain properties which are currently used by the Cable Networks Business but which will be transferred to or retained by New Gaylord in the Restructuring. Each of the leases will be on the terms set forth in the Annexes to the Distribution Agreement.

**Production and Promotional Services.** New Gaylord and Old Gaylord will enter into an agreement whereby Old Gaylord will provide to New Gaylord certain production, exhibition, and promotional services, on the terms set forth in the Annexes to the Distribution Agreement, including but not limited to: (i) producing and exhibiting, at Old Gaylord's expense, the program "Grand Ole Opry Live," which will consist of (a) airing Grand Ole Opry Live, on a weekly basis for a period of five years from the Merger Closing Date, and (b) promoting the program on TNN and otherwise; and (ii) for so long as New Gaylord retains a 33 1/3% or greater ownership interest in the Wildhorse Saloon, (a) producing and exhibiting in prime-time at least four one-hour television specials originating from the Wildhorse Saloon in each year for a period of five years from the Merger Closing Date, (b) promoting such specials on TNN and otherwise, and (c) providing additional ongoing promotion of the Wildhorse Saloon on TNN and CMT.

**Promotional Advertising Services.** New Gaylord and Old Gaylord will enter into an agreement whereby Old Gaylord will provide to New Gaylord, for a period of five years from the Merger Closing Date, certain promotional advertising services for the New Gaylord Business, on terms set forth in the Annexes to the Distribution Agreement, including, but not limited to: (i) exhibiting eight 30-second commercial announcements per day on TNN, inserted in local breaks throughout the day, and (ii) exhibiting five 30-second commercial announcements on CMT, inserted in local breaks throughout the day.

**Intercompany Services to CMT International.** New Gaylord and Old Gaylord will enter into an agreement whereby Old Gaylord will provide, at New Gaylord's request, for a period of five years from the Merger Closing Date, certain programming, operating, and management services to CMT International on the terms set forth in the Annexes to the Distribution Agreement.

**Transponder Use.** Westinghouse, as successor in interest to Group W Television, Inc., will provide to Z Music, for a period of five years from the Merger Closing Date, the use of the GI-R transponder number 6 (the "Transponder") for distribution of Z Music. Furthermore, Old Gaylord will provide uplink services to Z Music from Nashville, Tennessee, for such five-year period, regardless of whether the use of the Transponder is terminated earlier.

Trademark License Agreements. New Gaylord and Old Gaylord will enter into various license agreements whereby: (i) Old Gaylord will grant to New Gaylord the exclusive, irrevocable, perpetual, royalty-free right to use all CMT trademarks and service marks in jurisdictions other than the United States and Canada, and (ii) New Gaylord will grant to Old Gaylord the exclusive, worldwide, royalty-free right to use, for a period of one year from the Merger Closing Date, the Opryland Productions Duplicating Services service mark (with mandolin design), in each case on the terms set forth in the Annexes to the Distribution Agreement.

Software License Agreement. New Gaylord and Old Gaylord will enter into an agreement whereby New Gaylord will grant to Old Gaylord the non-exclusive, worldwide, perpetual, irrevocable, royalty-free license to use certain software packages, in each case on the terms set forth in the Annexes to the Distribution Agreement.

Transition Services Agreements. New Gaylord and Old Gaylord will enter into an agreement whereby New Gaylord, at the request and expense of Old Gaylord, will provide, for a period of five years from the Merger Closing Date (unless otherwise stated in the Annexes to the Distribution Agreement), certain goods and services on terms set forth in the Annexes to the Distribution Agreement, including, but not limited to, access to and use of the Opryland Hotel, the Opry House, the Wildhorse Saloon, the Opryland theme park, and the Ryman Auditorium.

Furthermore, New Gaylord and Old Gaylord will also enter into an agreement whereby Old Gaylord, at the request and expense of New Gaylord, will provide, for a period of five years from the Merger Closing Date (unless otherwise stated in the Annexes to the Distribution Agreement), certain goods and services on terms set forth in the Annexes to the Distribution Agreement, including, but not limited to, access to and use of its production facilities, studio, edit, post-production, remote units, and staff.

#### NEW GAYLORD CREDIT FACILITY

Pursuant to the Restructuring, New Gaylord will assume all of Old Gaylord's long-term indebtedness, which, as of June 30, 1997, aggregated approximately \$354 million. In that regard, New Gaylord will assume all of Old Gaylord's obligations under a revolving credit facility entered into by Old Gaylord in August 1997 (the "1997 Credit Facility").

The lenders under the 1997 Credit Facility are a syndicate of banks with NationsBank of Texas, N.A., acting as agent (the "Agent"). The maximum amount that can be borrowed under the 1997 Credit Facility is \$600 million. The final maturity of the 1997 Credit Facility is August 2002. The 1997 Credit Facility is unsecured and guaranteed by certain New Gaylord subsidiaries.

Amounts outstanding under the 1997 Credit Facility bear interest at a rate, at Old Gaylord's (and after the Restructuring and the Distribution, New Gaylord's) option, equal to either (i) the higher of the Agent's prime rate or the federal funds rate plus 1/2%, or (ii) LIBOR plus a margin ranging from .40% to 1% depending on New Gaylord's ratio of debt to capitalization or debt ratings. In addition, New Gaylord will be required to pay a commitment fee ranging between .125% and .25% per year, also depending on the ratio of debt to capitalization or debt ratings, on the average unused portion of the 1997 Credit Facility and an annual administrative fee to the Agent.

The 1997 Credit Facility will require New Gaylord to maintain certain financial ratios and minimum stockholders' equity levels and will be subject to limitations on, among other things, mergers and sales of assets, additional indebtedness, dividends and stock repurchases, liens, and transactions with affiliates.

#### EXPENSES

Regardless of whether the Distribution and the Merger are consummated, all fees, costs, and expenses incurred in connection with the Transactions will be paid by the party incurring such fees, costs, and expenses, except that each of Westinghouse and Old Gaylord will bear and pay one-half of (i) the fees, costs, and expenses incurred in connection with filing, printing, and mailing of the Form S-4, the Registration Statement, and the Proxy Statement/Prospectus, and (ii) all filing fees incurred under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, in connection with the Merger.

If the Merger is consummated, New Gaylord will be responsible for and will pay all expenses of Old Gaylord directly related to the Transactions.

## BUSINESS OF NEW GAYLORD

The following description of the business of New Gaylord gives effect to the Transactions.

## INTRODUCTION AND HISTORY

New Gaylord is a diversified entertainment company emphasizing family values and its country music roots, operating principally in three industry segments: (i) hospitality and attractions; (ii) broadcasting and music; and (iii) cable networks. New Gaylord's predecessor traces its origins to a newspaper publishing business founded in 1903 in the Oklahoma Territory by a group including the Gaylord and Dickinson families. In 1928, New Gaylord's predecessor entered the radio broadcasting business and, in 1949, expanded its broadcasting interests to include television stations. New Gaylord currently owns a television station that is affiliated with the CBS television network and three radio stations. See "-- Broadcasting and Music."

In 1983, New Gaylord's predecessor acquired Opryland USA, an interrelated group of businesses tracing their origins to the Grand Ole Opry music radio show created in 1925, which has become the cornerstone of the company's hospitality and attractions businesses. Opryland USA has developed an entertainment and convention/resort complex in Nashville, Tennessee, that is anchored by the Opry House (the current home of the Grand Ole Opry), the Opryland Hotel, which is one of the nation's largest convention/resort hotels, and the Opryland theme park.

Also in 1983, Opryland USA entered the cable networks business by launching TNN, a cable network with a national audience featuring country lifestyles, entertainment, and sports, and, in 1991, acquired a 67% interest in CMT, a cable network with a 24-hour country music video format. Since TNN's formation and CMT's acquisition, TNN and CMT have been marketed by Westinghouse through certain of Westinghouse's divisions and subsidiaries. An affiliate of Westinghouse also owns the remaining 33% interest in CMT. Both TNN and the U.S. and Canadian operations of CMT will be acquired by Westinghouse in the Merger. The first of the CMT International cable networks was launched in Europe in 1992. CMT International, which programs primarily country music videos, was later expanded into Asia, the South Pacific, and Latin America. In 1994, New Gaylord's predecessor acquired an option to purchase 95% of the outstanding common stock of Z Music, a cable network currently featuring primarily contemporary Christian music videos. New Gaylord currently manages the operations of Z Music. In January 1997, New Gaylord's predecessor acquired the assets of Word, a record and music publishing company featuring primarily contemporary Christian music.

## HOSPITALITY AND ATTRACTIONS

New Gaylord's hospitality and attractions operations consist primarily of an interrelated group of businesses including the Grand Ole Opry, the Opryland Hotel, the Opryland theme park, the Wildhorse Saloon, the Ryman Auditorium, the General Jackson (an entertainment showboat), and other related businesses.

## Convention/Resort Hotel Operations

The Opryland Hotel. The Opryland Hotel, situated on approximately 120 acres in the Opryland complex, is the seventh largest hotel in the United States in terms of number of guest rooms and has more exhibit space per room than any other convention hotel in the world. The Opryland Hotel attracts convention business, which accounted for approximately 78% of the hotel's revenues in each of 1996, 1995, and 1994, from major trade associations and corporations. It also serves as a destination resort for vacationers seeking accommodations in close proximity to the Opryland theme park and the Grand Ole Opry as well as to other attractions in the Nashville area. New Gaylord believes that the ambience created at the Opryland Hotel by combining a state of the art convention facility, live musical entertainment, and old-fashioned Southern hospitality and charm are factors that differentiate it from other convention/resort hotels.

The following table sets forth information concerning the Opryland Hotel for each of the five years in the period ended December 31, 1996.

	YEARS ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992
Average number of guest rooms.....	2,613	1,907	1,878	1,891	1,891
Occupancy Rate.....	84.7%	87.5%	87.9%	85.5%	85.5%
Average Room Rate.....	\$ 131.21	\$ 132.99	\$ 130.15	\$ 126.27	\$ 121.09
Food and beverage revenues (in thousands)...	\$ 59,904	\$ 50,418	\$ 48,694	\$ 46,870	\$ 45,702
Total revenues (in thousands).....	\$196,226	\$153,062	\$147,049	\$140,573	\$133,288

To serve conventions, the Opryland Hotel has 2,883 guest rooms, four ballrooms with approximately 123,900 square feet, 85 banquet/meeting rooms, and total dedicated exhibition space of approximately 289,000 square feet. In addition to extensive convention facilities, the Opryland Hotel features the Delta, a 4.5 acre atrium containing a New Orleans street scene with shops; a 1.5 acre garden conservatory; a 1.5 acre water-oriented interior space called the Cascades; six restaurants; a food court featuring a variety of cuisines; three swimming pools; and twenty-nine retail shops. In the Delta, hotel guests and visitors can take boat rides on the Delta's indoor river. Live entertainment is featured in the Cascades and in the hotel's restaurants and lounges, and special productions for conventions are often staged in the hotel or on the General Jackson showboat. Springhouse Golf Club, New Gaylord's 18-hole championship golf course, attracts conventions requiring the availability of golf and makes the hotel more attractive to vacationers. The Springhouse Golf Club also hosts an annual Senior PGA Tour event, the BellSouth Senior Classic at Opryland, which is televised on NBC.

The Opryland Hotel directs its convention marketing efforts primarily to major trade, industry, and professional associations and corporations. New Gaylord believes that the primary factors in successfully marketing the Opryland Hotel to meeting planners have been the reputation of the Opryland Hotel's services and facilities; the Opryland Hotel's ability to offer comprehensive convention services at a single facility; the quality and variety of entertainment and activities available at the hotel and in the Opryland complex generally; and the central location of Nashville within the United States. The Opryland Hotel typically enters into contracts for conventions several years in advance. To date, Opryland Hotel has experienced a minimal number of cancellations. Conventions that cancel are contractually required to pay certain penalties and face the possible loss of future convention space at the hotel. As of April 30, 1997, convention bookings for the balance of 1997 and for 1998 were for approximately 578,000 and 676,000 guest room nights, respectively, representing 82% and 64%, respectively, of the available guest room nights for such periods.

New Gaylord also markets the Opryland Hotel as a destination resort through national and local advertising and a variety of promotional activities. As part of its marketing activities, New Gaylord advertises promotional "packages" on TNN and CMT and through other media. Such promotions include a "Country Winter Celebration," "Spring into Summer," the International Country Music Fan Fair Celebration in June of each year, and "A Country Christmas," which runs each year from early November through Christmas Day. The Country Christmas program has contributed to the hotel's high occupancy rate during the month of December (approximately 84%, 90%, and 91% of available guest room nights during December 1996, 1995, and 1994, respectively), traditionally a slow period for the hotel industry. Following the Merger, New Gaylord will continue to have access to promotional spots on TNN and CMT, consistent with past practices, allowing New Gaylord to promote the Opryland Hotel and other properties on these cable networks for a period of five years. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Relationships with Old Gaylord and Westinghouse Following the Distribution and Merger."

The General Jackson. The General Jackson, a 300-foot, four-deck paddle wheel showboat, operates 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. It is one of many sources of entertainment that New Gaylord makes available to conventions held at the Opryland Hotel and contributes to New Gaylord's revenues from convention participants. During the day it serves primarily tourists visiting the Opryland complex and the Nashville area.

## Opryland Theme Park

The Opryland theme park is a musical show park that emphasizes live productions of country, rock 'n' roll, gospel, bluegrass, and Broadway show tunes. The 218-acre park consists of approximately 80 acres of developed in-park entertainment area, 30 acres of support facilities, 70 acres of parking lot, and 38 acres of contiguous undeveloped land. The park has 11 theaters, bandstands, and other facilities where it can stage musical productions. These facilities, including a 4,000-seat amphitheater and an additional 2,200-seat theater, have a total seating capacity of approximately 12,000. The park can simultaneously stage up to 11 musical shows and, during the summer months, presents up to 50 shows each day. The amphitheater is also used regularly for television productions and other events. "Nashville On Stage," a series of live concerts, is slated for its fourth year of operation during the 1997 season. From May to August 1997, top-name music stars, including The Oak Ridge Boys, Billy Ray Cyrus, The Temptations, and Sandi Patty are scheduled to perform at the park.

New Gaylord believes that its attention to, and emphasis on, live entertainment productions are the principal factors that differentiate the Opryland theme park from other amusement and theme parks. In addition to offering shows and other live entertainment, the park operates 21 rides as well as shops, restaurants, children's play areas, and other facilities. New Gaylord makes regular capital improvements in the form of new rides and attractions. The park also features the Grand Ole Opry Museum and other museums containing memorabilia collections of country music legends Roy Acuff and Minnie Pearl. These museums are located in the Opry Plaza area of the park, which remains open year round. The park has a broadcast studio from which New Gaylord's radio station WSM-FM is broadcast. With certain exceptions, such as "Nashville on Stage" concerts, visitors to the park purchase a single ticket for a full day's admission to all of the park's entertainment and attractions.

The park operates on weekends in the spring and the autumn and seven days a week in the summer. In recent years, the "Christmas in the Park" program during November and December has provided an additional attraction for the Country Christmas program at the Opryland Hotel, extending the park's operating season.

The following table sets forth certain information concerning the park. "Revenues per visitor" include revenues from tickets, food and beverage sales, and sales of retail merchandise. "Total attendance" and "Revenues per visitor" include paying and non-paying visitors. "Average ticket price" includes paying visitors only. The data set forth for 1993 through 1996 below includes results of the "Christmas in the Park" program during which the revenues per visitor and ticket prices were significantly less than during the park's other operating periods.

	YEARS ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992
Total attendance (in thousands).....	1,980	2,100	2,266	2,247	2,023
Revenues per visitor.....	\$26.73	\$27.66	\$26.52	\$24.11	\$25.49
Average ticket price.....	\$15.60	\$16.34	\$15.15	\$14.01	\$15.05
Number of operating days.....	190	197	218	190	147

## Country Music Entertainment

The Grand Ole Opry. The Grand Ole Opry, the most widely known platform for country music in the world, is a live country music show with performances every Friday and Saturday night and frequent summer matinees. The Opry House, home of the Grand Ole Opry, is located in the Opryland complex. The show is radio broadcast by WSM-AM every Friday and Saturday night from the Opry House, and TNN telecasts a 30-minute live segment every Saturday night together with a 30-minute live segment of the warm-up preceding the show. Following the Merger, the 30-minute live segment of the Grand Ole Opry will continue to be shown on TNN for five years. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Relationships with Old Gaylord and Westinghouse Following the Distribution and Merger." The show has been radio broadcast since 1925 on WSM-AM, making it the longest running live radio program in the world. During the summer months, the Grand Ole Opry, which requires the purchase of a separate admission ticket, is a complementary attraction to the live shows in the Opryland theme park.

The Grand Ole Opry currently has 72 performing members who are stars or other notables in the country music field. Members perform at the Grand Ole Opry and there are no financial inducements attached to membership in the Grand Ole Opry other than the prestige associated with membership. In addition, the Grand Ole Opry presents performances by many other country music artists. The following is a list of the current members of the Grand Ole Opry (including year of membership).

## MEMBERS OF THE GRAND OLE OPRY

Bill Anderson -- 1961	Jan Howard -- 1972	Charley Pride -- 1993
Ernie Ashworth -- 1964	Alan Jackson -- 1991	Jeanne Pruett -- 1973
Clint Black -- 1991	Stonewall Jackson -- 1956	Del Reeves -- 1966
Garth Brooks -- 1990	Jim & Jesse -- 1964	Riders In The Sky -- 1982
Jim Ed Brown -- 1963	George Jones* -- 1969	Johnny Russell -- 1985
The Carlisles -- 1953	Grandpa Jones* -- 1947	Jeannie Seely -- 1967
Roy Clark -- 1987	Hal Ketchum -- 1994	Ricky Van Shelton -- 1988
Jerry Clower -- 1973	Pete Kirby ("Bashful Brother Oswald") -- 1995	Jean Shepard -- 1955
John Conlee -- 1981	Alison Krauss -- 1993	Ricky Skaggs -- 1982
Wilma Lee Cooper -- 1957	Hank Locklin -- 1960	Melvin Sloan Dancers -- 1957
Skeeter Davis -- 1959	Charlie Louvin -- 1955	Connie Smith -- 1971
Little Jimmy Dickens* -- 1948	Patty Loveless -- 1988	Mike Snider -- 1990
Joe Diffie -- 1993	Loretta Lynn* -- 1962	Hank Snow* -- 1950
Roy Drusky -- 1958	Martina McBride -- 1995	Marty Stuart -- 1992
Holly Dunn -- 1989	Mel McDaniel -- 1986	Randy Travis -- 1986
The 4 Guys -- 1967	Reba McEntire -- 1985	Travis Tritt -- 1992
Larry Gatlin & The Gatlin Brothers Band -- 1976	Barbara Mandrell -- 1972	Justin Tubb -- 1955
Don Gibson -- 1958	Ronnie Milsap -- 1976	Porter Wagoner -- 1957
Vince Gill -- 1991	Lorrie Morgan -- 1984	Billy Walker -- 1960
Billy Grammar -- 1959	Jimmy C. Newman -- 1956	Charlie Walker -- 1967
Jack Greene -- 1967	Osborne Brothers -- 1964	Steve Wariner -- 1996
Tom T. Hall -- 1980	Dolly Parton -- 1969	The Whites -- 1984
George Hamilton IV -- 1960	Stu Phillips -- 1967	Teddy Wilburn -- 1953
Emmylou Harris -- 1992	Ray Pillow -- 1966	Boxcar Willie -- 1981

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\* Members of the Country Music Hall of Fame.

The Opry House, which was built in 1974 to replace the Ryman Auditorium as the home of the Grand Ole Opry, contains a 45,000 square foot auditorium with 4,400 seats, a television production center that includes a 300-seat studio as well as lighting, audio, and video control rooms, and set design and scenery shops. The Opry House is used by New Gaylord for the production of television and other programming and for 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 the Opryland Hotel for convention entertainment and events. Following the Merger, the Cable Networks Business will have continued access to and use of the Opry House and certain other properties owned by New Gaylord. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Relationships with Old Gaylord and Westinghouse Following the Distribution and the Merger."

The Wildhorse Saloon. Since 1994, New Gaylord has operated the Wildhorse Saloon, a country music dance club on historic Second Avenue in downtown Nashville. The three-story, 56,000 square-foot facility includes a 3,000 square foot dance floor, a 190-seat restaurant and banquet facility, and a 15 x 22 foot television screen featuring, among other things, country music videos. The club also has a broadcast-ready stage and facilities to house mobile production units from which broadcasts of live concerts may be distributed nationwide. New Gaylord owns 51% of a joint venture with Levy Restaurants Group ("Levy"), which was established to expand the Wildhorse Saloon concept to major, high-profile tourism cities around the country. Levy will provide

restaurant management expertise and oversee day-to-day operations, site selections, and lease negotiations for the restaurants. Cities currently under consideration for expansion of the Wildhorse Saloon concept include Atlanta, Dallas, Las Vegas, Los Angeles, Orlando, and Washington, D.C. Following the Merger, the Wildhorse Saloon will receive continued exposure and promotion on TNN for a period of five years, including the airing of four shows annually on TNN to originate from the Wildhorse Saloon. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Relationships with Old Gaylord and Westinghouse Following the Distribution and the Merger."

Ryman Auditorium. In 1994, New Gaylord re-opened the renovated Ryman Auditorium, the former home of the Grand Ole Opry, for concerts and musical productions, including musicals produced by New Gaylord such as "Always Patsy Cline" and the currently-running "Lost Highway," a tribute to the life and music of Hank Williams. The Ryman Auditorium, built in 1892, is listed on the National Register of Historic Places and seats approximately 2,100. Recent performers at the Ryman Auditorium include James Brown, Bob Dylan, Amy Grant, Lyle Lovett, Ricky Skaggs, and Bruce Springsteen.

## BROADCASTING AND MUSIC

### Television Stations

New Gaylord and its predecessor have been engaged in television broadcasting since 1949, at one time owning as many as seven television stations. As of December 31, 1996, New Gaylord owned and operated two television stations: KTVT (Dallas-Fort Worth, Texas), and KSTW (Tacoma-Seattle, Washington), which have been affiliated with the CBS television network since 1995. In June 1997, New Gaylord consummated the sale of KSTW for \$160 million in cash.

As of November 1996, based on the Nielsen Station Index produced by the A.C. Nielsen Company ("Nielsen"), KTVT, broadcasting on channel 11, was the fourth ranked station, out of 13 commercial stations, in the Dallas-Fort Worth Designated Market Area ("DMA"), which is an exclusive geographic area consisting of all counties in which the local stations receive a preponderance of total viewing hours. The Dallas-Fort Worth DMA, consisting of 1.85 million television households, is the eighth largest DMA in the United States. KTVT's broadcast license issued by the Federal Communications Commission (the "FCC") expires in August 1998, but is expected to be renewed. See "-- Regulation and Legislation."

KTVT has historically generated revenues from local, regional, and national spot advertising. The majority of local, regional, and national spot advertising contracts are short-term, generally running for only a few weeks. Advertising rates charged by a television station are based primarily upon the demographics and number of television households in the area served by the station, as well as the station's ability to attract audiences as reflected in surveys made by Nielsen. DMA data, which is published by Nielsen, is a significant factor in determining television advertising rates. Rates are highest during the most desirable viewing hours (generally between 5:00 p.m. and midnight). The rates for local and national advertising are determined by KTVT. Local advertising spots are sold by KTVT's sales personnel and national advertising spots are sold by HRP, Inc., the national advertising sales agent for KTVT. Pursuant to an affiliation agreement with CBS, KTVT receives cash compensation and network programming from CBS (which represents the majority of the programming for KTVT). In turn, the affiliation agreement entitles CBS to a portion of the advertising spots on KTVT. Accordingly, KTVT now has fewer advertising spots to sell than it did prior to July 1995, when it was an independent television station.

### Radio Stations

WSM-AM and WSM-FM. New Gaylord's radio stations WSM-AM and WSM-FM commenced broadcasting in 1925 and 1967, respectively. New Gaylord's involvement 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. New Gaylord has radio broadcast studios in the Opryland Hotel, at the Opryland theme park, and at the Wildhorse Saloon.

WWTN-FM. In 1995, New Gaylord acquired the assets of radio station WWTN-FM, operated out of Nashville, Tennessee, which has a news/talk/sports format.

#### Music

Word Entertainment. In January 1997, New Gaylord's predecessor acquired the assets of Word for \$120 million, which included approximately \$40 million of working capital. Word is one of the largest contemporary Christian music companies in the world, with nine recording labels featuring artists such as Amy Grant, Shirley Caesar, Sandi Patty, and Point of Grace. Other significant Word operations include print and hymnal music sales, distribution of music and video products owned by third parties, and music publishing, including a 40,000 song catalog. Word produces a wide variety of traditional and contemporary Christian inspirational music, including adult contemporary, pop, country, rock, gospel, praise and worship, rap, metal, and rhythm and blues, with an emphasis on positive, inspirational, and family values themes. In addition, Word produces master recordings of classical music and is a leading supplier of value-priced Christmas music to mass market, convenience, and specialty stores.

In April 1997, New Gaylord announced the acquisition of Blanton/Harrell Entertainment, an international management company which, together with Word and Z Music, will anchor New Gaylord's family values entertainment offerings. Blanton/Harrell Entertainment manages primarily Christian music artists, including Word artist Amy Grant, the top-selling contemporary Christian music artist of all time, Michael W. Smith, and Gary Chapman.

Opryland Music Group. Opryland Music Group ("OMG") is primarily engaged in the music publishing business and owns one of the world's largest catalogs of copyrighted country music songs. The OMG catalog also includes popular music, with songs of legendary writers such as Hank Williams, Pee Wee King, Roy Orbison, and Don and Phil Everly. Songs in the OMG catalog have accumulated more country "Song of the Year" awards from the major performing rights organizations than the songs of any other publisher, and the OMG catalog contains more than 40 songs that have been publicly performed over a million times. Standards such as "Oh, Pretty Woman," "Blue Eyes Cryin' in the Rain," and "When Will I Be Loved" are included in the roster of OMG songs. In addition to commercially recorded music, OMG issues licenses for the use of its songs in films, plays, print, commercials, videos, cable, and television. Through various subsidiaries and sub-publishers, OMG collects royalties on licenses granted in a number of foreign countries in addition to its U.S.-based business.

#### CABLE NETWORKS

CMT International. In October 1992, CMT launched CMT International through a new cable network, CMT Europe. CMT International expanded its reach to include portions of Asia and the South Pacific, including Australia and New Zealand, with the launch of a second cable network in 1994. In 1995, CMT International launched its third cable network in Latin America, allowing CMT's satellite signals to potentially reach an estimated 90% of the world's homes with televisions. The programming for CMT International currently consists primarily of country music videos. At December 31, 1996, CMT International had 6.8 million subscribers.

Z Music. In 1994, New Gaylord's predecessor entered into an agreement to manage Z Music in exchange for an option to purchase 95% of Z Music's outstanding capital stock. Z Music, a cable network currently featuring primarily contemporary Christian music videos, is currently available in approximately 19 million U.S. broadcast and cable homes. Z Music's contemporary Christian programming covers a spectrum of musical styles, ranging from inspirational, country and rock videos to spiritual music videos with more overt Christian messages. The Z Music network also programs music news and artists' interviews, featuring artists with strong convictions and a passion for their message. Z Music has recently expanded its programming to include positive, uplifting music by artists that are not necessarily categorized as Christian. Z Music also produces and syndicates radio news features, "Radio Z Buzz," that reach audiences in more than 100 markets across the U.S. New Gaylord anticipates that it will exercise its option to purchase Z Music in 1997.



## ADDITIONAL INTERESTS

Bass Pro Shops. In 1993, New Gaylord's predecessor purchased a minority interest in a partnership that owns and operates Bass Pro Shops, a leading retailer of premium outdoor sporting goods and fishing tackle. Bass Pro Shops serves its customers through an extensive mail order catalog operation, a 185,000-square-foot retail center in Springfield, Missouri, and an additional retail store in Atlanta, Georgia. Bass Pro Shops currently has four new stores under construction, including one in Nashville adjacent to the Opryland Hotel. The partnership also owns a two-thirds interest in Tracker Marine, a manufacturer of fiberglass and aluminum fishing boats, which are sold through the Bass Pro Shops catalogs and by means of wholesale distribution to authorized dealers. New Gaylord's properties are featured in the approximately 40 million Bass Pro Shops catalogs published annually. New Gaylord also provides hotel consulting services to Bass Pro Shops' Big Cedar Lodge, a 1,250 acre resort development on Table Rock Lake located in the Ozark Mountains in southern Missouri.

Texas Rangers Baseball Club. New Gaylord owns a 10% interest in B/R Rangers Associates, Ltd., a limited partnership that owns the Texas Rangers major league baseball club, the American League West Division Champions in 1996.

## COMPETITION

## Hospitality and Attractions

New Gaylord's hospitality and attractions operations compete with all other forms of entertainment, lodging, and recreational activities. In addition to the competitive factors outlined below for each of New Gaylord's businesses within the hospitality and attractions segment, the success of the hospitality and attractions segment is dependent upon certain factors beyond New Gaylord's control including economic conditions, amount of available leisure time, transportation costs, public taste, and weather conditions.

The Opryland Hotel competes with other hotels throughout the United States and abroad, including many hotels operated by companies with greater financial, marketing, and human resources than New Gaylord. Principal factors affecting competition within the convention/resort hotel industry include the hotel's reputation, quality of facilities, location and convenience of access, price, and entertainment. The hotel business is management and marketing intensive, and the Opryland Hotel competes with other hotels throughout the United States for high quality management and marketing personnel. Although the Opryland Hotel has historically enjoyed a relatively low rate of turnover among its managerial and marketing personnel, there can be no assurance that it will continue to be able to attract and retain high quality employees with managerial and marketing skills. The hotel also competes with other employers for nonmanagerial employees in the Middle Tennessee labor market, which recently has had a low level of unemployment. The low unemployment rate makes it difficult to attract qualified nonmanagerial employees and has been a substantial factor in the high turnover rate among those employees.

The principal competitive factors in the amusement park industry generally include the uniqueness and perceived quality of the rides and attractions in a particular park; its proximity to densely populated areas; the atmosphere, cleanliness, and safety of a park; the quality of food and beverages; and available entertainment. New Gaylord believes that its attention to, and emphasis on, live musical productions is one of the factors that differentiates the Opryland theme park from other amusement and theme parks. Opryland's emphasis on live musical entertainment requires that it compete with other show parks, concert halls, and other forums for live entertainment for musical talent as well as creative and production personnel, who are essential to New Gaylord's operations. In addition, the same factors affecting the hotel's ability to recruit and retain qualified nonmanagerial employees also affect the park.

## Broadcasting and Music

KTVT competes for advertising revenues primarily with television stations serving the same markets, including both independent stations and network-affiliated stations. Advertising rates of KTVT are based principally on the size, market share, and demographic profile of its viewing audience. WSM-AM, WSM-FM,

and WWTN-FM similarly compete for advertising revenues with other radio stations in the same market area on the basis of formats, ratings, market share, and the demographic make-up of their audiences. New Gaylord's television and radio stations also compete with cable networks and local cable channels for both audience share and advertising revenues and with radio, newspapers, billboards, and magazines for advertising revenues. Other sources of present and potential competition are prerecorded video cassettes, direct broadcast satellite services, and multi-channel, multi-point distribution services ("MMDS" also known as "wireless cable"). Management competence and experience, station frequency signal coverage, network affiliation, format effectiveness of programming, sales effort, and level of customer service are all important factors in determining competitive position.

Word competes with numerous other companies that publish and distribute Christian inspirational music, many of which have longer operating histories and certain of which are tax-exempt organizations. Word competes with other record and music publishing companies, both Christian and secular, to sign top artists and songwriters, and new talent. New Gaylord's ability to sign and re-sign popular recording artists and successful songwriters depends on a number of factors, including distribution and marketing capabilities, Word's management team, and the royalty and advance arrangements offered.

#### Cable Networks

CMT International and Z Music compete for viewer acceptance with all forms of video entertainment, including other basic cable services, premium cable services, commercial television networks, independent television stations, and products distributed for the home video markets, in addition to the motion picture industry and other communications, media, and entertainment services. Z Music is delivered to subscribers primarily by cable television systems. CMT International is carried in many different ways depending on the technology available in the country where it is carried. CMT International and Z Music compete with other nationally and internationally distributed cable networks and local broadcast television stations for available channel space on cable television systems, with other cable networks for subscriber fees from cable systems operators, and with all forms of advertiser-supported media for advertising revenues. New Gaylord also competes to obtain creative talents, properties, and market share, which are essential to the success of its cable networks business.

The principal competitive factors in obtaining viewer acceptance, on which cable subscriber fees and advertiser support ultimately depend, are the appeal of the networks' programming focus and the quality of their programming. Music videos constitute substantially all of CMT International's and Z Music's programming. These videos are currently provided to New Gaylord for promotional purposes by record companies and may also be distributed to other programming services as well as to other media.

For a period of five years following the Merger, New Gaylord is prohibited by the Post-Closing Covenants Agreement from owning or operating a cable network featuring country music videos or a significant amount of musical, sports, variety, or other entertainment features or series, the theme of which is perceived by the viewing public as "country entertainment." New Gaylord is also prohibited, during such five-year period, from providing, or making available for viewing, "country entertainment" programming on a cable network or an over-the-air broadcast television station. Notwithstanding the foregoing, New Gaylord can own and operate CMT International in any area outside of the United States and Canada, provided that CMT International's programming, other than country music videos, will not primarily consist of programming featuring or related to "country entertainment." In addition, New Gaylord is prohibited by the Post-Closing Covenants Agreement from hiring any Cable Networks Business employee (unless such person is no longer a Cable Networks Business employee) for a period of one year following the Merger. For additional information, see "THE POST-CLOSING COVENANTS AGREEMENT -- Agreement Not to Compete" in the Proxy Statement/Prospectus.

#### REGULATION AND LEGISLATION

##### Hospitality and Attractions

The Opryland Hotel is subject to certain federal, state, and local governmental regulations including, without limitation, health, safety, and environmental regulations applicable to hotel and restaurant operations. New Gaylord believes that it is in substantial compliance with such regulations. In addition, the sale of alcoholic

beverages by the Opryland Hotel requires a license and is subject to regulation by the applicable state and local authorities. The agencies involved have full 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 the operations of New Gaylord's hospitality and attractions segment.

The Opryland theme park is subject to certain federal, state, and local governmental regulations including, without limitation, health, safety, and environmental regulations applicable to amusement park operations, and state and local regulations applicable to restaurant operations at the park. New Gaylord believes that it is in substantial compliance with such regulations. The park's rides are not subject to federal regulations although bills have been introduced in Congress at various times proposing such regulation. The park's rides are inspected frequently by New Gaylord's own maintenance personnel. These inspections include safety checks as well as regular maintenance.

#### Broadcasting and Music

Radio and television broadcasting is 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 employment practices of broadcasting stations.

The FCC has adopted new rules to implement a provision of the 1996 Communications Act Amendments (the "1996 Amendments") pursuant to which licenses issued for radio renewal applications filed on or after June 1, 1995 and for television renewal applications filed on or after June 3, 1996, will have terms of eight years. (The maximum periods were formerly five years and seven years, respectively.) Television and radio broadcast licenses are renewable upon application to the FCC and in the past usually have been renewed except in rare cases. In a departure from past practice, the 1996 Amendments provide that 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. New Gaylord is aware of no reason why its radio and television station licenses should not be renewed.

FCC regulations also prohibit concentrations of media ownership on both the local and national levels. FCC regulations prohibit the common ownership or control of most communications media serving the same market areas (i.e., (i) television and radio ownership; (ii) television and daily newspapers; (iii) radio and daily newspapers; and (iv) television and cable television). Pursuant to the 1996 Amendments, however, the FCC's liberal waiver policy for joint television and radio ownership in the top 25 markets will be expanded to include the top 50 markets. The 1996 Amendments also increase the number of radio stations a single entity may own in the same market area (depending on the number of stations operating in the local radio market), and the FCC is conducting a rulemaking to consider whether owning more than one television station in the same market area may be permitted. The FCC has also issued a notice of inquiry for the purpose of reevaluating the restriction on radio/newspaper cross ownership. Pursuant to the 1996 Amendments, FCC regulations no longer will limit the total number of television broadcast stations held by any single entity so long as all of the stations under common control do not attain an aggregate national audience reach exceeding 35%, up from the prior cap of 25%, and no more than 12 stations. The 1996 Amendments also eliminated previous limits on the total number of radio stations commonly owned on a national basis. The FCC is in the process of amending certain of its regulations to implement the 1996 Amendments.

The Communications Act also places certain limitations on alien ownership or control of entities holding broadcast licenses. The Restated Certificate of Incorporation of New Gaylord (the "Restated Certificate") will contain a provision permitting New Gaylord to redeem common stock from certain holders if the Board of Directors deems such redemption necessary to prevent the loss or secure the reinstatement of any of its licenses or

franchises. See "DESCRIPTION OF CAPITAL STOCK." The 1996 Amendments have deleted existing restrictions on communications companies having non-citizen officers and directors.

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 New Gaylord cannot predict whether any such legislation will be enacted or whether new or amended FCC regulations will be adopted, or the effect on New Gaylord of any such changes, including those made by the 1996 Amendments.

#### Cable Networks

Although the operations of New Gaylord's cable networks are not directly subject to regulation, the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Act") and the regulations thereunder have required cable networks to, in certain instances, lower charges for their programming for certain distributors. Although the recently enacted 1996 Amendments did not have such an effect, any future legislation or regulatory actions that increase rate regulation or effect structural changes in New Gaylord's cable networks could have such an effect. For example, increased rate regulation could, among other things, affect the ability or willingness of cable system operators to establish or retain Z Music as a basic tier cable service.

CMT International's programming and uplink services are handled in the United States. The network has no employees abroad and any contracts between the network and cable systems are executed in the United States. The network generally does not require a license or authorization from the British government to conduct its business. New Gaylord's management is currently studying the regulatory frameworks of certain other European countries and at this time is not aware of any material regulation that would prevent it from delivering the network into such countries. There currently exists a European Community Directive requiring that a majority of programming delivered to European countries be locally originated, where practicable. Representatives of the British government have informed New Gaylord that this would not impact the network with respect to the United Kingdom as there currently is no locally-originated country music programming available. New Gaylord does not expect the European Community Directive will be a material obstacle to entering other European countries for the foreseeable future.

#### EMPLOYEES

As of December 31, 1996, New Gaylord (excluding the Cable Networks Business) had approximately 5,600 full-time and 3,050 part-time and seasonal employees. The Opryland theme park employs approximately 1,700 additional seasonal employees during the summer months. New Gaylord believes that its relationship with its employees is good.

#### PROPERTIES

New Gaylord owns its executive offices and corporate headquarters located at One Gaylord Drive, Nashville, Tennessee, which consists of a four-story office building comprising approximately 80,000 square feet. New Gaylord believes that its present facilities for each of its business segments as described below are generally well maintained and currently sufficient to serve each segment's particular needs.

##### Hospitality and Attractions

New Gaylord owns approximately 800 acres of land in Nashville, Tennessee and the improvements thereon that comprise the Opryland complex including in excess of 100 acres of undeveloped land. The Opryland complex is comprised of the Opryland Hotel, the Opryland theme park, the General Jackson showboat's docking facility, the TNN/CMT production and administration facilities, the Opry House, and WSM Radio's offices and studios. New Gaylord also owns the Springhouse Golf Club, an 18-hole golf course situated on approximately 240 acres, and a 26-acre KOA campground, both of which are located near the Opryland complex. In addition, New Gaylord owns the Ryman Auditorium in downtown Nashville; the Wildhorse Saloon, a dance hall/production facility, on Company property in downtown Nashville; and a 100,000 square foot warehouse in Old Hickory, Tennessee.

## Broadcasting and Music

New Gaylord owns all of KTVT's business facilities which are comprised of an office and two studios containing an aggregate of approximately 48,000 square feet. KTVT owns its transmitter facilities and tower. KTVT leases additional space for sales and news offices in Dallas, Texas. In addition, New Gaylord owns the Opryland Music Group building located on Nashville's "Music Row" and adjacent real estate. New Gaylord leases approximately 34,000 square feet on various floors in a Nashville office building, which space is primarily used for Word's executive and administrative offices. These leases expire on various dates ranging from October 1998 to June 2001. Word also leases sales office and warehouse space in Waco, Texas; Richmond, Canada; and Milton Keynes, United Kingdom.

## Cable Networks

New Gaylord owns the offices and three television studios of TNN, all of which are located within the Opryland complex and contain approximately 84,000 square feet of space. The transmitter used for satellite uplink is owned by New Gaylord and is located at the Opryland complex. New Gaylord owns the offices of CMT and CMT International which were added to the offices of TNN and contain approximately 2,700 square feet of space. CMT began using a Company-owned transmitter located on the Opryland complex during 1992. CMT International currently leases its transmitters. Following the Merger, certain equipment and facilities used by TNN and CMT will be leased to Westinghouse. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- Relationships with Old Gaylord and Westinghouse Following the Distribution and Merger."

## INSURANCE AND LEGAL PROCEEDINGS

New Gaylord 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 its operations. Various subsidiaries of New Gaylord 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. New Gaylord 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 results of operations or financial condition.

New Gaylord 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 Old Gaylord. In 1991, Old Gaylord and The Oklahoma Publishing Company ("OPUBCO"), a former subsidiary of Old Gaylord, entered into a distribution agreement (the "OPUBCO Distribution Agreement"), pursuant to which OPUBCO assumed such liabilities and agreed to indemnify Old Gaylord for any losses, damages, or other liabilities incurred by Old Gaylord in connection with such matters. Under the OPUBCO Distribution Agreement, OPUBCO is required to maintain adequate reserves to cover potential Superfund liabilities. In connection with the Restructuring, Old Gaylord will assign its rights under the OPUBCO Distribution Agreement to New Gaylord, and Old Gaylord will have a right of subrogation to New Gaylord's right to indemnification from OPUBCO. To date, no litigation has been commenced against New Gaylord, Old Gaylord or OPUBCO with respect to these two Superfund sites.

Although statutorily liable private parties cannot contractually transfer liability so as to render themselves no longer liable, CERCLA permits private parties to indemnify one another against CERCLA liability pursuant to a contract, and to enforce such a contract in an appropriate court. New Gaylord believes that OPUBCO's indemnification will fully cover New Gaylord's Superfund liabilities, if any, and that, based on New Gaylord's current estimates of these liabilities, OPUBCO has sufficient financial resources to fulfill its indemnification obligations under the OPUBCO Distribution Agreement.

## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of certain U.S. Federal income tax consequences of the Distribution and the Restructuring. The discussion which follows is based upon the Code, Treasury regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect on the date hereof, and is subject to any changes in these or other laws occurring after such date, possibly with retroactive effect. The discussion below is for general information only and does not address the effects of any state, local, or foreign tax laws on the Distribution. The tax treatment of an Old Gaylord stockholder may vary depending on his or her particular situation, and certain stockholders (including insurance companies, tax-exempt organizations, financial institutions or broker-dealers, persons who do not hold Old Gaylord Common Stock as capital assets, individuals who received Old Gaylord Common Stock pursuant to the exercise of employee stock options or otherwise as compensation, and non-U.S. persons) may be subject to special rules not discussed below.

EACH STOCKHOLDER OF OLD GAYLORD IS URGED TO CONSULT SUCH STOCKHOLDER'S OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN LAWS AND OF CHANGES IN APPLICABLE TAX LAWS.

Consummation of the Distribution and the Merger is conditioned upon the receipt of the Tax Rulings issued by the IRS to the effect that (i) the Distribution will qualify as a transaction described in Section 355(a) of the Code and the transfer of assets and liabilities to New Gaylord immediately preceding the Distribution will qualify as a transaction described in Section 351 of the Code and/or a "reorganization" under Section 368(a)(1)(D) of the Code and (ii) the Merger will qualify as a "reorganization" under Section 368(a)(1)(B) of the Code. In addition, Old Gaylord and Westinghouse have requested rulings from the IRS to the effect that certain aspects of the Restructuring will not be taxable to New Gaylord or any of its subsidiaries, and consummation of the Distribution and the Merger is conditioned upon either (i) the receipt of such rulings or (ii) the receipt by Old Gaylord and Westinghouse of opinions of their respective counsel to the same effect.

The Tax Rulings and the opinions of counsel (if any) will be based on current law, and will be based on certain representations as to factual matters made by, among others, Old Gaylord, New Gaylord and Westinghouse. Such representations, if incorrect in certain material respects, could jeopardize the conclusions reached in the Tax Rulings or the opinions. None of New Gaylord, Old Gaylord, or Westinghouse is currently aware of any facts or circumstances which would cause any such representations required to be made to the IRS or to counsel to be untrue or incorrect in any material respect. Further, an opinion of counsel is not binding on the IRS or the courts.

Based on the rulings and opinions (if any) discussed above, the material federal income tax consequences that will result from the Restructuring and the Distribution are as follows:

(a) No income, gain or loss will be recognized by New Gaylord or Old Gaylord in the Distribution or as a result of certain aspects of the Restructuring. As a result of certain other aspects of the Restructuring, however, New Gaylord or Old Gaylord will recognize income, gain, or loss.

(b) An Old Gaylord stockholder will not recognize any income, gain or loss as a result of the receipt of New Gaylord Common Stock in the Distribution, except with respect to any cash received in lieu of fractional shares of New Gaylord Common Stock.

(c) An Old Gaylord stockholder's tax basis for the New Gaylord Common Stock and Old Gaylord Common Stock immediately after the Distribution, including any fractional share interest of New Gaylord Common Stock for which cash is received, will equal such stockholder's tax basis in the Old Gaylord Common Stock immediately before the Distribution, allocated in proportion to the relative fair market values of New Gaylord Common Stock and Old Gaylord Common Stock at the time of the Distribution.

(d) An Old Gaylord stockholder's holding period for the shares of New Gaylord Common Stock received in the Distribution, including any fractional share interest of New Gaylord Common Stock for which cash is received, will include the period during which the stockholder held Old Gaylord Common Stock, provided that the Old Gaylord Common Stock was held as a capital asset.

(e) An Old Gaylord stockholder that receives cash in lieu of a fractional share interest of New Gaylord Common Stock pursuant to the Distribution will be treated as having received such cash in exchange for such fractional share interest and generally will recognize capital gain or loss on such deemed exchange in an amount equal to the difference between the amount of cash received and the Old Gaylord stockholder's adjusted tax basis in such fractional share. Such capital gain or loss generally will be long-term capital gain or loss if the holding period for the New Gaylord Common Stock or the Old Gaylord Common Stock with respect to which such fractional share is deemed issued exceeds one year.

BECAUSE OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, EACH OLD GAYLORD STOCKHOLDER IS URGED TO CONSULT ITS TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO IT OF THE DISTRIBUTION, INCLUDING THE EFFECT OF U.S. FEDERAL, STATE AND LOCAL, AND FOREIGN AND OTHER TAX RULES, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS.

Unless the Merger is effected after the Westinghouse Distribution, Old Gaylord stockholders who continue to hold Westinghouse Common Stock on the record date for the Westinghouse Distribution will be entitled to participate in the Westinghouse Distribution on the same basis as all other Westinghouse shareholders. Westinghouse has applied to the IRS for rulings substantially to the effect that no income, gain, or loss will be recognized by Westinghouse shareholders (including former stockholders of Old Gaylord) as a result of participating in the Westinghouse Distribution.

SELECTED CONSOLIDATED HISTORICAL AND  
PRO FORMA FINANCIAL DATA OF NEW GAYLORD

The following table sets forth (i) unaudited selected consolidated historical financial data as of June 30, 1997 and for the six months ended June 30, 1997 and 1996, before giving effect to the Transactions, which has been derived from New Gaylord's unaudited Condensed Consolidated Financial Statements as of June 30, 1997 and for the six months ended June 30, 1997 and 1996, included elsewhere herein, (ii) selected consolidated historical financial data as of December 31, 1996 and 1995 and for each year in the three-year period ended December 31, 1996, before giving effect to the Transactions, which has been derived from New Gaylord's Consolidated Financial Statements as of December 31, 1996 and 1995, and for each year in the three-year period ended December 31, 1996, included elsewhere herein; (iii) selected consolidated historical financial data as of December 31, 1994, 1993, and 1992, and for each year in the two-year period ended December 31, 1993, before giving effect to the Transactions, which has been derived from the audited consolidated financial statements of New Gaylord, not included elsewhere herein; and (iv) unaudited selected consolidated pro forma financial data as of and for the six months ended June 30, 1997 and for the year ended December 31, 1996 which gives effect to the Transactions and which has been derived from New Gaylord's Unaudited Pro Forma Consolidated Financial Statements included elsewhere herein. The unaudited selected consolidated pro forma balance sheet data as of June 30, 1997 is presented as if the Transactions had occurred on June 30, 1997, and the unaudited selected consolidated pro forma income statement data for the six months ended June 30, 1997 and for the year ended December 31, 1996 is presented as if the Transactions had occurred on January 1, 1997 and January 1, 1996, respectively. The unaudited selected consolidated pro forma financial data incorporates certain assumptions which are set forth in the footnotes to New Gaylord's Unaudited Pro Forma Consolidated Financial Statements included elsewhere herein. The selected consolidated pro forma information does not purport to represent what New Gaylord's financial position or results of operations actually would have been had the Transactions, in fact, occurred on such date or at the beginning of the period indicated, or to project New Gaylord's financial position or results of operations at any future date or for any future period.



NEW GAYLORD ENTERTAINMENT COMPANY  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
SELECTED CONSOLIDATED HISTORICAL AND PRO FORMA FINANCIAL DATA  
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30,			YEARS ENDED DECEMBER 31,		
	ACTUAL			ACTUAL		
	PRO FORMA 1997(1)	1997	1996	PRO FORMA 1996(1)	1996	1995
	(UNAUDITED)					
<b>INCOME STATEMENT DATA:</b>						
<b>Revenues:</b>						
Hospitality and attractions.....	\$154,656	\$154,656	\$131,953	\$313,023	\$313,023	\$276,638
Broadcasting and music.....	96,462	49,498	49,211	102,368	102,368	148,175
Cable networks.....	5,639	183,686	166,973	11,155	331,767	282,647
Total revenues.....	256,757	387,840	348,137	426,546	747,158	707,460
<b>Operating expenses:</b>						
Operating costs.....	160,437	230,916	207,459	261,175	443,236	442,177(4)
Selling, general and administrative.....	67,765	70,614	62,739	95,586	125,456	115,355
<b>Depreciation and amortization:</b>						
Hospitality and attractions.....	15,795	15,795	11,880	28,861	28,861	21,782
Broadcasting and music.....	3,693	2,228	2,142	4,421	4,421	3,954
Cable networks.....	1,055	7,072	5,741	1,991	12,406	9,522
Corporate.....	1,686	1,686	1,523	3,168	3,168	2,828
Total depreciation and amortization.....	22,229	26,781	21,286	38,441	48,856	38,086
Total operating expenses.....	250,431	328,311	291,484	395,202	617,548	595,618
<b>Operating income (loss):</b>						
Hospitality and attractions.....	16,319	16,319	15,694	45,938	45,941	40,215
Broadcasting and music.....	10,583	10,651	9,931	23,846	23,846	19,578(4)
Cable networks.....	(7,858)	45,277	43,415	(13,379)	84,884	74,459
Corporate.....	(12,718)	(12,718)	(12,387)	(25,061)	(25,061)	(22,410)
Total operating income.....	6,326	59,529	56,653	31,344	129,610	111,842
Interest expense.....	(14,832)	(22,132)	(20,241)	(18,976)	(49,880)	(40,856)
Interest income.....	11,525	11,674	10,451	22,904	21,580	5,968
Other gains (losses).....	144,231(2)	142,828(2)	73,077(3)	74,281(3)	72,220(3)	(8,088)(5)
Income from continuing operations before provision for income taxes.....	147,250	191,899	119,940	109,553	173,530	68,866
Provision for income taxes.....	47,646	65,903	45,282	35,770	62,947	27,500
Income from continuing operations.....	99,604	125,996	74,658	73,783	110,583	41,366
Discontinued operations, net of taxes(6).....	--	--	--	--	--	42,998
Cumulative effect of accounting change, net of taxes.....	--	--	--	--	--	--
Net income.....	\$ 99,604	\$125,996	\$ 74,658	\$ 73,783	\$110,583	\$ 84,364
Net income per share.....	\$ 3.07			\$ 2.26		
Weighted average shares outstanding.....	32,471			32,585		

YEARS ENDED DECEMBER 31,

ACTUAL		
1994	1993	1992

**INCOME STATEMENT DATA:**

<b>Revenues:</b>			
Hospitality and attractions.....	\$274,494	\$243,460	\$232,614
Broadcasting and music.....	169,538	170,255	156,255
Cable networks.....	243,899	208,869	176,035



- (5) Includes pretax losses of \$5,529 and \$26,000 for 1995 and 1994, respectively, to reflect the loss on the January 1996 disposal of New Gaylord's 14% limited partnership interest in the Fiesta Texas theme park.
- (6) In November 1993, New Gaylord formalized plans to sell its cable television systems segment (the "Systems") and began accounting for the Systems as discontinued operations. The Systems were sold in September 1995 which resulted in a gain of \$42,998, net of income taxes of \$30,824.
- (7) Includes a pretax gain of \$10,689 on sale of Milwaukee television station WVTM.
- (8) Reflects the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting of Postretirement Benefits Other Than Pensions."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## OVERVIEW

New Gaylord is currently a wholly owned subsidiary of Old Gaylord. New Gaylord operates principally in three industry segments: hospitality and attractions; broadcasting and music; and cable networks. New Gaylord sold its cable television systems segment (the "Systems") on September 29, 1995. Prior to the sale, the Systems were accounted for as discontinued operations. The accompanying financial statements and the following financial analysis represent the consolidated financial position and results of operations of New Gaylord, both before and after giving effect to the Transactions.

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO SIX MONTHS ENDED JUNE 30, 1996

## RESULTS OF OPERATIONS

The following table contains unaudited selected income statement data for the six month periods ended June 30, 1997 and 1996 (amounts in thousands). The pro forma data for the six month period ended June 30, 1997 is presented as if the Transactions had occurred on January 1, 1997. The table also shows the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues. Old Gaylord purchased all of the assets of Word on January 7, 1997 for approximately \$120 million in cash. The assets and liabilities of Word will be transferred to New Gaylord as part of the Restructuring. In addition to the Transactions, the pro forma data for the six months ended June 30, 1997 reflects the impact of the results of operations of Word subsequent to the acquisition date as detailed in New Gaylord's Unaudited Pro Forma Consolidated Financial Statements and the footnotes thereto for the six month period ended June 30, 1997.

	SIX MONTHS ENDED JUNE 30,					
	PRO FORMA		ACTUAL			
	1997	%	1997	%	1996	%
Revenues:						
Hospitality and attractions.....	\$154,656	60.2%	\$154,656	39.9%	\$131,953	37.9%
Broadcasting and music.....	96,462	37.6	49,498	12.7	49,211	14.1
Cable networks.....	5,639	2.2	183,686	47.4	166,973	48.0
Total revenues.....	256,757	100.0	387,840	100.0	348,137	100.0
Operating expenses:						
Operating costs.....	160,437	62.4	230,916	59.6	207,459	59.6
Selling, general and administrative.....	67,765	26.4	70,614	18.2	62,739	18.0
Depreciation and amortization:						
Hospitality and attractions.....	15,795		15,795		11,880	
Broadcasting and music.....	3,693		2,228		2,142	
Cable networks.....	1,055		7,072		5,741	
Corporate.....	1,686		1,686		1,523	
Total depreciation and amortization.....	22,229	8.7	26,781	6.9	21,286	6.1
Total operating expenses.....	250,431	97.5	328,311	84.7	291,484	83.7
Operating income (loss):						
Hospitality and attractions.....	16,319	10.6	16,319	10.6	15,694	11.9
Broadcasting and music.....	10,583	11.0	10,651	21.5	9,931	20.2
Cable networks.....	(7,858)	(139.4)	45,277	24.6	43,415	26.0
Corporate.....	(12,718)	--	(12,718)	--	(12,387)	--
Total operating income.....	\$ 6,326	2.5%	\$ 59,529	15.3%	\$ 56,653	16.3%
	=====	=====	=====	=====	=====	=====

## Revenues

Total Revenues -- Total revenues increased \$39.7 million, or 11.4%, to \$387.8 million in the first six months of 1997. The increase was primarily attributable to the expansion of the Opryland Hotel in the hospitality and

attractions segment and continued growth in the cable networks segment. On a pro forma basis assuming the Transactions had occurred on January 1, 1997, total revenues for the six months ended June 30, 1997 would have been \$256.8 million, and would have been \$209.9 million excluding the revenues of Word subsequent to the date of the Word acquisition.

Hospitality and Attractions -- Revenues in the hospitality and attractions segment increased \$22.7 million, or 17.2%, to \$154.7 million in the first six months of 1997. Opryland Hotel revenues increased \$24.8 million, or 29.8%, to \$108.1 million in the first six months of 1997 principally because of the hotel expansion. The hotel's occupancy rate increased to 82.2% in the first six months of 1997 compared to 81.2% in the first six months of 1996. The hotel sold 408,900 rooms in the first six months of 1997 compared to 339,500 rooms sold in the same period of 1996 reflecting a 20.4% increase over 1996. The hotel's average guest room rate increased to \$131.36 in the first six months of 1997 from \$127.27 in the first six months of 1996. At June 30, 1997, the hotel's advanced bookings were approximately \$1 billion of future revenues at current rates with a significant portion of these advanced bookings relating to the next three years.

Broadcasting and Music -- Revenues increased \$0.3 million, or 0.6%, to \$49.5 million for the first six months of 1997. On a pro forma basis, revenues for the broadcasting and music segment for the six month period ended June 30, 1997 would have been \$96.5 million, \$46.8 million of which would have been attributable to Word subsequent to the date of the Word acquisition.

Cable Networks -- Revenues increased \$16.7 million, or 10.0%, to \$183.7 million for the first six months of 1997. Advertising revenues increased 9.5% for the first six months of 1997 at TNN. Subscriber revenues at TNN increased 6.5% for the first six months of 1997 as the number of U.S. subscribers increased to 69.4 million in June 1997 from 65.3 million in June 1996. Revenues related to CMT increased 22.9% for the first six months of 1997 due to growth in both advertising and subscriber revenues. CMT subscribers increased to 39.4 million in June 1997 from 33.5 million in June 1996. CMT International revenues increased to \$5.6 million in the first six months of 1997 from \$4.6 million in the first six months of 1996. On a pro forma basis, revenues for the cable networks segment for the first six months of 1997 would have been \$5.6 million.

#### Operating Expenses

Total Operating Expenses -- Total operating expenses increased \$36.8 million, or 12.6%, to \$328.3 million for the first six months of 1997. Operating costs, as a percentage of revenues, remained unchanged at 59.6% during the first six months of 1997 and 1996. Selling, general and administrative expenses, as a percentage of revenues, increased to 18.2% in the first six months of 1997 from 18.0% in the first six months of 1996, for the reasons explained below. On a pro forma basis, total operating expenses for the first six months of 1997 would have been \$250.4 million, and would have been \$203.9 million excluding the total operating expenses of Word subsequent to the date of the Word acquisition.

Operating Costs -- Operating costs increased \$23.5 million, or 11.3%, to \$230.9 million in the first six months of 1997. The increase was attributable to increased operating costs at the Opryland Hotel of \$16.5 million for the first six months of 1997 primarily related to the hotel expansion. In addition, operating costs increased during the first six months of 1997 due to the continued growth in the cable networks segment, including a \$3.4 million increase in Westinghouse commissions at TNN, a \$2.8 million increase in programming costs at TNN, and a \$2.8 million increase in operating costs related to the expansion of CMT International including increased costs for a 24-hour transponder for CMT International's European operations. These increases were partially offset by decreases in operating costs for the first six months of 1997 of \$1.1 million at the Opryland theme park due to cost-cutting measures and \$1.3 million at KSTW. On a pro forma basis, operating costs for the first six months of 1997 would have been \$160.4 million, and would have been \$131.8 million excluding the operating costs of Word subsequent to the date of the Word acquisition.

Selling, General and Administrative -- Selling, general and administrative expenses increased \$7.9 million, or 12.6%, to \$70.6 million for the first six months of 1997. The increase was primarily attributable to higher promotional expenses related to CMT and CMT International of \$1.5 million and \$2.0 million, respectively, for the first six months of 1997. Administrative costs increased \$2.2 million at the Opryland Hotel during the first six months of 1997 primarily because of the hotel expansion. In addition, selling, general and administrative

expenses increased \$1.6 million in the first six months of 1997 as a result of the expansion of the NASCAR Thunder Stores, a chain of auto racing-themed retail stores, which will be acquired by Westinghouse in the Merger. Selling, general and administrative expenses for the first six months of 1997 would have been \$67.8 million on a pro forma basis, and would have been \$51.2 million excluding the selling, general and administrative expenses of Word subsequent to the date of the Word acquisition.

Depreciation and Amortization -- Depreciation and amortization increased \$5.5 million, or 25.8%, to \$26.8 million for the first six months of 1997. The increase was primarily attributable to increased depreciation and amortization expense of \$3.9 million for the six months ended June 30, 1997 related to the expansion of the Opryland Hotel. On a pro forma basis, depreciation and amortization would have been \$22.2 million for the first six months of 1997, and would have been \$20.8 million excluding the depreciation and amortization expense of Word subsequent to the date of the Word acquisition.

#### Operating Income

Total operating income increased \$2.9 million, or 5.1%, to \$59.5 million for the first six months of 1997. The increase in operating income in the hospitality and attractions segment for the first six months of 1997 was primarily related to greater operating income generated by the Opryland Hotel and the reduction in operating expenses at the Opryland theme park. The broadcasting and music segment operating income improved slightly for the first six months of 1997. The cable networks segment increase reflected continued growth of TNN and CMT, which was offset, in part, by increased operating losses associated with CMT International's expansion. The operating losses of CMT International increased to \$7.6 million in the first six months of 1997 from \$3.7 million in the first six months of 1996. On a pro forma basis, operating income for the first six months of 1997 would have been \$6.3 million, including operating income of \$0.3 million attributable to Word subsequent to the date of the Word acquisition.

Although CMT International has yet to operate profitably, New Gaylord believes that its operating results can be improved. If CMT International's results of operations do not improve, however, New Gaylord will consider various possible courses of action, including seeking a joint venture partner, pursuing a sale of CMT International, or ceasing its operations. New Gaylord's ability to improve CMT International's operating results may be negatively impacted by the restrictions on its ability to change CMT International's programming content for the five-year period immediately following the Merger under the non-competition provisions of the Post-Closing Covenants Agreement. See "THE POST-CLOSING COVENANTS AGREEMENT -- Agreement Not to Compete" in the Proxy Statement/Prospectus.

#### Interest Expense

Interest expense increased \$1.9 million to \$22.1 million for the first six months of 1997. The majority of New Gaylord's interest expense is derived from interest charged on outstanding amounts payable to Old Gaylord. On a pro forma basis, interest expense would have been \$14.8 million in the first six months of 1997.

#### Interest Income

Interest income increased \$1.2 million to \$11.7 million in the first six months of 1997. Interest income primarily results from noncash interest income earned on a long-term note receivable.

#### Other Gains (Losses)

In June 1997, New Gaylord sold KSTW, its Tacoma-Seattle, Washington television station, for \$160.0 million in cash. The sale resulted in a pretax gain of \$144.3 million, which is included in other gains (losses) in the condensed consolidated statements of income.

In January 1996, New Gaylord sold KHTV, its Houston, Texas television station, for \$97.8 million, including certain working capital and other adjustments of approximately \$4.3 million. The sale resulted in a pretax gain of \$73.9 million which is included in other gains (losses) in the condensed consolidated statements of income.

## Income Taxes

New Gaylord's provision for income taxes was \$65.9 million for the first six months of 1997, which included a tax provision of \$50.3 million on the gain from the sale of KSTW, compared to \$45.3 million for the first six months of 1996, which included a tax provision of \$30.4 million on the gain from the sale of KHTV. New Gaylord's effective tax rate on its income before provision for income taxes was 34.3% for the first six months of 1997 compared to 37.8% for the first six months of 1996. On a pro forma basis, the provision for income taxes for the first six months of 1997 would have been \$47.6 million.

YEAR ENDED DECEMBER 31, 1996, COMPARED TO YEAR ENDED DECEMBER 31, 1995

## RESULTS OF OPERATIONS

The following table contains selected income statement data for each of the three years ended December 31, 1996, 1995, and 1994 (amounts in thousands). The pro forma data for the year ended December 31, 1996 is presented as if the transactions had occurred on January 1, 1996. The table also shows the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues.

	YEARS ENDED DECEMBER 31,							
	PRO FORMA		ACTUAL					
	1996	%	1996	%	1995	%	1994	%
<b>Revenues:</b>								
Hospitality and attractions.....	\$313,023	73.4%	\$313,023	41.9%	\$276,638	39.1%	\$274,494	39.9%
Broadcasting and music.....	102,368	24.0	102,368	13.7	148,175	20.9	169,538	24.6
Cable networks.....	11,155	2.6	331,767	44.4	282,647	40.0	243,899	35.5
Total revenues.....	426,546	100.0	747,158	100.0	707,460	100.0	687,931	100.0
<b>Operating expenses:</b>								
Operating costs.....	261,175	61.2	443,236	59.3	442,177	62.5	427,853	62.2
Selling, general and administrative.....	95,586	22.4	125,456	16.8	115,355	16.3	108,624	15.8
<b>Depreciation and amortization:</b>								
Hospitality and attractions.....	28,861		28,861		21,782		19,040	
Broadcasting and music....	4,421		4,421		3,954		3,854	
Cable networks.....	1,991		12,406		9,522		7,758	
Corporate.....	3,168		3,168		2,828		2,293	
Total depreciation and amortization...	38,441	9.0	48,856	6.5	38,086	5.4	32,945	4.8
Total operating expenses.....	395,202	92.6	617,548	82.6	595,618	84.2	569,422	82.8
<b>Operating income:</b>								
Hospitality and attractions.....	45,938	14.7	45,941	14.7	40,215	14.5	38,305	14.0
Broadcasting and music.....	23,846	23.3	23,846	23.3	19,578	13.2	37,837	22.3
Cable networks.....	(13,379)	(119.9)	84,884	25.6	74,459	26.3	63,343	26.0
Corporate.....	(25,061)	--	(25,061)	--	(22,410)	--	(20,976)	--
Total operating income....	\$ 31,344	7.4%	\$129,610	17.3%	\$111,842	15.8%	\$118,509	17.2%

## Revenues

Total Revenues -- Total revenues increased \$39.7 million, or 5.6%, to \$747.2 million in 1996. The increases were primarily attributable to continued growth in the cable networks segment and increased revenues in the hospitality and attractions segment resulting from the expansion of the Opryland Hotel. The average number of guest rooms at the hotel increased from 1,907 in 1995 to 2,613 in 1996. These increases were partially offset by a decrease in revenues from the broadcasting and music segment due to the sale of a television station in January 1996 and a decline in revenues at New Gaylord's two other television stations. On a pro forma basis assuming the Transactions had occurred on January 1, 1996, total revenues in 1996 would have been \$426.5 million.

Hospitality and attractions -- Revenues in the hospitality and attractions segment increased \$36.4 million, or 13.2%, to \$313.0 million in 1996. Opryland Hotel revenues increased \$43.2 million, or 28.2%, to \$196.2 million in 1996, principally because of the hotel expansion. The hotel's occupancy rate decreased to 84.7% in 1996 compared to 87.5% in 1995 because of the additional rooms which became available in 1996. The hotel sold 780,300 rooms in 1996 compared to 587,200 rooms sold in 1995 reflecting a 32.9% increase. The hotel's average guest room rate declined to \$131.21 in 1996 from \$132.99 in 1995. At December 31, 1996, the hotel's advanced bookings were approximately \$1 billion of future revenues at current rates with a significant portion of these advanced bookings relating to the next three years. Opryland theme park revenues decreased \$5.4 million in 1996 due primarily to a 5.7% decrease in theme park attendance and a 3.4% decrease in per guest spending as compared with 1995.

Broadcasting and music -- Revenues decreased \$45.8 million, or 30.9%, to \$102.4 million in 1996. Broadcasting and music revenues were impacted by New Gaylord's sale of KHTV, a Houston, Texas, television station in January 1996. Excluding the operations of KHTV from the 1995 results, broadcasting and music revenues decreased 10.8% in 1996. The decline in broadcasting and music revenues reflects a decrease in advertising inventory available for sale at New Gaylord's Dallas and Seattle-area television stations resulting from their affiliation with the CBS television network. The affiliation with CBS was effective on March 13, 1995 in Tacoma-Seattle and on July 2, 1995 in Dallas-Ft. Worth. Advertising revenues at KSTW, New Gaylord's Tacoma-Seattle television station, also decreased in 1996 due to a decline in ratings. In June 1997, New Gaylord consummated the sale of KSTW for \$160.0 million in cash, which will result in the recognition of a gain.

Cable networks -- Revenues increased \$49.1 million, or 17.4%, to \$331.8 million in 1996. Advertising revenues increased 19.6% during 1996 at TNN. Subscriber revenues at TNN increased 12.2% in 1996 due to an increase in the number of U.S. subscribers to 68.3 million in December 1996 from 64.4 million in December 1995 and increased revenues from satellite customers. Revenues related to the United States operations of CMT increased 19.3% in 1996 due to growth in both advertising and subscriber revenues. CMT subscribers increased to 37.3 million in December 1996 from 31.7 million in December 1995. CMT International revenues increased to \$10.1 million in 1996 from \$8.9 million in 1995. On a pro forma basis, revenues for the cable networks segment in 1996 would have been \$11.2 million.

## Operating Expenses

Total Operating Expenses -- Total operating expenses increased \$21.9 million, or 3.7%, to \$617.5 million in 1996. Operating costs, as a percentage of revenues, decreased to 59.3% during 1996 as compared to 62.5% during 1995. Selling, general and administrative expenses, as a percentage of revenues, increased to 16.8% in 1996 from 16.3% in 1995. Total operating expenses for 1995 include operating expenses of KHTV of \$30.1 million. Corporate expenses increased in 1996 by \$2.7 million, or 11.8%, to \$25.1 million as a result of increased administrative expenses at the corporate headquarters. On a pro forma basis, total operating expenses for 1996 would have been \$395.2 million.

Operating Costs -- Operating costs increased \$1.1 million, or 0.2%, to \$443.2 million in 1996. During 1995, New Gaylord recorded a nonrecurring pretax charge of \$13.3 million for the write-down of certain program rights at New Gaylord's Dallas and Seattle-area television stations. This write-down was primarily related to excess program rights resulting from the affiliations of these stations with CBS. Excluding the effect of the 1995 program rights write-down and the operating costs of KHTV, operating costs increased by \$37.8 million, or



9.3%, in 1996. The increase was attributable to operating costs increases of \$23.6 million during 1996 at the Opryland Hotel, primarily as a result of the hotel expansion. In addition, increased operating costs are attributable to the continued growth in the cable networks segment, including an \$11.6 million increase in TNN's commissions payable to an affiliate of Westinghouse; a \$9.3 million increase in programming costs at TNN; a \$4.5 million increase in operating costs related to the expansion of CMT International; and a \$1.1 million operating cost increase relating to the opening of a chain of racing themed retail stores. These increases were partially offset by a \$10.4 million decrease in operating costs during 1996 at New Gaylord's two remaining television stations due to lower programming costs resulting from their affiliation with CBS; a \$3.5 million decrease in operating costs at the Opryland theme park; and a \$2.4 million decrease in operating costs of the Nashville On Stage concert series. Because of New Gaylord's agreements with an affiliate of Westinghouse, certain operating costs in the cable networks segment increase or decrease proportionately with revenues. On a pro forma basis, operating costs for 1996 would have been \$261.2 million.

**Selling, General and Administrative** -- Selling, general and administrative expenses increased \$10.1 million, or 8.8%, to \$125.5 million in 1996. Excluding the selling, general and administrative expenses of KHTV from the 1995 results, selling, general and administrative expenses increased \$16.0 million, or 14.7%, in 1996. The increases for the year are primarily attributable to administrative cost increases of \$4.8 million at the Opryland Hotel, \$3.7 million at TNN and \$1.2 million at the Opryland theme park. Selling and promotion costs at CMT's domestic and international operations increased \$1.5 million and \$1.8 million, respectively. New Gaylord's two remaining television stations also reflected increased selling and promotion costs, which were \$1.1 million greater than the corresponding 1995 amounts. In addition, New Gaylord had nonrecurring expenses of \$1.1 million during 1996 related to its obligations under an employment agreement with its departing chief operating officer which is included in the increases discussed above. On a pro forma basis, selling, general, and administrative expenses for 1996 would have been \$95.6 million.

**Depreciation and Amortization** -- Depreciation and amortization increased \$10.8 million, or 28.3%, to \$48.9 million in 1996. The increase was primarily attributable to the expansion of the Opryland Hotel and continued growth in the cable networks segment. On a pro forma basis, depreciation and amortization would have been \$38.4 million in 1996.

#### Operating Income

Total operating income increased \$17.8 million, or 15.9%, to \$129.6 million during 1996. This increase reflects higher operating income in all operating segments. The hospitality and attractions segment increase is primarily related to greater operating income generated by the Opryland Hotel expansion. The broadcasting and music segment increase resulted from the 1995 write-down of television program rights. Excluding the impact of this write-down, broadcasting and music segment operating income decreased primarily due to the sale of KHTV and the decline in revenues at New Gaylord's Tacoma-Seattle television station as discussed above. The cable networks increase is a result of the continued growth of TNN and CMT offset, in part, by increased operating losses associated with CMT International's expansion. Operating losses of CMT International increased to \$13.0 million in 1996 from \$7.1 million in 1995. On a pro forma basis, total operating income would have been \$31.3 million in 1996.

#### Interest Expense

Interest expense increased \$9.0 million to \$49.9 million in 1996. The majority of New Gaylord's interest expense is derived from interest charged on outstanding amounts due to Old Gaylord. A significant portion of New Gaylord's interest expense for 1995 was attributable to the Systems prior to their sale in September 1995. In accordance with generally accepted accounting principles, such interest was allocated to the Systems and was therefore not included in income from continuing operations. On a pro forma basis, interest expense would have been \$19.0 million in 1996.

## Interest Income

Interest income increased \$15.6 million to \$21.6 million in 1996. This increase primarily results from an additional \$15.5 million of noncash interest income in 1996 recorded on the long-term note receivable from the sale of the Systems.

## Other Gains (Losses)

In January 1996, New Gaylord sold its Houston, Texas, television station, KHTV, for \$97.8 million, including certain working capital and other adjustments of approximately \$4.3 million. The sale resulted in a pretax gain of \$73.9 million which is included in other gains (losses) in 1996.

In 1995, New Gaylord recorded a pretax charge of \$5.5 million to reflect losses related to the January 1996 disposal of its 14% limited partnership interest in the Fiesta Texas theme park. The charge was based on the permanent impairment in the value of the investment and New Gaylord's guarantee of certain indebtedness related to the original construction of Fiesta Texas. New Gaylord paid \$13.0 million to transfer its partnership interest and related obligations to a subsidiary of USAA, the majority investor, in January 1996. In connection with New Gaylord's termination of its interest in Fiesta Texas, New Gaylord was released from the loan guarantee.

## Income Taxes

New Gaylord's provision for income taxes on income from continuing operations was \$62.9 million for 1996 compared to \$27.5 million for 1995. New Gaylord's effective tax rate on its income from continuing operations before provision for income taxes was 36.3% for 1996 compared to 39.9% for 1995. Income taxes for 1996 on a pro forma basis would have been \$35.8 million.

YEAR ENDED DECEMBER 31, 1995, COMPARED TO YEAR ENDED DECEMBER 31, 1994

## Revenues

Total Revenues -- Total revenues increased \$19.5 million, or 2.8%, to \$707.5 million in 1995. The increase was primarily attributable to growth in the cable networks segment offset in part by a decrease in broadcasting and music segment revenues.

Hospitality and attractions -- Revenues in the hospitality and attractions segment increased \$2.1 million, or 0.8%, to \$276.6 million in 1995. Opryland Hotel revenues increased \$6.0 million, or 4.1%, to \$153.1 million in 1995 due primarily to an additional 385 guest rooms completed in the fourth quarter of 1995 and an increase in the average guest room rate to \$132.99 in 1995 from \$130.15 in 1994. The hotel's occupancy rate was 87.5% in 1995 and 87.9% in 1994. Hospitality and attractions segment revenues also increased during 1995 due to a full year of operations of the Wildhorse Saloon and the renovated Ryman Auditorium, each of which opened in June 1994. These increases were offset by lower revenues from the Nashville On Stage concert series, which had fewer concerts in 1995 than in 1994; lower revenues related to the nonrecurring 1994 production of the World Cup opening ceremonies; and a decrease in Opryland theme park attendance to 2.1 million visitors in 1995 from 2.3 million visitors in 1994.

Broadcasting and music -- Revenues decreased \$21.4 million, or 12.6%, to \$148.2 million in 1995. Broadcasting and music revenues were impacted by New Gaylord's sale of substantially all of the assets of WVTM, a Milwaukee, Wisconsin, television station, in May 1994. Excluding the revenues related to WVTM's operations, broadcasting and music revenues decreased 8.7% in 1995 as compared to 1994. Revenues from New Gaylord's remaining television stations reflected decreased advertising demand at those stations, partially due to decreased fan and advertiser support for major league baseball. The decline in revenues also reflected a decrease in advertising inventory available for sale at New Gaylord's Dallas and Seattle-area television stations due to their affiliation with CBS.

Cable networks -- Revenues increased \$38.7 million, or 15.9%, to \$282.6 million in 1995. Advertising revenues increased 12.5% at TNN in 1995 due to higher advertising rates. TNN subscriber revenues increased

8.5% due to an increase in the number of subscribers to 64.4 million at the end of 1995 from 58.7 million at the end of 1994, an increase in subscriber rates, and an increase in revenue from satellite customers. Revenues at CMT increased 25.1% in 1995 due to increased advertising and subscriber revenues. The number of CMT subscribers increased by 27.4% to 31.7 million at the end of 1995 from 24.9 million at the end of 1994.

#### Operating Expenses

Total Operating Expenses -- Total operating expenses increased \$26.2 million, or 4.6%, to \$595.6 million in 1995. As a percentage of revenues, operating costs increased slightly to 62.5% in 1995 compared to 62.2% in 1994. As a percentage of revenues, selling, general and administrative expenses increased to 16.3% in 1995 from 15.8% in 1994. Corporate expenses increased \$1.4 million, or 6.8%, to \$22.4 million because of increased administrative expenses at the corporate headquarters.

Operating Costs -- Operating costs increased \$14.3 million, or 3.4%, to \$442.2 million in 1995. During 1995, New Gaylord recorded a nonrecurring pretax charge of \$13.3 million for the write-down of certain program rights at New Gaylord's Dallas and Seattle-area television stations. Excluding the impact of the television program write-down, operating costs increased \$1.0 million, or 0.2%, to \$428.9 million in 1995. Additional increases in operating costs during 1995 were attributable to the Wildhorse Saloon and the Ryman Auditorium being operational for all of 1995, compared with seven months of operations in 1994, representing an increase of \$4.5 million; growth in the cable networks, including increased Group W commissions and higher programming costs at TNN which resulted in an increase of \$12.9 million; and increased labor costs at the Opryland Hotel. These increases were partially offset by lower operating costs of \$9.4 million resulting from fewer Nashville On Stage concerts; the nonrecurring 1994 production of the World Cup opening ceremonies which reduced operating costs by \$3.1 million; and the 1994 inclusion of WTV's operating costs of \$6.0 million prior to its sale.

Selling, General and Administrative -- Selling, general and administrative expenses increased \$6.7 million, or 6.2%, to \$115.4 million in 1995. The increase was primarily due to increased selling and promotional costs of \$3.8 million associated with CMT's international expansion; higher administrative costs at the Opryland Hotel and Opryland theme park of \$3.2 million; and the continued growth of TNN and CMT which resulted in an increase of \$2.4 million. These increases were partially offset by decreases at New Gaylord's television stations of \$2.3 million, primarily attributable to the impact of the sale of WTV in 1994, and reduced promotional costs associated with the Nashville On Stage concert series.

Depreciation and Amortization -- Depreciation and amortization increased 15.6% to \$38.1 million in 1995 due to the capital improvements at the Opryland Hotel, growth in the cable networks segment, and a full year of operations for the Wildhorse Saloon and the Ryman Auditorium.

#### Operating Income

Total operating income decreased \$6.7 million, or 5.6%, to \$111.8 million in 1995. Excluding the nonrecurring charge for the write-down of television program rights, total operating income increased \$6.6 million, or 5.6%, to \$125.1 million in 1995. The hospitality and attractions segment had a \$1.9 million increase in operating income during 1995, due primarily to the reduction of operating losses of the Nashville On Stage concert series by \$6.3 million. The broadcasting and music segment had a \$5.0 million decrease in operating income during 1995, excluding the effect of the write-down of television program rights, due primarily to the decline in revenues at New Gaylord's television stations as discussed above and increased news costs resulting from the affiliations with CBS. The cable networks segment had an \$11.1 million increase in operating income in 1995, reflecting improvements at both TNN and CMT, which were offset by a \$1.6 million increase in losses from CMT's international operations.

#### Interest Expense

Interest expense increased \$13.3 million to \$40.9 million in 1995. The majority of New Gaylord's interest expense is derived from interest charged on outstanding amounts due to Old Gaylord. Additional interest expense for 1995 and 1994, \$17.1 million and \$19.7 million, respectively, was attributable to the Systems prior to their

sale. In accordance with generally accepted accounting principles, such interest has been allocated to the Systems and is therefore not included in income from continuing operations.

#### Interest Income

Interest income increased \$5.2 million to \$6.0 million in 1995. This increase primarily resulted from \$5.0 million of noncash interest income recorded on the long-term note receivable from the sale of the Systems.

#### Other Gains (Losses)

In 1995, New Gaylord recorded a pretax charge of \$5.5 million (in addition to the pretax charge of \$26.0 million recorded in December 1994) to reflect losses related to the January 1996 disposal of its 14% limited partnership interest in the Fiesta Texas theme park. The charges were based on the permanent impairment in the value of the investment and New Gaylord's guarantee on certain indebtedness related to the original construction of Fiesta Texas.

Sinclair Broadcast Group, Inc. purchased the non-license assets of WTV from New Gaylord in May 1994 for \$18.2 million, resulting in a pretax gain of \$10.7 million, and assigned its purchase option for the license assets of WTV to Glencairn, Ltd., which exercised the option and purchased the license assets in July 1995.

#### Income Taxes

New Gaylord's provision for income taxes was \$27.5 million for 1995 compared to \$29.5 million for 1994. New Gaylord's effective tax rate on its income from continuing operations before provision for income taxes was 39.9% for 1995 compared to 38.5% for 1994.

#### Discontinued Operations

On September 29, 1995, New Gaylord sold the Systems to CCT Holdings Corp. ("CCTH"), an entity jointly owned by investment partnerships affiliated with Kelso & Company, Inc. and by Charter Communications, Inc. ("Charter"), an owner and manager of cable systems. Proceeds from the sale, after a working capital adjustment, consisted of \$198.8 million in cash and a 10-year, \$165.7 million note (the "Note") with an interest rate of 12% per year which increases to 15% in year six and increases 2% per year thereafter, with principal and interest payable at maturity. The Note was recorded at \$150.7 million, net of a \$15.0 million discount, to reflect the Note at fair value at the date of the sale based upon financial instruments of comparable credit risk and interest rates. In addition, New Gaylord received the contractual right to 15% of the net distributable proceeds, as defined, from certain future sales by Charter Communications Entertainment, L.P., a newly formed joint venture created to operate cable television systems, to which CCTH contributed certain of the Systems' assets which were purchased from New Gaylord. Immediately prior to the closing of the sale, New Gaylord paid Charter \$10.6 million to acquire the remaining 2.9% interest in the Systems.

New Gaylord recorded a gain of \$43.0 million, net of tax of \$30.8 million, on the sale of the Systems during 1995. The Systems have been accounted for as discontinued operations and, accordingly, the Systems' losses including interest expense (based upon debt that can be specifically attributed to the Systems) subsequent to the November 1993 measurement date were deferred and reflected as a reduction in the gain on the sale of the Systems. The 1995 net loss from discontinued operations prior to the sale of the Systems was \$19.5 million, including interest expense of \$17.1 million, which was deferred and reflected as a reduction in the gain on the sale of the Systems.

#### LIQUIDITY AND CAPITAL RESOURCES

The cable networks segment of New Gaylord's operations has historically contributed a significant portion of New Gaylord's total revenues and operating income. Although the net cash flow generated by the Cable Networks Business will no longer be available to New Gaylord, the sale of the Cable Networks Business to Westinghouse pursuant to the Merger is not expected to adversely affect New Gaylord's ability to conduct and expand its operations. In addition, the net cash flow generated by New Gaylord's operations has historically

exceeded its net investing and financing requirements and New Gaylord's management believes that the net cash flow from New Gaylord's operations will continue to do so. New Gaylord currently projects capital expenditures of approximately \$52.0 million for 1997, of which approximately \$23.4 million had been spent as of June 30, 1997.

Old Gaylord currently has, and, following the Merger, New Gaylord expects to implement, a centralized cash management system whereby cash is or will be made available to New Gaylord's various business operations on an as needed basis for normal operating activities. In connection with the Transactions, New Gaylord will assume all of Old Gaylord's long-term debt, which, at June 30, 1997, aggregated approximately \$354 million, by assuming Old Gaylord's obligations under the 1997 Credit Facility. See "THE RESTRUCTURING, THE DISTRIBUTION, AND THE MERGER -- New Gaylord Credit Facility."

New Gaylord's management believes that the net cash flow from New Gaylord's operations, together with the amount available for borrowing under the 1997 Credit Facility will be sufficient to satisfy New Gaylord's anticipated future cash requirements on both a short-term and long-term basis.

#### SEASONALITY

Certain of New Gaylord's operations are subject to seasonal fluctuation. Many of the operations in the hospitality and attractions segment are either closed or operate on a limited basis during the first quarter of the year and conduct most of their business during the summer tourism season. The first calendar quarter is also the weakest quarter for most television and radio broadcasters, including New Gaylord, as advertising revenues are lower in the post-Christmas period. Revenues in the music business are typically weakest in the first calendar quarter following the Christmas buying season.

#### RECENT DEVELOPMENTS

New Gaylord was notified recently by Nashville governmental authorities of an increase in appraised value and property tax rates on the Opryland Hotel and Opryland theme park resulting in a potential tax assessment of approximately \$4.1 million more than was originally anticipated. New Gaylord is in the process of appealing the appraised values. New Gaylord intends to vigorously contest the increased tax assessment, but believes that, even if the appeal is determined unfavorably, the increased tax will not have a material adverse effect on New Gaylord's results of operations or financial position.



director of Bass GEC Management Company. Mr. Gaylord is the son of Mr. Edward L. Gaylord and the brother of Mrs. Christine Gaylord Everest, both of whom are directors of New Gaylord.

Mr. London was elected President and Chief Executive Officer of Old Gaylord effective May 1, 1997. Prior to May 1997, Mr. London had served, since March 1997, as Executive Vice President and Chief Operating Officer and, since September 1993, as Senior Vice President and Chief Financial and Administrative Officer of Old Gaylord. He served as Vice President and Chief Financial Officer of Old Gaylord from October 1991 until September 1993, and has been employed by Old Gaylord since 1978. Mr. London is a certified public accountant.

Mr. Bradley has served as President of Opryland Music Group since September 1993 and as General Manager of Opryland Music Group since July 1986. Prior to joining Opryland Music Group, Mr. Bradley operated Bradley Productions, an independent production company for three years and worked for RCA Records for 16 years.

Mr. Harrell has been President of Idea Entertainment, Old Gaylord's family entertainment subsidiary, since Old Gaylord's March 1997 acquisition of Blanton/Harrell Entertainment, an artist management company that manages the careers of several prominent contemporary Christian music artists. For over 17 years prior to such acquisition, Mr. Harrell was co-owner of Blanton/Harrell Entertainment.

Mr. Kornmeyer has been Senior Vice President of Broadcast and Business Affairs of Old Gaylord's broadcasting and cable networks operations since March 1996. He served as Vice President of Business Affairs of Old Gaylord's broadcasting and cable networks operations from March 1994 until February 1996, and, from August 1989 through February 1994, he was Executive Director of Business and Financial Affairs of Old Gaylord's broadcasting and cable networks operations.

Mr. Vaughn is Old Gaylord's executive officer in charge of the Opryland Hotel, the Opryland theme park, and certain other hospitality and attractions properties. He has served as Vice President of Old Gaylord since October 1991 and was the General Manager of the Opryland Hotel from 1975 to 1993. He has been a member and served on committees of the American Hotel and Motel Association since 1972.

Mr. Wentworth has served as Senior Vice President, Secretary, and General Counsel of Old Gaylord since September 1993. He served as Secretary and General Counsel of Old Gaylord from October 1991 until September 1993, as General Counsel and Secretary of Opryland USA Inc since 1983, and has been employed by the Opryland USA businesses since 1966.

Mr. Whittaker has been the President and General Manager of the Grand Ole Opry since November 1996. From September 1993 until November 1996, Mr. Whittaker served as Vice President of the Grand Ole Opry and Opryland Productions, and from August 1990 until September 1993, he was the General Manager of Opryland theme park. Mr. Whittaker has worked for the Opryland USA businesses since 1971.

Mr. Dickinson has been a director of Old Gaylord since 1974. He is a retired officer of Scripps Bank in La Jolla, California and has been a director of the bank since 1990. Mr. Dickinson is also a director of OPUBCO. Following the Merger, Mr. Dickinson is expected to be recommended to the Nominating and Governance Committee of the Westinghouse Board and to the Westinghouse Board for appointment as a director of Westinghouse.

Mrs. Everest has been a director of Old Gaylord since 1976. She has served as vice president of OPUBCO since June 1996, as secretary of OPUBCO since June 1994, and as senior assistant secretary of OPUBCO from October 1991 until June 1994. Mrs. Everest is also a director of OPUBCO. From 1989 to October 1991, Mrs. Everest was Senior Assistant Secretary of Old Gaylord. Mrs. Everest is the daughter of Mr. Edward L. Gaylord and the sister of Mr. E. K. Gaylord II, both of whom are directors of Old Gaylord.

Mr. Rodgers has been a director of Old Gaylord since 1991. He is chairman of The JMR Group, a private investment company specializing in merchant and investment banking. Mr. Rodgers served as chairman of the board and chief executive officer of Berlitz International, Inc., a foreign language services company, from December 1991 to February 1993. From 1985 to 1989, Mr. Rodgers served as United States Ambassador to France. Mr. Rodgers is also a director of AMR Corporation/American Airlines, Inc.; American Constructors, Inc.; Gryphon Holdings, Inc.; Lafarge Corporation; SunTrust Bank, Nashville, N.A.; Thomas Nelson, Inc.; Tractor Supply Company; and Willis Corroon Group, PLC.

## COMMITTEES OF THE BOARD OF DIRECTORS

In order to facilitate the activities of the New Gaylord Board of Directors following the Distribution, the Board of Directors intends to create several standing committees, including an Audit Committee and a Compensation Committee. The Board of Directors will not have a standing nominating committee. The functions normally performed by a nominating committee will be performed by the Board of Directors as a whole. The anticipated committees, their primary functions, and their memberships are as follows:

**Audit Committee** -- This Committee will make recommendations to the New Gaylord Board of Directors with respect to the appointment of independent public accountants, review significant audit and accounting policies and practices, meet with New Gaylord's independent public accountants concerning, among other things, the scope of audits and reports, and review the performance of the overall accounting and financial controls of New Gaylord. Initial members of the Audit Committee are expected to be Martin C. Dickinson (Chairman) and Joe M. Rodgers, each of whom currently serves on the Audit Committee of Old Gaylord.

**Compensation Committee** -- This Committee will have the responsibility for reviewing and approving the compensation and benefits of executive officers, advising management regarding benefits, including bonuses, and other terms and conditions of compensation of other employees, administering New Gaylord's stock plan, and reviewing and recommending compensation of directors. Initial members of the Compensation Committee are expected to be Martin C. Dickinson and Joe M. Rodgers (Chairman), each of whom currently serves on the Compensation Committee of Old Gaylord.

Nominations for election to the Board of Directors may be made by the Board of Directors, by a nominating committee appointed by the Board of Directors, or by any stockholder entitled to vote for the election of directors as described below. The By-laws establish an advance notice procedure for the nomination, other than by or at the direction of the Board of Directors or a committee thereof, of candidates for election as directors. Notice of director nominations must be timely given in writing to the Secretary of New Gaylord prior to the meeting at which the directors are to be elected. To be timely, notice must be delivered to or mailed and received at the principal executive offices of New Gaylord (a) in the case of an annual meeting, not less than 60 nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. Notice to New Gaylord from a stockholder who proposes to nominate a person at a meeting for election as a director must contain all information about such person that would be required to be included in a proxy statement soliciting proxies for the election of the proposed nominee (including such person's written consent to serve as a director if so elected) and certain information about the stockholder proposing to nominate that person. If the chairman of the meeting of stockholders determines that a person was not nominated in accordance with the nomination procedure, such nomination will be disregarded.

## DIRECTORS' COMPENSATION

Arrangements regarding directors' compensation for services as directors will be determined by the New Gaylord Compensation Committee. It is currently anticipated that employee directors will not be compensated for service as directors in addition to their salaries and that all directors will be reimbursed for their expenses incurred in attending meetings. Directors will also be entitled to receive awards under the New Gaylord Entertainment Company 1997 Stock Option and Incentive Plan (the "1997 Stock Plan"). See "EXECUTIVE COMPENSATION -- Compensation Pursuant to Plans -- 1997 Stock Plan."



## EXECUTIVE COMPENSATION

Prior to the Distribution, New Gaylord has been a wholly owned subsidiary of Old Gaylord and New Gaylord's officers and directors have not been separately compensated for acting in such capacities. The following Summary Compensation Table sets forth the cash compensation and certain other components of the compensation of Earl W. Wendell, the President and Chief Executive Officer of Old Gaylord at December 31, 1996, and the other four most highly compensated executive officers of Old Gaylord who were serving as executive officers at December 31, 1996 (including Mr. Wendell, the "Named Executive Officers"). Mr. Wendell retired in May 1997 and was replaced as President and Chief Executive Officer by Terry E. London. Following the Merger, David Hall will remain with the Cable Networks Business and will be employed by an affiliate of Westinghouse. Compensation and benefits to be provided by New Gaylord to its executive officers will be governed, in part, by the severance agreements between such officers and Old Gaylord. See "-- Employment, Severance, and Change in Control Arrangements."

## SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION AS OF DECEMBER 31, 1996	YEAR	ANNUAL COMPENSATION		LONG TERM COMPENSATION AWARDS		ALL OTHER COMPENSATION(2)
		SALARY	BONUS	RESTRICTED STOCK AWARDS(1)	SECURITIES UNDERLYING OPTIONS	
Earl W. Wendell(3) President and CEO	1996	\$654,000	\$292,730	\$338,625	\$52,500	\$38,103
	1995	654,000	286,256	306,000	55,125	33,032
	1994	627,123(4)	260,400	-0-	-0-	25,752
Edward L. Gaylord Chairman of the Board	1996	510,000	-0-	-0-	-0-	-0-
	1995	510,000	-0-	-0-	-0-	-0-
	1994	510,000(4)	-0-	-0-	-0-	-0-
Jack J. Vaughn Vice President (Hospitality and Attractions)	1996	364,000	195,723	148,120	21,000	24,280
	1995	364,000	203,767	133,863	22,050	19,973
	1994	336,939	105,000	-0-	-0-	11,942
Terry E. London Senior Vice President, Chief Financial and Administrative Officer	1996	312,000	194,683	84,643	14,175	15,892
	1995	312,000	117,312	76,488	14,883	14,058
	1994	295,810	83,610	-0-	-0-	8,800
David Hall(5) Vice President (Cable Networks and Broadcasting)	1996	305,000	182,040	105,785	18,375	22,601
	1995	300,000	218,610	95,593	19,293	21,215
	1994	242,729	238,430	-0-	-0-	9,804

(1) Awards of shares of restricted Old Gaylord Class A Common Stock (the "Performance Shares") were made in 1996 and 1995 to the Named Executive Officers other than Mr. Gaylord, the restrictions with respect to which were designed to lapse on the third anniversary of the date of grant based on the extent to which Old Gaylord attained certain predetermined cumulative earnings per share targets. Persons holding Performance Shares are entitled to dividends and voting rights from the date of grant. The numbers of Performance Shares awarded to Messrs. Wendell, Vaughn, London, and Hall in each of 1996 and 1995 were 13,230, 5,787, 3,307, and 4,133, respectively. The values of these awards as shown in the table are based on per share prices of \$25.60 and \$23.13, the closing market prices of the Class A Common Stock as reported on the NYSE on the respective dates of the awards. Based on the closing market price of the Old Gaylord Class A Common Stock of \$22.875 as reported on the NYSE on December 31, 1996, the aggregate values of the 1996 and 1995 awards to Messrs. Wendell, Vaughn, London, and Hall were \$605,273 (see Note 3), \$264,755, \$151,295, and \$189,085. In connection with the Merger, Performance Shares will vest as though Old Gaylord had achieved 100% of the applicable performance targets with respect to such Performance Shares (as contemplated by the Distribution Agreement). Accordingly, restrictions on two-thirds of the outstanding Performance Shares will lapse. The remaining one-third of those Performance Shares will be forfeited.

(2) Includes contributions by Old Gaylord to the supplemental deferred compensation plan (the "SUDCOMP Plan") and to Old Gaylord's 401(k) Savings Plan (the "Savings Plan"), and premiums paid by Old Gaylord for term life insurance provided for the benefit of the Named Executive Officers. Mr. Gaylord is not a

participant in the SUDCOMP Plan or Savings Plan nor does he receive life insurance benefits from Old Gaylord. Old Gaylord's contributions to the SUDCOMP Plan, the Savings Plan, and payments on behalf of the Named Executive Officers for group term life insurance are reflected below. In connection with the Restructuring and the Merger, New Gaylord will assume the SUDCOMP Plan and the Savings Plan and Mr. Hall will become fully vested under each of such plans and will no longer be eligible to participate therein.

NAME	YEAR	SUDCOMP	401(K)	GROUP TERM LIFE INSURANCE PREMIUMS	TOTAL ALL OTHER COMPENSATION
Earl W. Wendell	1996	\$24,748	\$4,455	\$8,900	\$38,103
	1995	21,701	4,304	7,027	33,032
	1994	21,026	4,620	106	25,752
Jack J. Vaughn	1996	11,721	4,500	8,059	24,280
	1995	9,443	4,152	6,378	19,973
	1994	7,166	4,620	156	11,942
Terry E. London	1996	4,484	4,500	6,908	15,892
	1995	4,086	4,500	5,472	14,058
	1994	4,042	4,620	138	8,800
David Hall	1996	11,459	4,500	6,642	22,601
	1995	11,451	4,500	5,264	21,215
	1994	5,028	4,620	156	9,804

(3) Mr. Wendell retired from his positions as an officer and director of Old Gaylord and various of its subsidiaries effective as of May 1, 1997. In connection with his retirement, Mr. Wendell agreed to (i) exercise all of his options for Old Gaylord Class A Common Stock that were in-the-money (covering 882,000 shares), (ii) forfeit all out-of-the-money options for Old Gaylord Class A Common Stock (covering 107,625 shares), and (iii) sell, on or before August 31, 1997, all shares of Old Gaylord Class A Common Stock issued upon the exercise of such options. In consideration therefor, and in recognition of his past contributions to Old Gaylord, Old Gaylord agreed to pay Mr. Wendell a cash bonus of \$1,900,000 and accelerated the vesting of 17,640 Performance Shares as though Old Gaylord had achieved 100% of the applicable performance targets with respect to such Performance Shares (as contemplated by the Distribution Agreement, except that Mr. Wendell's Performance Shares vested as of his retirement date rather than as of the Time of Distribution). In addition to benefits he is otherwise entitled to receive under Old Gaylord's existing benefit plans, in connection with his retirement Mr. Wendell will receive (i) the pro rata portion of his target bonus for 1997, which will be payable by New Gaylord in 1998; (ii) up to \$10,000 for personal financial counseling services; and (iii) title to his company car. In addition, Old Gaylord, New Gaylord, and Mr. Wendell have entered into a Consulting Agreement pursuant to which Mr. Wendell has agreed to provide consulting services to Old Gaylord and, after the Distribution and the Merger, to New Gaylord, for a period of three years for which he will receive payments totaling \$800,000. Mr. Wendell has also executed a Noncompetition Agreement pursuant to which Mr. Wendell has agreed not to compete with Old Gaylord and, after the Distribution and the Merger, with New Gaylord for a period of three years for which he will receive payments totaling \$800,000. In connection with the Restructuring and the Distribution, Old Gaylord's rights and obligations under the Consulting Agreement and the Noncompetition Agreement will be assigned to and assumed by New Gaylord.

(4) Includes fees for services as a director of \$30,000.

(5) Mr. Hall became a Vice President of Old Gaylord on December 1, 1996.

## OLD GAYLORD OPTION GRANTS IN LAST FISCAL YEAR

The following table summarizes the terms of stock options granted by Old Gaylord to each of the Named Executive Officers during 1996. All of the options referred to in the table below are nonqualified stock options granted pursuant to Old Gaylord's 1993 Stock Option and Incentive Plan (the "1993 Stock Plan") at the fair market value on the date of grant (determined as the closing sale price on the NYSE of Old Gaylord Class A Common Stock on the trading day preceding the grant) and are for the purchase of Old Gaylord Class A Common Stock. In connection with the Merger, all then outstanding options, including those that are held by the Named Executive Officers other than Mr. Hall, will be converted into options to purchase New Gaylord Common Stock. Mr. Hall's options will be converted into options to purchase Westinghouse Common Stock. See "-- Issuance of New Gaylord Options and Conversion of Old Gaylord Options." No stock appreciation rights have ever been granted by Old Gaylord.

NAME	INDIVIDUAL GRANTS			POTENTIAL REALIZABLE VALUE AT ASSUMED RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM		
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(#)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR(%)	EXERCISE PRICE	EXPIRATION DATE	5%	10%
Earl W. Wendell.....	52,500	20.53	\$25.00	2/23/06(1)	\$825,424	\$2,091,787
Edward L. Gaylord.....	-0-	--	--	--	--	--
Jack J. Vaughn.....	21,000(2)	8.21	25.00	2/23/06	330,170	836,715
Terry E. London.....	14,175(2)	5.54	25.00	2/23/06	222,865	564,782
David Hall.....	18,375(2)	7.18	25.00	2/23/06	288,898	732,125

- (1) In connection with Mr. Wendell's retirement, these options have been cancelled. See Note (3) to the Summary Compensation Table.
- (2) Pursuant to the terms of the 1993 Stock Plan, all outstanding options will vest and become exercisable upon the approval of the Merger Agreement by the Old Gaylord stockholders.

## AGGREGATED OLD GAYLORD OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES

The following table summarizes, for each of the Named Executive Officers, the total number of unexercised stock options and the aggregate dollar value of in-the-money unexercised stock options held at December 31, 1996. No shares were acquired by the Named Executive Officers upon the exercise of stock options during 1996. All of the stock options referenced below are for Old Gaylord Class A Common Stock and were awarded pursuant to either the 1993 Stock Plan or Old Gaylord's 1991 Stock Option and Incentive Plan (collectively, the "Stock Plans"). In connection with the Merger, all then outstanding options, including those that are held by the Named Executive Officers other than Mr. Hall, will be converted into options to purchase New Gaylord Common Stock. Mr. Hall's options will be converted into options to purchase Westinghouse Common Stock. See "-- Issuance of New Gaylord Options and Conversion of Old Gaylord Options."

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END(#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END\$(1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Earl W. Wendell(2).....	882,000	107,625	\$11,975,750	\$ -0-
Edward L. Gaylord.....	132,300	-0-	1,796,363	-0-
Jack J. Vaughn.....	132,300	43,050	1,796,363	-0-
Terry E. London.....	132,300	29,058	1,796,363	-0-
David Hall.....	55,125	37,668	748,484	-0-

- (1) The aggregate dollar value of the options held at fiscal year-end are calculated as the difference between the fair market value of Old Gaylord Class A Common Stock (\$22.875 as reported on the NYSE on December 31, 1996) and the exercise price of the stock options.
- (2) See Note (3) to the Summary Compensation Table.

## ISSUANCE OF NEW GAYLORD OPTIONS AND CONVERSION OF OLD GAYLORD OPTIONS

Pursuant to the Distribution Agreement, all options to acquire Old Gaylord Class A Common Stock that are held by persons who, following the Distribution, will be New Gaylord employees will be converted into fully vested and exercisable options to acquire shares of New Gaylord Common Stock under the 1997 Stock Plan, with such amendments and adjustments as the New Gaylord Board of Directors determines are reasonable and appropriate based, in part, on the Per Share Merger Consideration and the fair market value of the New Gaylord Common Stock immediately following the Distribution. As a result, the number of options to acquire shares of New Gaylord Common Stock to be granted upon the conversion of options to acquire shares of Company Class A Common Stock is not presently determinable. Pursuant to the Merger Agreement, all options to acquire shares of Old Gaylord Class A Common Stock that are held by persons who, following the Distribution, will remain with the Cable Networks Business and become employees of an affiliate of Westinghouse following the Merger will be converted into options to acquire shares of Westinghouse Common Stock. See "THE MERGER AGREEMENT -- Employee Matters and Stock Options" in the Proxy Statement/Prospectus.

## COMPENSATION PURSUANT TO PLANS

## 1997 Stock Plan

New Gaylord's Board of Directors and Old Gaylord's stockholders have approved the 1997 Stock Plan, pursuant to which directors, officers, and other key employees of New Gaylord will be eligible to receive awards of stock options, stock appreciation rights and restricted stock. Options granted under the 1997 Stock Plan may be "incentive stock options" ("ISOs"), within the meaning of Section 422 of the Code, or nonqualified stock options ("NQSOs"). Stock Appreciation Rights ("SARs") may be granted simultaneously with the grant of an option or (in the case of NQSOs) at any time during its term. Restricted stock may be granted in addition to or in lieu of any other award granted under the 1997 Stock Plan.

The 1997 Stock Plan provides that awards may be granted covering up to 3,000,000 shares of New Gaylord Common Stock (subject to antidilution and similar adjustments in the event of a stock split, combination of shares, recapitalization, or similar changes). The 1997 Stock Plan limits the number of shares with respect to which awards (including options, SARs, and restricted stock) may be granted to any individual to no more than 500,000 shares, in any three-year period. Unless the 1997 Stock Plan is terminated earlier by New Gaylord's Board of Directors, awards may be granted for a period of ten years from the date of the Distribution.

Unless otherwise determined by New Gaylord's Board of Directors, the 1997 Stock Plan will be administered by the Compensation Committee, which will be comprised solely of "nonemployee directors" within the meaning of Rule 16b-3 under the Exchange Act, or by New Gaylord's Board of Directors if the Compensation Committee is not so comprised (any entity administering the 1997 Stock Plan is hereinafter referred to as the "Committee"). It is currently anticipated that the members of the Committee will also be "outside directors" within the meaning of Section 162(m) of the Code. Subject to the provisions of the 1997 Stock Plan, the Committee will determine the type of award, when and to whom awards will be granted, and the number of shares covered by each award. The Committee will have sole discretionary authority to interpret the 1997 Stock Plan and to adopt rules and regulations related thereto. In determining the persons to whom awards shall be granted and the number of shares covered by each award, the Committee will take into account the contribution to the management, growth, and profitability of the business of New Gaylord by the respective persons and such other factors as the Committee deems relevant.

The Committee will determine, in its sole discretion, the purchase price of the shares of stock covered by an option and the kind of consideration payable with respect to any awards; provided, however, that in the case of the ISOs, the price must not be less than the "Fair Market Value" (as defined in the 1997 Stock Plan) on the date of grant, and provided further that the option price must be 110% of the Fair Market Value in the case of ISOs granted to "Ten Percent Stockholders" (as defined in the 1997 Stock Plan). The Committee may provide for the payment of the option price in cash, by delivery of shares of New Gaylord Common Stock having a Fair Market Value equal to such option price, by a combination thereof, or by any other method in accordance with the terms of the option agreements. The 1997 Stock Plan contains special rules governing the time of exercise in the case of

death, disability, or other termination of employment and also provides for acceleration of the exercisability of options in the event of a "Change in Control" (as defined in the 1997 Stock Plan.)

The 1997 Stock Plan also permits the Committee to grant SARs with respect to all or any portion of the shares of New Gaylord Common Stock covered by options. Each SAR will confer a right to receive an amount with respect to each share subject thereto, upon exercise thereof, equal to the excess of (i) the Fair Market Value of one share of New Gaylord Common Stock on the date of exercise over (ii) the grant price of the SAR. The grant price of any SAR granted in tandem with an option will be equal to the exercise price of the underlying option, and the grant price of any other SAR will be such price as the Committee determines. The Committee may, in its sole discretion, condition the exercise of any SAR upon the attainment of specified Performance Goals (as defined below).

The 1997 Stock Plan also provides for the grant of restricted stock awards, which are awards of New Gaylord Common Stock that may not be transferred or otherwise disposed of, except by will or the laws of descent and distribution, for such period as the Committee determines (the "Restricted Period"). The Committee may also impose such other conditions and restrictions on the shares as it deems appropriate, including the satisfaction of one or more of the following performance criteria: (i) pre-tax income or after-tax income; (ii) operating cash flow; (iii) operating profit; (iv) return on equity, assets, capital, or investment; (v) earnings or book value per share; (vi) sales or revenues; (vii) operating expenses; (viii) New Gaylord Common Stock price appreciation; and (ix) implementation or completion of critical projects or processes (the "Performance Goals"). The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur). Each of the Performance Goals will be determined, to the extent applicable, in accordance with generally accepted accounting principles and will be subject to certification by the Committee; provided, that the Committee will have the authority to make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting New Gaylord. The Committee may provide that such restrictions will lapse with respect to specified percentages of the awarded shares on successive future dates.

During the Restricted Period, the grantee will be entitled to receive dividends with respect to, and to vote the shares awarded to him or her. If, during the Restricted Period, the grantee's continuous employment with New Gaylord terminates for any reason, any shares remaining subject to restrictions will be forfeited, unless otherwise determined by the Committee. The Committee has the authority to cancel any or all outstanding restrictions prior to the end of the Restricted Period, including cancellation of restrictions in connection with certain types of termination of employment.

New Gaylord's Board of Directors may at any time and from time to time suspend, amend, modify, or terminate the 1997 Stock Plan; provided, however, that, no amendment that requires stockholder approval in order for the 1997 Stock Plan to continue to comply with Section 162(m) of the Code or any other applicable law will be effective unless and until such amendment has received the requisite approval by New Gaylord's stockholders.

#### Retirement Plans

Employees of New Gaylord and certain of its subsidiaries who have attained age 21 and completed at least one year of service with more than 1,000 hours of service will be eligible to participate in Old Gaylord's defined benefit pension plan (the "Retirement Plan") and will receive full credit for service with Old Gaylord for vesting purposes. The normal retirement benefit payable to a vested participant upon retirement at age 65 is equal to the sum of:

(A) 0.85% of the participant's Average Annual Compensation multiplied by his or her number of years of Benefit Accrual Service, as defined in the Retirement Plan; and

(B) 0.65% of the excess, if any, of the participant's Average Annual Compensation over Covered Compensation multiplied by his or her years of Benefit Accrual Service not in excess of 35 years.

The normal form of benefit is calculated in the form of a life only annuity payable monthly. The participant may elect alternative forms of payment pursuant to the provisions of the Retirement Plan.

Average Annual Compensation is defined as the average of "includable compensation" for the five consecutive years in which earnings were the highest within the last ten years of benefit service. Includable compensation is defined to include only base pay through December 31, 1988; thereafter it is defined as all "wages" within the meaning of Code Section 3121(a) (without such base pay limit), plus employee contributions to Old Gaylord's 401(k) Plan and Code Section 125 deferrals, subject to additional limitations imposed by the Code. Accrued benefits are 100% vested after five years of service.

Pursuant to the Distribution Agreement, Old Gaylord is required to amend the Retirement Plan so that the accrued benefit of each Old Gaylord employee who becomes an employee of an affiliate of Westinghouse immediately following the Merger vests, notwithstanding the vesting schedule under the Retirement Plan.

Old Gaylord also maintains two non-qualified retirement plans to provide benefits to certain employees of Old Gaylord: (i) the NLT Supplemental Executive Retirement Plan (the "NLT SERP") and (ii) the Benefit Restoration Plan (the "Restoration Plan"). These plans are not prefunded and the beneficiaries' rights to receive distributions thereunder constitute unsecured claims to be paid from the general assets of Old Gaylord.

The NLT SERP provides a benefit to certain executives in an amount equal to the actuarial difference between benefits provided by the Retirement Plan and benefits that would have been available to such persons under the defined benefit pension plan of the predecessor to Opryland USA Inc had service continued thereunder from the date such predecessor was acquired by Old Gaylord, August 31, 1983, until the date of retirement, service termination, or death of the covered employee. The benefits payable under the NLT SERP are determined as of the effective date of termination of employment and are restricted to the maximum benefit limitation imposed by Section 415 of the Code. Mr. Vaughn is the only Named Executive Officer currently covered by the NLT SERP and the estimated benefit payable to Mr. Vaughn (calculated as of December 31, 1996) upon retirement at normal retirement age is \$32,864 annually.

The Restoration Plan provides a benefit to certain employees to "replace" benefits lost due to Code limitations imposed upon qualified defined benefit pension plans. The benefit is determined by calculating the Retirement Plan benefit without respect to limitations of the Code and subtracting the benefit payable from the Retirement Plan. The total annual benefit is limited to 45% of Average Annual Compensation (without respect to Code limitations) and consists of benefits payable pursuant to the Restoration Plan, the Retirement Plan, the NLT SERP, employer matching contributions to New Gaylord's 401(k) Savings Plan and Supplemental Deferred Compensation Plan (assuming the maximum match), and one-half of any annual Social Security benefit payable to the employee. To determine the maximum benefit, all benefits are converted to a life only annuity benefit payable at age 65. The Restoration Plan benefit is reduced (not below zero) if the total annual benefit exceeds the 45% maximum limitations.

The Distribution Agreement provides that New Gaylord will assume sponsorship of and continue the Retirement Plan, the Restoration Plan, and the NLT SERP.

The following table shows the estimated annual pension payable under the Retirement Plan and the Restoration Plan to employees upon retirement in specified remuneration and years-of-service classifications. The amounts shown in the table do not include benefits payable from Social Security. The amount of estimated annual pension is based upon a pension formula which applies to all participants in the Retirement Plan and the Restoration Plan. The estimated amounts are based on the assumption that (i) payments under the Retirement Plan and the Restoration Plan will commence upon retirement at age 65 in 1996 in the form of a single life only

annuity, (ii) covered compensation is \$27,576, and (iii) the Retirement Plan and the Restoration Plan will continue in force in their present form.

DEFINED BENEFIT PLAN TABLE

PAY AT AGE 65(1)	ESTIMATED FIVE- YEAR FINAL AVERAGE COMPENSATION(2)	ESTIMATED ANNUAL DEFINED BENEFIT PLAN BENEFIT EXCLUDING SOCIAL SECURITY(3)						
		YEARS OF SERVICE						
		10	15	20	25	30	35	40
50,000.....	45,000	4,845	7,268	9,690	12,113	14,536	16,958	20,333
75,000.....	67,500	8,220	12,330	16,440	20,551	24,661	28,771	33,833
100,000.....	90,000	11,595	17,393	23,190	28,988	34,786	40,583	47,333
125,000.....	112,500	14,970	22,455	29,940	37,426	44,911	52,396	60,833
150,000.....	135,000	18,345	27,518	36,690	45,863	55,036	64,208	74,333
200,000.....	180,000	25,095	37,643	50,190	62,738	63,295	73,133	84,533
250,000.....	225,000	31,845	47,768	63,690	79,613	81,107	81,107	84,533
300,000.....	270,000	38,595	57,893	77,190	96,488	98,920	98,920	98,920
400,000.....	360,000	52,095	78,143	104,190	130,238	134,545	134,545	134,545
500,000.....	450,000	65,595	98,393	131,190	163,988	170,170	170,170	170,170
600,000.....	540,000	79,095	118,643	158,190	197,738	205,796	205,796	205,796

- (1) The maximum annual compensation that can be recognized by a qualified defined benefit pension retirement plan is \$150,000 in 1996 (Code Section 401(a)(17)).
- (2) Estimated five-year final average compensation is based on 90% of pay at age 65.
- (3) The Restoration Plan benefit for covered employees whose "Pay at 65" equals or exceeds \$200,000 in the table above is calculated by limiting total benefits payable under both of Old Gaylord's defined benefit plans (namely, the Retirement Plan and the Restoration Plan) to 45% of the amount of "Pay at 65." In calculating the 45% limitation, the Restoration Plan also assumes that company matching contributions have been made to the accounts of covered employees under the qualified and nonqualified defined contribution plans sponsored by Old Gaylord (which are described below) and actuarially converts those assumed matching contributions to a single life annuity benefit utilizing specified Retirement Plan actuarial assumptions.

Messrs. Wendell, Gaylord, Vaughn, London, and Hall had 44, 49, 20, 18, and 30 years of credited service, respectively, on December 31, 1996. As a result of the Code Section 401(a)(17) limitation on eligible compensation, the 1996 includable compensation in determining Average Annual Compensation was limited to \$150,000 for the Named Executive Officers in 1996.

401(k) Savings Plan

Old Gaylord maintains the Savings Plan, a defined contribution plan with a salary deferral arrangement under Section 401(k) of the Code. Certain employees of Old Gaylord who have attained age 21 and completed at least one year of service and more than 1,000 hours of service are eligible to participate in the Savings Plan. The Distribution Agreement provides that, following the Distribution, New Gaylord will assume sponsorship of and continue the Savings Plan.

Savings Plan participants are permitted to make elective contributions of between 1% and 16% of their "Compensation" (as defined in the Savings Plan) which generally includes W-2 income. Under the Savings Plan, 50% of the contribution made by each participant is matched by Old Gaylord up to six percent of compensation with a maximum employer contribution equal to the lesser of (i) three percent of the participant's Compensation or (ii) such lesser amount specified by Section 401(k) of the Code.

A participant's elective contributions vest immediately. The employer matching contributions vest according to the following schedule:

YEARS OF SERVICE - - - - -	PERCENT - - - - -
Less than 2.....	0%
2 to 3.....	40%
3 to 4.....	60%
4 to 5.....	80%
5 or more.....	100%

Pursuant to the Distribution Agreement, Old Gaylord is required to amend the Savings Plan so that the entire account balance of each Old Gaylord employee who becomes an employee of Westinghouse immediately following the Merger vests notwithstanding the vesting schedule under the Savings Plan.

Participants actively participating in the Savings Plan are eligible to apply for up to three loans. They are also permitted to make in-service withdrawals and hardship withdrawals in conformity with the terms of the Savings Plan.

Participating employees may invest both their own contributions and employer contributions into one of seven funds including up to 30% of their contributions in a fund comprised exclusively of Old Gaylord Class A Common Stock.

Upon termination of employment, disability, death, or retirement, a participant receives the value of his or her account, payable as a lump sum unless he or she elects to receive the value of his or her account balance in the form of a joint and survivor annuity.

#### Supplemental Deferred Compensation Plan

Old Gaylord maintains the SUDCOMP Plan, which is an unfunded deferred compensation arrangement for a select group of management or highly compensated employees, including all of Old Gaylord's executive officers, which is intended to provide benefits like those provided under the Savings Plan, notwithstanding the limitations under the Savings Plan imposed by Section 401(k) of the Code. The SUDCOMP Plan is administered by the Old Gaylord Benefits Trust Committee which has the exclusive authority to select the employees who are entitled to participate in the SUDCOMP Plan and to interpret and administer the SUDCOMP Plan. The Distribution Agreement provides that, upon consummation of the Merger, New Gaylord will assume sponsorship of the SUDCOMP Plan.

The terms of the SUDCOMP Plan are generally the same as the terms of the Savings Plan except that (i) employer matching contributions (if any) are 50% vested after two years of service and are vested in full after three years of service, (ii) upon termination of employment for any reason, distributions from the SUDCOMP Plan must generally be distributed to participants within 90 days of their termination of employment, (iii) distributions from the SUDCOMP Plan may not be rolled into an Individual Retirement Account or another employer's defined contribution plan, and (iv) distributions from the SUDCOMP Plan are taxed in full upon distribution. SUDCOMP Plan participants are permitted to invest both their own contributions and employer contributions in the funds made available to Savings Plan participants, other than the Old Gaylord Class A Common Stock Fund.

Pursuant to the Distribution Agreement, Old Gaylord is required to amend the SUDCOMP Plan so that the entire account balance of each Old Gaylord employee who becomes an employee of Westinghouse immediately following the Merger is vested notwithstanding the vesting schedule of the SUDCOMP Plan.

#### EMPLOYMENT, SEVERANCE, AND CHANGE IN CONTROL ARRANGEMENTS

Awards granted under the 1997 Stock Plan become immediately exercisable or otherwise nonforfeitable in full in the event of a Change in Control of New Gaylord (as defined therein), notwithstanding specific terms of the awards providing otherwise. Furthermore, with respect to stock options granted under the 1997 Stock Plan, following a Change in Control the Compensation Committee may, in its discretion, permit the cancellation of



such options in exchange for a cash payment in an amount per share equal, generally, to the difference between the highest closing sales price during the sixty-day period preceding the Change in Control and the exercise price. A Change in Control is defined in the 1997 Stock Plan to include, among other things, (i) the acquisition of securities representing a majority of the combined voting power of all classes of New Gaylord's capital stock by any person (other than New Gaylord and other related entities); (ii) the approval by the stockholders of New Gaylord of a merger or consolidation of New Gaylord into or with another entity (with certain exceptions), the sale or other disposition of all or substantially all of New Gaylord's assets, or the adoption of a plan of liquidation; or (iii) a change in the composition of the Board of Directors in any two-year period such that individuals who were Board members at the beginning of such period cease to constitute a majority thereof (with certain exceptions).

Old Gaylord has entered into severance agreements with certain members of management (the "Severance Agreements"), including each of the Named Executive Officers (collectively, the "executive officers"). These Severance Agreements become effective following a "Change of Control" (as defined therein) and provide for a two-year employment agreement thereafter. In the event an executive officer is terminated or his or her compensation is reduced during such two-year period, he or she is entitled to a lump sum payment equal to 250% of the sum of his base salary and cash incentive bonus. A Change of Control is defined in the Severance Agreements to include, among other things, the acquisition of securities by a person of 33 1/3% or more of the combined voting power of Old Gaylord's securities; mergers, consolidations, and sales of assets in which existing Old Gaylord stockholders own less than a majority of the resulting voting power; and changes in the composition of a majority of the Board of Directors over a two-year period. The Merger will constitute a Change of Control for purposes of the Severance Agreements. Accordingly, all executive officers party thereto will have two-year employment agreements with New Gaylord following the Distribution as provided by the Severance Agreements.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee of the New Gaylord Board of Directors will be composed of Messrs. Dickinson and Rodgers. During 1996, Martin C. Dickinson, Joe M. Rodgers and, until May 1, 1996, E. K. Gaylord II, served as members of the Compensation Committee of the Old Gaylord Board of Directors.

From 1989 until October 1991, E. K. Gaylord II, a member of the Compensation Committee until May 1, 1996, served as Vice President of Old Gaylord, and has served as Vice-Chairman of the Old Gaylord Board of Directors since May 2, 1996. He is currently the president and a director of OPUBCO. Edward L. Gaylord, Chairman of the Board of Directors of Old Gaylord, is currently the chairman, chief executive officer and a director of OPUBCO, and in such capacities is in a position to influence the compensation of E. K. Gaylord II.

In September 1996, Old Gaylord entered into an agreement with OPUBCO pursuant to which OPUBCO will exchange certain commercial real estate located in Dallas, Texas (the "OPUBCO Real Estate") for Old Gaylord's interests in the Oklahoma City '89ers, a minor league baseball franchise. The Voting Trustees, who control approximately 62.7% of Old Gaylord's voting power and will control approximately 39.2% of New Gaylord's voting power immediately following the Distribution (see "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT"), also beneficially own a majority of the voting stock of OPUBCO. Edward L. Gaylord, E.K. Gaylord II, Christine Gaylord Everest, and Martin C. Dickinson, directors of Old Gaylord, are also directors and officers of OPUBCO. The OPUBCO Real Estate was appraised at \$950,000, which the directors of Old Gaylord (other than Edward L. Gaylord, E.K. Gaylord II, Christine Gaylord Everest, Martin C. Dickinson, and Glenn M. Stinchcomb) determined was equal to or greater than the value of Old Gaylord's interests in the Oklahoma City '89ers being exchanged. The consummation of this transaction is subject to the approval of Major League Baseball. Pursuant to the Restructuring, such agreement with OPUBCO will be assigned to and assumed by New Gaylord.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

All of the outstanding shares of New Gaylord capital stock are and, until immediately prior to the Distribution, will continue to be held beneficially and of record by Old Gaylord. The following table sets forth, as of June 19, 1997 or such other date as indicated in the footnotes to the table, the beneficial ownership of Old Gaylord Class A Common Stock or Old Gaylord Class B Common Stock by each Named Executive Officer of Old Gaylord who will continue to be an executive officer of New Gaylord following the Distribution, the executive officers and directors of New Gaylord as a group, and each stockholder known to management of Old Gaylord to beneficially own more than five percent of the outstanding Old Gaylord Class A Common Stock or Old Gaylord Class B Common Stock. Also set forth below are the number of shares of New Gaylord Common Stock that each person or entity will own immediately after the Distribution, on a pro forma basis, assuming no change in ownership of the outstanding shares of Old Gaylord Common Stock.

Each share of Old Gaylord Class B Common Stock is convertible into one share of Old Gaylord Class A Common Stock. Accordingly, under federal securities laws governing beneficial ownership, holders of Old Gaylord Class B Common Stock are deemed to beneficially own the same number of shares of Old Gaylord Class A Common Stock as shares of Old Gaylord Class B Common Stock beneficially owned. The beneficial ownership of Old Gaylord Class A Common Stock shown in the table does not include shares of Old Gaylord Class B Common Stock beneficially owned by such holder. In accordance with the provisions of Rule 13d-3 of the Exchange Act, the beneficial ownership of Old Gaylord Class A Common Stock in the table below includes shares issuable upon the exercise of stock options if such options are currently exercisable or exercisable within 60 days of the date hereof. The beneficial ownership of New Gaylord Common Stock following the Distribution shown in the table below does not include shares issuable upon the exercise of stock options that will be granted upon the conversion of outstanding Old Gaylord stock options because the number of such shares is presently indeterminable. See "EXECUTIVE COMPENSATION -- Issuance of New Gaylord Options and Conversion of Old Gaylord Options." Unless otherwise indicated, Old Gaylord and New Gaylord believe that the beneficial owner set forth in the table has sole voting and investment power.

NAME OF BENEFICIAL OWNER	BENEFICIAL OWNERSHIP OF OLD GAYLORD CLASS A COMMON STOCK AND PERCENTAGE OF CLASS		BENEFICIAL OWNERSHIP OF OLD GAYLORD CLASS B COMMON STOCK AND PERCENTAGE OF CLASS		PERCENTAGE OF OLD GAYLORD TOTAL VOTING POWER	BENEFICIAL OWNERSHIP OF NEW GAYLORD COMMON STOCK FOLLOWING THE DISTRIBUTION	
	NUMBER	PERCENT	NUMBER	PERCENT		NUMBER	PERCENT
Edward L. Gaylord(1)*+.....	669,200(2)	1.47	18,710,286(3)(4)	36.73	31.35	6,415,726	19.97
Edith Gaylord Harper Revokable Trust(1).....	--	--	6,400,114(3)(5)	12.56	10.66	2,133,371	6.64
Christine Gaylord Everest(1)*.....	81,584(6)	**	3,017,110(3)(7)	5.92	5.03	1,005,702	3.13
E. K. Gaylord II(1)*.....	29,767(6)	**	1,593,375(3)(8)	3.13	2.65	531,125	1.65
Louise Gaylord Bennett(1)...	7,717(9)	**	2,834,730(3)(10)	5.56	4.72	947,482	2.95
Martin C. Dickinson* 17461 Avenida De Acacias Rancho Santa Fe, CA 92067.....	38,534(11)	**	3,880,181(3)(12)	7.62	6.46	1,293,742	4.03
Dickinson Trust P.O. Box 808 Rancho Santa Fe, CA 92067.....	--	--	3,596,615(13)	7.06	5.99	1,198,871	3.73
Edward L. Gaylord, Edith Gaylord Harper, Christine Gaylord Everest, E. K. Gaylord II, and Martin C. Dickinson, as Voting Trustees(1).....	--	--	37,727,956(3)	74.06	62.84	12,575,981	39.14
Joe M. Rodgers*.....	59,534(6)	**	--	--	--	--	--
Terry E. London*+.....	145,220(14)	**	2,409	**	**	3,133	**
Jack J. Vaughn+.....	166,878(15)	**	3,997	**	**	9,734	**
The Capital Group Companies, Inc. 333 South Hope Street Los Angeles, CA 90071.....	5,430,880(16)	11.95	--	--	1.81	1,810,293	5.63

NAME OF BENEFICIAL OWNER	BENEFICIAL OWNERSHIP OF OLD GAYLORD CLASS A COMMON STOCK AND PERCENTAGE OF CLASS		BENEFICIAL OWNERSHIP OF OLD GAYLORD CLASS B COMMON STOCK AND PERCENTAGE OF CLASS		PERCENTAGE OF OLD GAYLORD TOTAL VOTING POWER	BENEFICIAL OWNERSHIP OF NEW GAYLORD COMMON STOCK FOLLOWING THE DISTRIBUTION	
	NUMBER	PERCENT	NUMBER	PERCENT		NUMBER	PERCENT
Goldman Sachs Asset Management, Inc. (Successor to Liberty Investment Management, Inc.) 2502 Rocky Point Drive, Suite 500 Tampa, FL 33607.....	4,655,880(17)	10.24	--	--	1.55	1,551,960	4.83
Wellington Management Company 75 State Street Boston, MA 02109.....	4,323,475(18)	9.51	--	--	1.44	1,441,158	4.49
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202.....	2,708,702(19)	5.96	--	--	**	902,900	2.81
All executive officers and directors of New Gaylord as a group (12 persons)...	1,352,059(20)	2.93	39,041,594	76.64	65.23	13,209,904	41.11

\* Director of New Gaylord.

+ Named Executive Officer of Old Gaylord who will continue as an executive officer of New Gaylord.

\*\* Less than one percent.

(1) Mailing address: 9000 N. Broadway, Oklahoma City, Oklahoma 73114.

(2) Includes (a) 44,100 shares beneficially owned as trustee of the Edward L. Gaylord Revocable Trust; (b) 22,050 shares beneficially owned by Mr. Gaylord's wife, Thelma Gaylord, as to which Mr. Gaylord disclaims beneficial ownership; (c) 430,750 shares owned by the Edward L. Gaylord and Thelma Gaylord Foundation, Edward L. Gaylord and Thelma Gaylord, Trustees; (d) 40,000 shares beneficially owned as co-trustee of the Mary Gaylord Foundation; and (e) 132,300 shares issuable upon the exercise of options.

(3) Edward L. Gaylord, Edith Gaylord Harper, and certain other stockholders of Old Gaylord entered into a Voting Trust Agreement, dated as of October 3, 1990 (the "Voting Trust"), which terminates on October 3, 2000. It is currently anticipated that the New Gaylord Common Stock received in the Distribution will be subject to the Voting Trust. Edward L. Gaylord, Edith Gaylord Harper, Christine Gaylord Everest, E. K. Gaylord II, and Martin C. Dickinson, as the voting trustees (the "Voting Trustees") under the Voting Trust, have the shared right to vote the 37,727,956 shares of Class B Common Stock held in the Voting Trust, and it is currently anticipated that the Voting Trustees will have the shared right to vote the 12,575,981 shares of New Gaylord Common Stock which will be held in the Voting Trust following the Distribution. Although the Voting Trustees do not have the right to make any investment decisions with respect to the shares beneficially owned by the Voting Trust, a stockholder party to the Voting Trust needs the written consent of at least 60% of the Voting Trustees (the "Trustees' Consent") to withdraw such holder's shares from the Voting Trust (the "Trust Withdrawal Restriction").

(4) Includes (a) 13,907,995 shares beneficially owned as trustee for the Edward L. Gaylord Revocable Trust; (b) 2,545,940 shares beneficially owned as trustee for the Mary I. Gaylord Revocable Living Trust of 1985; (c) 1,035,709 shares beneficially owned by Thelma Gaylord; (d) 47,582 additional shares beneficially owned as trustee for the Edward L. Gaylord Revocable Trust; (e) 787,185 shares beneficially owned by Gayno, Inc., a corporation controlled by Edward L. Gaylord; and (f) 385,875 shares beneficially owned by The Oklahoman Foundation (the "Charitable Trust"), a charitable trust of which Edward L. Gaylord is a trustee. Edward L. Gaylord has shared voting power and sole investment power (subject to the Trust Withdrawal Restriction) with respect to the shares listed in (a) and (b) above, which together with the shares listed in (c) above are deposited with the Voting Trust (to which Edward L. Gaylord is party as a stockholder and as a Voting Trustee), such 17,489,644 shares being referred to herein as the "ELG Voting Trust Shares;" sole voting power and investment power with respect to the shares listed in (d) and (e) above, and shared voting power and shared investment power with respect to the shares in the Charitable Trust. Does

not include the shares owned by Edward L. Gaylord's son and daughters, E. K. Gaylord II, Christine Gaylord Everest and Louise Gaylord Bennett, respectively. Does not include 20,238,312 shares of Old Gaylord Class B Common Stock beneficially owned by the Voting Trust (excluding the ELG Voting Trust Shares), as to which Edward L. Gaylord has shared voting power and shared investment power (limited solely to the Trustees' Consent). See Note 3.

- (5) Includes (a) 1,190,802 shares owned by the Edith Gaylord Harper 1995 Revokable Trust, Edith Gaylord Harper, W.I. Ross and David Hogan Trustees (the "EGH Revokable Trust") and (b) 5,209,312 shares owned by the EGH Revokable Trust which are deposited with the Voting Trust (to which Mrs. Harper is party as a stockholder and as a Voting Trustee), such shares being referred to herein as the "EGH Voting Trust Shares." Mrs. Harper, Edward L. Gaylord's sister, has sole voting power and investment power with respect to the shares in (a) above and shared voting power and sole investment power (subject to the Trust Withdrawal Restriction) with respect to the EGH Voting Trust Shares. Does not include 32,518,644 shares of Old Gaylord Class B Common Stock beneficially owned by the Voting Trust (excluding the EGH Voting Trust Shares), as to which Mrs. Harper has shared voting power and shared investment power (limited solely to the Trustees' Consent). See Note 3.
- (6) Shares issuable upon the exercise of options.
- (7) Includes (a) 2,595,489 shares owned directly; (b) 11,239 shares owned or beneficially owned by Mrs. Everest's husband, James H. Everest; (c) 11,278 shares owned by Mrs. Everest's daughter, Mary C. Everest; (d) 11,278 shares owned by Mrs. Everest's daughter, Tricia L. Everest; (e) 1,951 additional shares owned by James H. Everest; and (f) 385,875 shares beneficially owned by the Charitable Trust of which Mrs. Everest is a trustee. Does not include the shares owned by Mrs. Everest's father, mother, brother, and sisters, Edward L. Gaylord, Thelma Gaylord, E. K. Gaylord II, and Louise Gaylord Bennett and Mary I. Gaylord, respectively. Mrs. Everest has shared voting power and sole investment power (subject to the Trust Withdrawal Restriction) with respect to the shares listed in (a) above, which together with the shares listed in (b), (c), and (d) above are deposited with the Voting Trust (to which Mrs. Everest is party as a stockholder and as a Voting Trustee), such 2,629,284 shares being referred to herein as the "CGE Voting Trust Shares," and shared voting power and shared investment power with respect to the shares in the Charitable Trust. Does not include 35,098,672 shares of Old Gaylord Class B Common Stock beneficially owned by the Voting Trust (excluding the CGE Voting Trust Shares), as to which Mrs. Everest has shared voting power and shared investment power (limited solely to the Trustees' Consent). See Note 3.
- (8) Includes (a) 1,207,500 shares owned directly which are deposited with the Voting Trust (to which E. K. Gaylord II is party as a stockholder and as a Voting Trustee), such shares being referred to herein as the "EKG Voting Trust Shares," and (b) 385,875 shares beneficially owned by the Charitable Trust of which E. K. Gaylord II is a trustee. E. K. Gaylord II has shared voting power and sole investment power (subject to the Trust Withdrawal Restriction) with respect to the EKG Voting Trust Shares, and shared voting power and shared investment power with respect to the shares in the Charitable Trust. Does not include the shares owned by E. K. Gaylord II's father, mother, and sisters, Edward L. Gaylord, Thelma Gaylord, and Christine Gaylord Everest, Louise Gaylord Bennett, and Mary I. Gaylord, respectively. Does not include 36,520,456 shares of Old Gaylord Class B Common Stock beneficially owned by the Voting Trust (excluding the EKG Voting Trust Shares), as to which E. K. Gaylord II has shared voting power and shared investment power (limited solely to the Trustees' Consent). See Note 3.
- (9) Includes (a) 5,512 shares owned directly, and (b) 2,205 shares owned by Mrs. Bennett's husband, Clayton I. Bennett, as to which Mrs. Bennett disclaims beneficial ownership.
- (10) Deposited with the Voting Trust (to which Louise Gaylord Bennett is party as a stockholder), such shares being referred to herein as the "LGB Voting Trust Shares." Louise Gaylord Bennett has no voting power and sole investment power (subject to the Trust Withdrawal Restriction) with respect to the LGB Voting Trust Shares. See Note 3. Does not include the shares owned by Louise Gaylord Bennett's father, mother, brother, and sisters, Edward L. Gaylord, Thelma Gaylord, E. K. Gaylord II, and Christine Gaylord Everest and Mary I. Gaylord, respectively, as to which Louise Gaylord Bennett disclaims beneficial ownership.
- (11) Includes (a) 1,050 shares beneficially owned by Mr. Dickinson's wife, Carol D. Dickinson, as to which Mr. Dickinson disclaims beneficial ownership, and (b) 37,484 shares issuable upon the exercise of options.
- (12) Includes (a) 198,998 shares beneficially owned as trustee for the Martin C. Dickinson Revocable Trust (the "MCD Revokable Trust") which are deposited with the Voting Trust; (b) 82,479 additional shares in the

MCD Revokable Trust; (c) 771 shares beneficially owned by Mr. Dickinson's wife, Carol D. Dickinson, which are deposited with the Voting Trust; (d) 1,318 additional shares beneficially owned by Carol D. Dickinson; and (e) 3,596,615 shares beneficially owned by the Dickinson Trust. See Note 13. Mr. Dickinson disclaims beneficial ownership with respect to the shares in (c) and (d) above. The shares listed in (a), (c), and (e) above are deposited with the Voting Trust (to which Mr. Dickinson is party as a stockholder and as a Voting Trustee), such 3,796,384 shares being referred to herein as the "MCD Voting Trust Shares." Mr. Dickinson has shared voting power and sole investment power (subject to the Trust Withdrawal Restriction) with respect to the shares in (a) above, sole voting power and investment power with respect to the shares in (b) above, and shared voting power and shared investment power with respect to the shares in the Dickinson Trust. Does not include 33,931,572 shares of Old Gaylord Class B Common Stock beneficially owned by the Voting Trust (excluding the MCD Voting Trust Shares), as to which Mr. Dickinson has shared voting power and shared investment power (limited solely to the Trustees' Consent). See Note 3.

- (13) Deposited with the Voting Trust. Elizabeth M. Dickinson, Martin C. Dickinson, and Elizabeth D. Smoyer, as trustees of the Dickinson Trust, have no voting power and sole investment power (subject to the Trust Withdrawal Restriction) as to these shares. However, Mr. Dickinson has shared voting power as to these shares as a trustee of the Voting Trust. See Note 3.
- (14) Includes (a) 2,586 shares owned directly; (b) 6,614 shares of restricted stock issued pursuant to the 1993 Stock Plan; and (c) 136,020 shares issuable upon the exercise of options.
- (15) Includes (a) 17,492 shares owned directly; (b) 11,574 shares of restricted stock issued pursuant to the 1993 Stock Plan; and (c) 137,812 shares issuable upon the exercise of options.
- (16) Based on information set forth in Amendment No. 6 to Schedule 13G, dated February 12, 1997, filed with the SEC jointly by The Capital Group Companies, Inc., a parent holding company ("CGC"), Capital Guardian Trust Company ("CGTC"), a bank and wholly owned subsidiary of CGC, Capital Research and Management Company ("CRMC"), an investment advisor and wholly owned subsidiary of CGC, and Capital International Limited ("CIL"). CGC reported that it has sole voting power with respect to 1,373,980 shares and sole dispositive power with respect to 5,430,880 shares of Old Gaylord Class A Common Stock. CRMC reported that it exercised investment discretion over 3,882,900 shares of Old Gaylord Class A Common Stock.
- (17) Effective January 2, 1997, Goldman Sachs Investment Management, Inc., a subsidiary of Goldman Sachs & Co., purchased substantially all of the accounts of Liberty Investment Management, Inc. ("Liberty"), including those holding the Old Gaylord Class A Common Stock as previously reported in a Schedule 13G, and amendments thereto, filed with the SEC by Liberty.
- (18) Based on information set forth in Amendment No. 6 to Schedule 13G, dated January 24, 1997, filed with the SEC by Wellington Management Company, an investment advisor ("WMC"). WMC reported that it has shared voting power with respect to 3,399,260 shares of Old Gaylord Class A Common Stock and shared dispositive power with respect to 4,323,475 shares of Old Gaylord Class A Common Stock.
- (19) Based on information set forth in Schedule 13G dated February 14, 1997 filed with the SEC by T. Rowe Price Associates, Inc., an investment advisor ("TRPAI"). TRPAI reported that it has shared voting power with respect to 250,181 shares of Old Gaylord Class A Common Stock and sole dispositive power with respect to 2,708,702 shares of Old Gaylord Class A Common Stock.
- (20) Includes 754,008 shares issuable upon the exercise of options.

## DESCRIPTION OF CAPITAL STOCK

## GENERAL

In accordance with the Distribution Agreement, prior to the Time of Distribution, Old Gaylord will cause New Gaylord to amend and restate its Certificate of Incorporation to, among other things, (i) authorize one class of common stock of New Gaylord, (ii) increase the currently authorized number of shares of common stock of New Gaylord to 150,000,000 shares of New Gaylord Common Stock, (iii) convert the 1,000 shares of New Gaylord common stock, \$100.00 par value, currently outstanding into that number of shares of New Gaylord Common Stock equal to one-third the total number of shares of Old Gaylord Common Stock outstanding immediately prior to the Record Date, and (iv) authorize 100,000,000 shares of Preferred Stock. Based on the number of shares of Old Gaylord Common Stock outstanding at July 15, 1997, the 1,000 shares of New Gaylord common stock would be converted into 32,425,230 shares of New Gaylord Common Stock, all of which will be distributed to Old Gaylord's stockholders in the Distribution.

## COMMON STOCK

Holders of New Gaylord Common Stock will be entitled to one vote for each share of New Gaylord Common Stock held of record on all matters on which stockholders are entitled to vote. There will be no cumulative voting rights and holders of New Gaylord Common Stock will not have preemptive rights. All issued and outstanding shares of New Gaylord Common Stock to be distributed to Old Gaylord's stockholders in the Distribution will be validly issued, fully paid, and nonassessable. Holders of New Gaylord Common Stock will be entitled to such dividends as may be declared from time to time by the New Gaylord Board of Directors out of funds legally available for that purpose. See "Dividend Policy." Upon dissolution, holders of New Gaylord Common Stock will be entitled to share pro rata in the assets of New Gaylord remaining after payment in full of all its liabilities and obligations, including payment of the liquidation preference, if any, of any preferred stock then outstanding.

## PREFERRED STOCK

The New Gaylord Board of Directors, without further action by the stockholders, will be authorized to issue up to 100,000,000 shares of Preferred Stock in one or more series and to designate as to any such series the dividend rate, redemption prices, preferences on liquidation or dissolution, conversion rights, voting rights, and any other preferences, and relative, participating, optional, or other special rights and qualifications, limitations, or restrictions. The rights of the holders of New Gaylord Common Stock will be subject to, and may be affected adversely by, the rights of the holders of any Preferred Stock that may be issued in the future. Issuance of a new series of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions or other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of the outstanding voting stock of New Gaylord. New Gaylord has no present plans to issue any shares of Preferred Stock.

## NYSE LISTING

The shares of New Gaylord Common Stock to be distributed in the Distribution have been approved for listing, subject to official notice of issuance, on the NYSE under the symbol "GET," which is currently the symbol for the Old Gaylord Class A Common Stock. The current rules of the NYSE effectively preclude the listing on the NYSE of any securities of an issuer which has issued securities or taken other corporate action that would have the effect of nullifying, restricting, or disparately reducing the per share voting rights of holders of an outstanding class or classes of equity securities registered under Section 12 of the Exchange Act. New Gaylord does not intend to issue any additional shares of any class of stock that would make the New Gaylord Common Stock ineligible for continued listing or cause the New Gaylord Common Stock to be delisted from the NYSE.

## TRANSFER AGENT AND REGISTRAR

New Gaylord intends to appoint SunTrust Bank, Atlanta, Old Gaylord's current transfer agent, as the Transfer Agent and Registrar for the New Gaylord Common Stock.

## REDEMPTION PROVISION

Applicable law requires that the total percentage of shares of New Gaylord capital stock owned of record or voted by non-United States persons or entities shall not exceed 25% and contains certain other restrictions on stock ownership. Under Article IV(D) of the Restated Certificate, New Gaylord has the right to prohibit the ownership or voting, or to redeem outstanding shares, of its capital stock if the Board of Directors determines that such prohibition or redemption is necessary to prevent the loss or secure the reinstatement of any governmental license or franchise held by New Gaylord or to otherwise comply with the Communications Act or any other similar legislation affecting New Gaylord.

## THE DELAWARE BUSINESS COMBINATION ACT

New Gaylord is a Delaware corporation and, from and after the Time of Distribution, will be subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware (the "DGCL"). In general, Section 203 provides that a Delaware corporation may not, for a period of three years, engage in any of a broad range of business combinations with a person or affiliate or associate of such person who is an "interested stockholder" (defined generally as a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of a corporation's outstanding voting stock) unless: (a) the transaction resulting in a person's becoming an interested stockholder, or the business combination, is approved by the board of directors of the corporation before the person becomes an interested stockholder; (b) the interested stockholder acquires 85% or more of the outstanding voting stock of the corporation in the same transaction that makes it an interested stockholder; or (c) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation's board of directors and by the holders of at least 66 2/3% of the corporation's outstanding voting stock. New Gaylord's Board of Directors has approved the acquisition in the Distribution of shares of New Gaylord Common Stock by the Voting Trustees, collectively, and Edward L. Gaylord, individually, and thereby exempted such persons from the application of DGCL Section 203.

## CERTAIN RESTATED CERTIFICATE AND BY-LAW PROVISIONS

## General

Certain provisions of the Restated Certificate and New Gaylord's By-laws (the "By-laws") could have an antitakeover effect. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the New Gaylord Board of Directors and in the policies formulated by the New Gaylord Board of Directors and to discourage certain types of transactions described below, which may involve an actual or threatened change of control of New Gaylord. The provisions are designed to reduce the vulnerability of New Gaylord to an unsolicited proposal for a takeover of New Gaylord that does not contemplate the acquisition of all of its outstanding shares or an unsolicited proposal for the restructuring or sale of all or part of New Gaylord. The provisions are also intended to discourage certain tactics that may be used in proxy fights. New Gaylord's Board of Directors believes that, as a general rule, such takeover proposals would not be in the best interests of New Gaylord and its stockholders.

## Classified Board

The Restated Certificate provides for New Gaylord's Board of Directors to be divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of New Gaylord's Board of Directors will be elected each year. In addition, under the DGCL, the directors on a classified board may be removed from office only for cause and only by the affirmative vote of holders of a majority of the outstanding voting stock. The overall effect of the provisions in the Restated Certificate with respect to the classified Board may be to render more difficult a change in control of New Gaylord or the removal of incumbent management.

## Special Meetings of Stockholders; Action by Written Consent

The Restated Certificate provides that no action may be taken by stockholders except at an annual or special meeting of stockholders and prohibits action by written consent in lieu of a meeting. The Restated Certificate

provides that special meetings of stockholders of New Gaylord may be called only by the Chairman or by a majority of the members of New Gaylord's Board of Directors. This provision will make it more difficult for stockholders to take action opposed by New Gaylord's Board of Directors.

#### Advance Notice Requirements for Stockholder Proposals and Director Nominations

The By-laws establish an advance notice procedure for the nomination, other than by or at the direction of New Gaylord's Board of Directors or a committee thereof, of candidates for election as directors as well as for other stockholder proposals to be considered at stockholders' meetings. These limitations on stockholder proposals do not restrict a stockholder's right to include proposals in New Gaylord's annual proxy materials pursuant to rules promulgated under the Exchange Act. The purpose of requiring advance notice is to afford New Gaylord's Board of Directors an opportunity to consider the qualification of the proposed nominees or the merits of other stockholder proposals and, to the extent deemed necessary or desirable by New Gaylord's Board of Directors, to inform stockholders about those matters.

#### Restated Certificate and By-laws Amendments

The Restated Certificate requires the affirmative vote of the holders of at least 66 2/3% of the voting power of New Gaylord's capital stock in order to amend certain of its provisions, including any provisions concerning (i) the classified board, (ii) the amendment of the By-laws, (iii) any proposed compromise or arrangement between New Gaylord and its creditors, (iv) the authority of stockholders to act by written consent or to call a special meeting, (v) the liability of directors, and (vi) the percentage of votes represented by capital stock required to approve certain amendments to the Restated Certificate. These voting requirements will make it more difficult for stockholders to make changes in the Restated Certificate which would be designed to facilitate the exercise of control over New Gaylord. In addition, the requirement of approval by at least a 66 2/3% stockholder vote will enable the holders of a minority of the voting securities of New Gaylord to prevent the holders of a majority or more of such securities from amending such provisions. In addition, the Restated Certificate provides that the By-laws may only be amended by stockholders by the affirmative vote of 66 2/3% of New Gaylord's outstanding voting stock. After giving effect to the Distribution, the directors and executive officers of New Gaylord, together with the Voting Trust, will hold in the aggregate approximately 41.1% of the voting power of New Gaylord. See "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

#### Indemnification and Insurance

Pursuant to authority conferred by DGCL Section 102(b)(7), the Restated Certificate contains a provision providing that no director of New Gaylord shall be liable to it or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that such exemption from liability or limitation thereof is not permitted under the DGCL as then in effect or as the same may be amended. This provision is intended to eliminate the risk that a director might incur personal liability to New Gaylord or its stockholders for breach of the duty of care.

DGCL Section 145 contains provisions permitting, and in some situations requiring, Delaware corporations, such as New Gaylord, to provide indemnification to their officers and directors for losses and litigation expenses incurred in connection with their service to the corporation in those capacities. The By-laws of New Gaylord contain provisions requiring indemnification by New Gaylord of, and advancement of expenses to, its directors and officers to the fullest extent permitted by law. Among other things, these provisions provide indemnification for New Gaylord's officers and directors against liabilities for judgments in and settlements of lawsuits and other proceedings and for the advance and payment of fees and expenses reasonably incurred by the director or officer in defense of any such lawsuit or proceeding.

New Gaylord intends to purchase and maintain insurance on behalf of any person who is or was a director or officer of New Gaylord, or is now or was a director or officer of New Gaylord serving at the request of New Gaylord as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not New Gaylord would have the power or the obligation to indemnify him against such liability under the provisions of the By-laws.



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The 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.

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To New Gaylord Entertainment Company:

We have audited the accompanying consolidated balance sheets of New Gaylord Entertainment Company (a Delaware corporation and a wholly owned subsidiary of Gaylord Entertainment Company) and its subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, stockholder's equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of New Gaylord's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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.

The accompanying financial statements of New Gaylord Entertainment Company have been prepared from the separate records of New Gaylord maintained by Gaylord Entertainment Company and may not be necessarily indicative of the conditions that would have existed or the results of operations if New Gaylord had been operated as an unaffiliated company. Portions of certain expenses represent corporate expenses of Gaylord Entertainment Company as a whole for which Gaylord Entertainment Company maintains the related assets or liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Gaylord Entertainment Company and its subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Nashville, Tennessee  
April 4, 1997

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994  
(AMOUNTS IN THOUSANDS)

	1996	1995	1994
	-----	-----	-----
Revenues.....	\$747,158	\$707,460	\$687,931
Operating expenses:			
Operating costs.....	443,236	442,177	427,853
Selling, general and administrative.....	125,456	115,355	108,624
Depreciation and amortization.....	48,856	38,086	32,945
	-----	-----	-----
Operating income.....	129,610	111,842	118,509
Interest expense.....	(49,880)	(40,856)	(27,578)
Interest income.....	21,580	5,968	738
Other gains (losses).....	72,220	(8,088)	(15,172)
	-----	-----	-----
Income from continuing operations before provision for income taxes.....	173,530	68,866	76,497
Provision for income taxes.....	62,947	27,500	29,451
	-----	-----	-----
Income from continuing operations.....	110,583	41,366	47,046
Discontinued operations, net of taxes.....	--	42,998	--
	-----	-----	-----
Net income.....	\$110,583	\$ 84,364	\$ 47,046
	=====	=====	=====

The accompanying notes are an integral part of these statements.

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 1996 AND 1995  
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	1996	1995
	-----	-----
ASSETS		
Current assets:		
Cash.....	\$ 9,785	\$ 8,863
Trade receivables, less allowance of \$3,276 and \$3,297, respectively.....	108,643	105,779
Program rights.....	14,072	26,583
Other assets.....	45,975	48,222
	-----	-----
Total current assets.....	178,475	189,447
	-----	-----
Program rights.....	26,472	37,641
Property and equipment, net of accumulated depreciation.....	640,319	571,549
Intangible assets, net of accumulated amortization.....	39,363	36,935
Investments.....	65,190	63,817
Long-term notes and interest receivable.....	184,138	163,158
Other assets.....	18,669	9,295
	-----	-----
Total assets.....	\$1,152,626	\$1,071,842
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 84,276	\$ 94,748
Program contracts payable.....	14,943	23,574
	-----	-----
Total current liabilities.....	99,219	118,322
	-----	-----
Payable to Old Gaylord.....	476,316	554,488
Program contracts payable.....	24,661	34,058
Deferred income taxes.....	129,381	140,480
Other liabilities.....	6,991	7,858
Minority interest.....	14,847	13,008
Commitments and contingencies		
Stockholder's equity:		
Common stock, \$100 par value, 10,000 shares authorized, 1,000 shares issued and outstanding.....	100	100
Class B common stock, \$.01 par value, 10,000 shares authorized, no shares issued or outstanding.....	--	--
Additional paid-in capital.....	92,400	5,400
Retained earnings.....	308,711	198,128
	-----	-----
Total stockholder's equity.....	401,211	203,628
	-----	-----
Total liabilities and stockholder's equity.....	\$1,152,626	\$1,071,842
	=====	=====

The accompanying notes are an integral part of these statements.

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994  
(AMOUNTS IN THOUSANDS)

	1996	1995	1994
	-----	-----	-----
<b>Cash Flows from Operating Activities:</b>			
Net income.....	\$ 110,583	\$ 84,364	\$ 47,046
Amounts to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization.....	48,856	38,086	32,945
Provision (benefit) for deferred income taxes.....	4,596	460	(1,121)
Write-down of television program rights.....	--	13,302	--
Noncash interest income.....	(20,479)	(4,970)	--
Discontinued operations, net of taxes.....	--	(42,998)	--
Provision for losses on disposal of Fiesta Texas partnership interest.....	--	5,529	26,000
Gain on sale of television stations.....	(73,850)	--	(10,689)
Changes in:			
Trade receivables.....	(8,974)	(6,703)	(19,522)
Program rights and program contracts payable.....	(3,667)	12,042	(100)
Accounts payable and accrued liabilities.....	(631)	(1,658)	14,102
Other, net.....	(7,002)	(6,494)	(5,430)
	-----	-----	-----
Net cash flows provided by operating activities.....	49,432	90,960	83,231
	-----	-----	-----
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sale of discontinued operations, net of direct selling costs.....	--	190,838	--
Purchase of minority interest in discontinued operations.....	--	(10,585)	--
Proceeds from sale of television stations, net of direct selling costs.....	96,840	--	13,231
Investments in, advances to and distributions from affiliates, net.....	237	1,912	(5,017)
Purchases of property and equipment, net.....	(115,542)	(175,225)	(134,947)
Payment upon disposal of Fiesta Texas partnership interest.....	(12,976)	--	--
Other, net.....	(9,078)	(4,167)	249
	-----	-----	-----
Net cash flows provided by (used in) investing activities.....	(40,519)	2,773	(126,484)
	-----	-----	-----
<b>Cash Flows from Financing Activities:</b>			
Borrowings from (repayments to) Old Gaylord, net.....	(6,960)	(97,618)	37,595
Borrowings (repayments) of long-term debt, net.....	(1,031)	(453)	17
	-----	-----	-----
Net cash flows provided by (used in) financing activities.....	(7,991)	(98,071)	37,612
	-----	-----	-----
<b>Cash Flows from Discontinued Operations:</b>			
Operating activities.....	--	16,758	30,995
Investing activities.....	--	(12,985)	(21,474)
Increase in cash balance.....	--	2,856	(1,340)
	-----	-----	-----
Net cash flows provided by discontinued operations.....	--	6,629	8,181
	-----	-----	-----
Net change in cash.....	922	2,291	2,540
Cash, beginning of year.....	8,863	6,572	4,032
	-----	-----	-----
Cash, end of year.....	\$ 9,785	\$ 8,863	\$ 6,572
	=====	=====	=====

The accompanying notes are an integral part of these statements.

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994  
(AMOUNTS IN THOUSANDS)

	COMMON STOCK	CLASS B COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDER'S EQUITY
	-----	-----	-----	-----	-----
Balance, December 31, 1993.....	\$100	\$ --	\$ 400	\$ 66,718	\$ 67,218
Net income.....	--	--	--	47,046	47,046
	-----	-----	-----	-----	-----
Balance, December 31, 1994.....	100	--	400	113,764	114,264
Net income.....	--	--	--	84,364	84,364
Capital contribution.....	--	--	5,000	--	5,000
	-----	-----	-----	-----	-----
Balance, December 31, 1995.....	100	--	5,400	198,128	203,628
Net income.....	--	--	--	110,583	110,583
Capital contribution.....	--	--	87,000	--	87,000
	-----	-----	-----	-----	-----
Balance, December 31, 1996.....	\$100	\$ --	\$92,400	\$308,711	\$401,211
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
 (A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

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

New Gaylord Entertainment Company ("New Gaylord"), formerly Gaylord Broadcasting Company, is a wholly owned subsidiary of Gaylord Entertainment Company ("Old Gaylord"). New Gaylord is a diversified entertainment and communications company operating, through its subsidiaries, principally in three business segments: hospitality and attractions, broadcasting and music, and cable networks. Subsequent to December 31, 1996, Old Gaylord entered into a definitive agreement with Westinghouse Electric Corporation ("Westinghouse") whereby substantially all of the assets and liabilities of the cable networks segment will be acquired by Westinghouse as further described in Note 2. New Gaylord sold its cable television systems segment (the "Systems") on September 29, 1995. Prior to the sale, the Systems were accounted for as discontinued operations in the accompanying consolidated financial statements as further described in Note 4.

HOSPITALITY AND ATTRACTIONS

New Gaylord owns and operates the Opryland entertainment complex in Nashville, Tennessee and various other Nashville-based tourist attractions. The Opryland complex primarily includes the Opryland Hotel, the Opryland theme park and the Grand Ole Opry. New Gaylord also owns a minority limited partnership interest in Bass Pro, L.P. ("Bass Pro"), which is a leading retailer of premium outdoor sporting goods and fishing products.

BROADCASTING AND MUSIC

At December 31, 1996, New Gaylord owned and operated two broadcast television stations: KTVT (Dallas-Fort Worth, Texas) and KSTW (Tacoma-Seattle, Washington). In January 1997, New Gaylord announced it had entered into a definitive agreement to sell KSTW as further described in Note 2. New Gaylord sold its television station KHTV (Houston, Texas) in January 1996 as further described in Note 3. New Gaylord affiliated KTVT and KSTW with CBS, Inc. during 1995. In addition, New Gaylord owns and operates three radio stations in Nashville, Tennessee and a music publishing company.

CABLE NETWORKS

New Gaylord owns The Nashville Network ("TNN") which is a national basic cable television network carried by substantially all United States cable operators, as well as by many Canadian cable services. In addition, New Gaylord operates and owns 67% of the outstanding stock of Country Music Television, Inc. ("CMT"), a country music video cable network. CMT Europe, a country music video cable network established to provide service to Europe, was launched in October 1992. CMT expanded into the Asia-Pacific region in October 1994 and into Latin America in April 1995.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of New Gaylord and all of its majority owned subsidiaries. All assets, liabilities, revenues and expenses in the accompanying financial statements have been derived from the separate records or identified costs maintained by Old Gaylord with the exception of the allocation of certain expenses incurred by Old Gaylord on behalf of New Gaylord. These allocated expenses primarily consist of interest charged to New Gaylord (which Old Gaylord allocates based on the amounts advanced to each of its business segments) and certain corporate overhead expenses of Old Gaylord (which Old Gaylord allocates based on the revenues of each of its business segments). Management estimates that such interest charges and other allocated expenses approximate the expenses which would have been incurred had New Gaylord operated on a stand-alone basis. However, the consolidated financial information included herein may not necessarily reflect the consolidated results of operations, financial position, changes in stockholder's equity

and cash flows of New Gaylord in the future or what such financial information would have been had New Gaylord been a separate, stand-alone entity during the periods presented. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### PROGRAM RIGHTS

New Gaylord acquires exhibition rights for certain theatrical and television programs. The program rights are recorded at the gross contract amount when certain conditions are met, including availability of the program for broadcast, and are amortized over the shorter of the estimated number of program showings or the contract periods. Program rights are continually evaluated for impairment based upon undiscounted cash flows to be derived from related program rights. The current portion of program rights represents those rights currently available for telecast which will be amortized in the succeeding year. New Gaylord had commitments for program rights and related program contract payables of \$8,850 and \$32,507 at December 31, 1996 and 1995, respectively, which were not available for telecast until a future date. These amounts are not included in the accompanying consolidated balance sheets.

During 1995, New Gaylord recorded a pre-tax charge to operations of \$13,302 for the write-down to net realizable value of certain program rights. The write-down is primarily related to excess program rights resulting from the affiliation of KTVT and KSTW with CBS.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, including interest on funds borrowed to finance the construction of major capital additions, and are depreciated or amortized using straight-line and accelerated methods over the following estimated useful lives:

Buildings.....	20-40 years
Leasehold and land improvements.....	20 years
Theme park rides and attractions.....	15-20 years
Furniture, equipment and vehicles.....	3-10 years

Effective January 1, 1994, New Gaylord changed to the straight-line method of depreciation for substantially all newly acquired property. Maintenance and repairs are charged to expense as incurred.

#### INTANGIBLE ASSETS

Intangible assets consist primarily of goodwill which is amortized using the straight-line method over a period not to exceed 40 years. New Gaylord continually evaluates whether later events and circumstances have occurred that indicate the remaining balance of goodwill may not be recoverable. In evaluating possible impairment, New Gaylord uses the most appropriate method of evaluation given the circumstances surrounding the particular acquisition, which has generally been an estimate of the related business unit's undiscounted operating income before interest and taxes over the remaining life of the goodwill.

Amortization expense related to intangible assets for 1996, 1995 and 1994 was \$3,212, \$2,445 and \$2,118, respectively. At December 31, 1996 and 1995, accumulated amortization of intangible assets was \$14,817 and \$15,304, respectively.

#### INVESTMENTS

Investments consist primarily of the minority interest in Bass Pro, which distributes its products through retail centers and an extensive mail order catalog operation. Bass Pro also owns and operates a resort hotel and development in Southern Missouri. New Gaylord accounts for the Bass Pro investment using the equity method of accounting. New Gaylord's original investment exceeded its share of the underlying equity in the net assets of Bass Pro by approximately \$36,000, which is being amortized on a straight-line basis over 40 years. New Gaylord's recorded investment in Bass Pro was \$62,852 and \$62,537 at December 31, 1996 and 1995, respectively.



## OTHER ASSETS

Other current and long-term assets consist primarily of program inventories, merchandise inventories, deferred preopening expenses and prepaid expenses. Program inventories, \$20,175 and \$22,484 in 1996 and 1995, respectively, are amortized at a rate based upon the broadcast periods of the programs and the revenues estimated to be earned over these periods, and are continually evaluated for impairment based upon undiscounted cash flows to be derived from the related programming assets. Inventories of \$15,436 and \$15,111 in 1996 and 1995, respectively, consist primarily of merchandise held for resale and are priced at the lower of average cost or market. To provide for a better matching of revenues and expenses, New Gaylord defers expenses prior to a new venture becoming operational. These deferred preopening expenses, \$12,335 and \$7,387 in 1996 and 1995, respectively, are amortized on a straight-line basis over five years. Prepaid expenses were \$11,784 and \$10,295 in 1996 and 1995, respectively.

## ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at December 31 consisted of:

	1996	1995
	-----	-----
Trade accounts payable.....	\$ 9,644	\$15,027
Commissions payable.....	16,877	15,954
Accrued royalties.....	10,153	10,617
Deferred revenues.....	15,174	11,472
Accrued salaries and benefits.....	4,805	3,616
Property and other taxes payable.....	10,089	8,835
Other accrued liabilities.....	17,534	29,227
	-----	-----
Total accounts payable and accrued liabilities....	\$84,276	\$94,748
	=====	=====

Other accrued liabilities included approximately \$15,000 in 1995 for the liabilities related to the disposal of New Gaylord's 14% limited partnership interest in the Fiesta Texas theme park, as further described in Note 3. Accrued royalties consist primarily of music royalties and licensing fees at New Gaylord's television stations, cable networks and music publishing business. Deferred revenues consist primarily of deposits on advance room bookings at the Opryland Hotel and advance ticket sales at the Opryland theme park and the Grand Ole Opry.

## PAYABLE TO OLD GAYLORD

Old Gaylord has a centralized cash management system whereby cash is made available to New Gaylord for normal operating activities when needed and excess cash is transferred back to Old Gaylord when available. The net effect of these cash transactions is included in the payable to Old Gaylord in the consolidated balance sheets and is presented as borrowings from (repayments to) Old Gaylord in the consolidated statements of cash flows.

## STOCK PLANS AND STOCK BASED COMPENSATION

Old Gaylord provides stock option and incentive plans in which certain of New Gaylord's key employees are eligible to participate. Statement of Financial Accounting Standards ("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. New Gaylord has chosen to continue to account for stock-based compensation using the intrinsic value method as prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." In addition, based on the number of the options outstanding and the historical and expected future trends of factors affecting valuation of those options, management believes that any compensation cost which would be expected on New Gaylord's financial statements under SFAS No. 123 attributable to options granted is immaterial.

## RETIREMENT PLANS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Old Gaylord provides a noncontributory defined benefit pension plan in which substantially all of New Gaylord's employees are eligible to participate upon meeting the pension plan's participation requirements. The benefits are based on years of service and compensation levels.

In addition, Old Gaylord has contributory retirement savings plans in which substantially all of New Gaylord's employees are eligible to participate. Old Gaylord 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.

Old Gaylord also sponsors unfunded defined benefit postretirement health care and life insurance plans for certain of New Gaylord's employees. Under this plan, Old Gaylord 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.

All of the plans discussed above are administered and funded by Old Gaylord which also maintains the related assets and liabilities on its records.

#### INCOME TAXES

New Gaylord's operations are included in the consolidated income tax return filed by Old Gaylord and the current liability for federal income taxes payable is recorded by Old Gaylord. The provision for income taxes in New Gaylord's consolidated financial statements has been calculated on a separate tax return basis.

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

#### FINANCIAL INSTRUMENTS

Estimated fair values and carrying amounts of New Gaylord's financial instruments at December 31, 1996 and 1995 are as follows:

	1996		1995	
	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
Long-term notes and interest receivable.....	\$187,279	\$184,138	\$164,792	\$163,158
	=====	=====	=====	=====

The fair value estimates were determined using discounted cash flow analyses. The discount rate was determined based upon similar instruments. 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. Credit risk on trade receivables is minimized by the large and diverse nature of New Gaylord's customer base.

#### ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### 2. SUBSEQUENT EVENTS:

During January 1997, New Gaylord entered into a definitive agreement to sell its Tacoma-Seattle, Washington, television station, KSTW, for \$160,000 in cash to Cox Broadcasting, Inc., which subsequently assigned its rights under the agreement to Paramount Stations Group, Inc. The transaction requires the approval of the Federal Communications Commission and will result in the recognition of a gain.

On February 9, 1997, Old Gaylord entered into an agreement (the "Merger Agreement") with Westinghouse and G Acquisition Corp., a wholly owned subsidiary of Westinghouse ("Sub"), pursuant to which Sub will be merged (the "Merger") with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly owned subsidiary of Westinghouse. Prior to the Merger, Old Gaylord will be restructured (the

"Restructuring") so that the assets and liabilities that are part of Old Gaylord's hospitality, attractions, music, television and radio businesses, including all of Old Gaylord's long-term debt, as well as the Country Music Television cable networks outside of the United States and Canada ("CMT International") and the management of and option to acquire Z Music, Inc. ("Z Music"), will be transferred to or retained by New Gaylord. As a result of the Restructuring and the Merger, substantially all of the assets of Old Gaylord's cable networks business, consisting primarily of TNN and the U.S. and Canadian operations of CMT, and certain other related businesses (collectively, the "Cable Networks Business") and certain liabilities to the extent that they arise out of the Cable Networks Business, will be held by Old Gaylord or one of its subsidiaries (other than New Gaylord or its subsidiaries after giving effect to the Restructuring) and will be acquired by Westinghouse in the Merger.

Following the Restructuring and on the day prior to the effective time of the Merger, Old Gaylord will distribute (the "Distribution") pro rata to its stockholders all of the outstanding capital stock of New Gaylord. As a result of the Distribution, each holder of record of Class A Common Stock, \$.01 par value ("Old Gaylord Class A Common Stock"), and Class B Common Stock, \$.01 par value ("Old Gaylord Class B Common Stock," and together with Old Gaylord Class A Common Stock, "Old Gaylord Common Stock"), of Old Gaylord on the record date for the Distribution will receive a number of shares of Common Stock, \$.01 par value, of New Gaylord ("New Gaylord Common Stock") equal to one-third the number of shares of Old Gaylord Common Stock held by such holder, and cash in lieu of any fractional shares of New Gaylord Common Stock.

In the Merger, Old Gaylord's stockholders will receive shares of Westinghouse common stock valued at the agreed upon transaction price of \$1,550,000, at a per share consideration to be determined in accordance with the Merger Agreement that will be based upon the market price of the Westinghouse common stock and the number of outstanding shares of Old Gaylord Common Stock. The Distribution and the Merger are subject to the satisfaction or waiver of a number of conditions, including Old Gaylord stockholder approval of the Merger and certain regulatory approvals, including an Internal Revenue Service ruling that the Distribution, the Merger, and certain aspects of the Restructuring will be tax-free transactions. The Distribution and the Merger are expected to occur during 1997.

In connection with the Merger, New Gaylord and Old Gaylord (or one or more of their respective subsidiaries) plan to enter into agreements pertaining to their ongoing business relationship. In addition, each party will agree not to compete with the other in certain areas of the cable networks industry.

### 3. ACQUISITIONS AND DIVESTITURES:

In January 1996, New Gaylord sold its Houston, Texas, television station, KHTV, to Tribune Broadcasting Company for \$97,800, including certain working capital and other adjustments of approximately \$4,300. The sale resulted in a pretax gain of \$73,850 which is included in other gains (losses) in the consolidated statements of income. The sale of the television station included program rights of \$32,235 and related program contracts payable of \$23,766.

In December 1995 and December 1994, New Gaylord recorded pretax losses of \$5,529 and \$26,000, respectively, included in other gains (losses) in the consolidated statements of income, to reflect losses related to the January 1996 disposal of its 14% limited partnership interest in the Fiesta Texas theme park. The charges were based on the permanent impairment in the value of the investment and New Gaylord's guarantee on certain indebtedness related to the original construction of Fiesta Texas. New Gaylord paid \$12,976 to transfer its partnership interest and related obligations to a subsidiary of USAA, the majority investor, in January 1996. In connection with New Gaylord's termination of its interest in Fiesta Texas, New Gaylord was released from the loan guarantee.

Sinclair Broadcast Group, Inc. ("Sinclair") purchased the non-license assets of New Gaylord's WTV television station in Milwaukee, Wisconsin, in May 1994. Total proceeds from the sale of the non-license assets were \$18,231, resulting in a pretax gain of \$10,689, which is included in other gains (losses) in the 1994 consolidated statement of income. Sinclair retained an option to purchase the license assets of WTV which it subsequently assigned to Glencairn, Ltd., which exercised the option and purchased the license assets in July 1995.

## 4. DISCONTINUED OPERATIONS:

On September 29, 1995, New Gaylord completed the sale of the Systems to CCT Holdings Corp. ("CCTH"). Net proceeds, after a working capital adjustment of \$5,512, consisted of \$198,800 in cash and a 10-year note receivable with a face amount of \$165,688. The note receivable and related accrued interest are included in long-term notes and interest receivable in the accompanying consolidated balance sheets in the amount of \$176,138 and \$155,658, for 1996 and 1995, respectively, net of a \$15,000 discount in both years to reflect the note at fair value based upon financial instruments of comparable credit risk and interest rates. The note is currently classified as held to maturity and bears interest at an initial rate of 12% which increases to 15% in September 2000 and 2% each year thereafter with principal and interest payable at maturity in 2005. New Gaylord recorded \$20,479 and \$4,970 of interest income related to the note receivable during 1996 and 1995, respectively. Immediately prior to the sale, New Gaylord purchased the remaining 2.9% minority interest in the Systems for \$10,585. In addition, New Gaylord received the contractual right to 15% of the net distributable proceeds, as defined, from certain future asset sales by the buyer of the Systems. A significant stockholder and certain directors of Old Gaylord own, indirectly, less than a 5% interest in CCTH.

New Gaylord recorded a gain in 1995 on the sale of the Systems of \$42,998, net of applicable income taxes of \$30,824. The Systems have been accounted for as discontinued operations and, accordingly, the Systems' losses subsequent to the November 1993 measurement date, including interest expense on debt that can be specifically attributed to the Systems, were deferred and are reflected as a reduction in the gain on the sale of the Systems.

Selected results of operations related to the Systems prior to their sale are summarized below for the period ended September 29, 1995 and the year ended December 31, 1994 :

	1995	1994
	-----	-----
Revenues.....	\$ 67,157	\$ 85,200
	=====	=====
Depreciation and amortization.....	39,178	57,383
	=====	=====
Interest expense.....	17,051	19,728
	=====	=====
Loss before income taxes.....	(29,344)	(40,975)
Benefit for income taxes.....	9,831	13,953
Loss deferred subsequent to measurement date.....	19,513	27,022
	-----	-----
Net loss.....	\$ --	\$ --
	=====	=====

Net cash flows related to the Systems for the period ended September 29, 1995 and the year ended December 31, 1994 were:

	1995	1994
	-----	-----
Cash flows from operating activities:		
Net losses from discontinued operations.....	\$(19,513)	\$(27,022)
Depreciation and amortization.....	39,178	57,383
Other, net.....	(2,907)	634
	-----	-----
Net cash flows provided by operating activities...	16,758	30,995
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment, net.....	(12,924)	(21,625)
Other, net.....	(61)	151
	-----	-----
Net cash flows used in investing activities.....	(12,985)	(21,474)
	-----	-----
Increase (decrease) in cash balance.....	2,856	(1,340)
	-----	-----
Net cash flows.....	\$ 6,629	\$ 8,181
	=====	=====

## 5. PROPERTY AND EQUIPMENT:

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

	1996	1995
	-----	-----
Land and improvements.....	\$105,669	\$100,715
Buildings.....	478,955	318,105
Furniture, fixtures, and equipment.....	379,822	327,808
Construction in progress.....	9,742	128,449
	-----	-----
Accumulated depreciation.....	974,188	875,077
	333,869	303,528
	-----	-----
Property and equipment, net	\$640,319	\$571,549
	=====	=====

Depreciation expense for 1996, 1995, and 1994 was \$42,101, \$33,416, and \$28,953, respectively. Capitalized interest for 1996, 1995, and 1994 was \$3,383, \$5,308, and \$2,227, respectively.

## 6. INCOME TAXES:

The provision for income taxes for the years ended December 31 consisted of:

	1996	1995	1994
	-----	-----	-----
Current:			
Federal provision.....	\$56,698	\$23,179	\$28,851
State provision.....	1,653	3,861	1,721
	-----	-----	-----
Total current provision.....	58,351	27,040	30,572
	-----	-----	-----
Deferred:			
Federal provision (benefit).....	3,918	(568)	(2,191)
State provision.....	678	1,028	1,070
	-----	-----	-----
Total deferred provision (benefit).....	4,596	460	(1,121)
	-----	-----	-----
Total provision for income taxes.....	\$62,947	\$27,500	\$29,451
	=====	=====	=====

The effective tax rate as applied to income from continuing operations for the years ended December 31 differed from the statutory federal rate due to the following:

	1996	1995	1994
	----	----	----
Statutory federal rate.....	35%	35%	35%
State taxes.....	2	3	3
Other items, net.....	(1)	2	1
	--	--	--
	36%	40%	39%
	==	==	==

The components of the net deferred tax liability as of December 31 were:

	1996	1995
	-----	-----
Deferred tax assets:		
Amortization.....	\$ 10,816	\$ 10,851
Accounting reserves and accruals.....	6,452	17,480
Other, net.....	3,987	(4,640)
	-----	-----
Total deferred tax assets.....	21,255	23,691
	-----	-----
Deferred tax liabilities:		
Depreciation.....	43,916	36,658
Accounting reserves and accruals.....	106,720	127,513
	-----	-----
Total deferred tax liabilities.....	150,636	164,171
	-----	-----
Net deferred tax liability.....	\$129,381	\$140,480
	=====	=====

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.

#### 7. PAYABLE TO OLD GAYLORD:

New Gaylord has an intercompany account payable to Old Gaylord. New Gaylord records interest expense on amounts borrowed from Old Gaylord at a rate equivalent to the prime lending rate plus 1.25%. Interest expense recorded on amounts payable to Old Gaylord, net of amounts capitalized and amounts deferred related to the Systems, was \$49,385, \$40,197 and \$26,988 for 1996, 1995 and 1994, respectively.

#### 8. SIGNIFICANT BUSINESS RELATIONSHIP:

Westinghouse is primarily responsible for promoting and marketing TNN, CMT and CMT International, selling advertising time on TNN and CMT, marketing TNN and CMT to cable operators, and providing a satellite transponder to deliver TNN programming to cable systems. In addition, Westinghouse owns 33% of CMT and CMT International. Westinghouse receives a commission of 33% of TNN's applicable gross receipts, net of agency commissions, and a commission of 10% of CMT's gross receipts, net of agency commissions, up to a current maximum of \$3,800 annually with regard to CMT, for its services. Westinghouse commissions under these agreements were approximately \$86,600, \$73,700 and \$65,900 in 1996, 1995 and 1994, respectively. Commissions payable to Westinghouse at December 31, 1996 and 1995, were approximately \$15,300 and \$15,100 respectively, and are included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

#### 9. COMMITMENTS AND CONTINGENCIES:

Rental expense was \$11,111, \$8,259, and \$8,247 for 1996, 1995 and 1994, respectively. Future minimum lease commitments under all noncancelable operating leases in effect as of December 31, 1996 are as follows:

1997.....	\$ 14,075
1998.....	16,224
1999.....	16,255
2000.....	16,581
2001.....	6,508
Years thereafter.....	58,013
	-----
Total.....	\$127,656
	=====

New Gaylord is involved in certain legal actions and claims on a variety of 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 New Gaylord.

## 10. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

The following reflects New Gaylord's revenues, operating income, depreciation and amortization, capital expenditures and identifiable assets by business segment for the years ended or as of December 31:

	1996	1995	1994
	-----	-----	-----
Revenues:			
Hospitality and attractions.....	\$ 313,023	\$ 276,638	\$274,494
Broadcasting and music.....	102,368	148,175	169,538
Cable networks.....	331,767	282,647	243,899
	-----	-----	-----
Total.....	\$ 747,158	\$ 707,460	\$687,931
	=====	=====	=====
Operating income:			
Hospitality and attractions.....	\$ 45,941	\$ 40,215	\$ 38,305
Broadcasting and music.....	23,846	19,578	37,837
Cable networks.....	84,884	74,459	63,343
Corporate.....	(25,061)	(22,410)	(20,976)
	-----	-----	-----
Total.....	\$ 129,610	\$ 111,842	\$118,509
	=====	=====	=====
Depreciation and amortization:			
Hospitality and attractions.....	\$ 28,861	\$ 21,782	\$ 19,040
Broadcasting and music.....	4,421	3,954	3,854
Cable networks.....	12,406	9,522	7,758
Corporate.....	3,168	2,828	2,293
	-----	-----	-----
Total.....	\$ 48,856	\$ 38,086	\$ 32,945
	=====	=====	=====
Capital expenditures:			
Hospitality and attractions.....	\$ 85,692	\$ 147,826	\$110,695
Broadcasting and music.....	4,572	8,506	3,728
Cable networks.....	21,522	17,229	9,526
Corporate.....	3,756	1,664	10,998
	-----	-----	-----
Total.....	\$ 115,542	\$ 175,225	\$134,947
	=====	=====	=====
Identifiable assets:			
Hospitality and attractions.....	\$ 643,532	\$ 565,530	\$441,479
Broadcasting and music.....	86,960	130,742	155,977
Cable networks.....	208,482	174,931	147,948
Corporate.....	213,652	200,639	28,423
Net assets of discontinued operations.....	--	--	214,649
	-----	-----	-----
Total.....	\$1,152,626	\$1,071,842	\$988,476
	=====	=====	=====

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND 1996  
(UNAUDITED)  
(AMOUNTS IN THOUSANDS)

	1997	1996
	-----	-----
Revenues.....	\$387,840	\$348,137
Operating expenses:		
Operating costs.....	230,916	207,459
Selling, general and administrative.....	70,614	62,739
Depreciation and amortization.....	26,781	21,286
	-----	-----
Operating income.....	59,529	56,653
Interest expense.....	(22,132)	(20,241)
Interest income.....	11,674	10,451
Other gains (losses).....	142,828	73,077
	-----	-----
Income before provision for income taxes.....	191,899	119,940
Provision for income taxes.....	65,903	45,282
	-----	-----
Net income.....	\$125,996	\$ 74,658
	=====	=====

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



NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
CONDENSED CONSOLIDATED BALANCE SHEETS  
JUNE 30, 1997 AND DECEMBER 31, 1996  
(UNAUDITED)  
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	JUNE 30, 1997	DECEMBER 31, 1996
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash.....	\$ 9,422	\$ 9,785
Trade receivables, less allowance of \$4,107 and \$3,276, respectively.....	138,348	108,643
Program rights.....	10,165	14,072
Other assets.....	54,981	45,975
	-----	-----
Total current assets.....	212,916	178,475
	-----	-----
Program rights.....	15,116	26,472
Property and equipment, net of accumulated depreciation....	634,533	640,319
Intangible assets, net of accumulated amortization.....	37,674	39,363
Investments.....	71,529	65,190
Long-term notes and interest receivable.....	196,271	184,138
Other assets.....	21,819	18,669
	-----	-----
Total assets.....	\$1,189,858	\$1,152,626
	=====	=====
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 170,631	\$ 84,276
Program contracts payable.....	15,309	14,943
	-----	-----
Total current liabilities.....	185,940	99,219
	-----	-----
Payable to Old Gaylord.....	324,264	476,316
Program contracts payable.....	9,936	24,661
Deferred income taxes.....	121,144	129,381
Other liabilities.....	5,889	6,991
Minority interest.....	15,478	14,847
Commitments and contingencies		
Stockholder's equity:		
Common stock, \$100 par value, 10,000 shares authorized, 1,000 shares issued and outstanding.....	100	100
Class B common stock, \$.01 par value, 10,000 shares authorized, no shares issued or outstanding.....	--	--
Additional paid-in capital.....	92,400	92,400
Retained earnings.....	434,707	308,711
	-----	-----
Total stockholder's equity.....	527,207	401,211
	-----	-----
Total liabilities and stockholder's equity.....	\$1,189,858	\$1,152,626
	=====	=====

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

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND 1996  
(UNAUDITED)  
(AMOUNTS IN THOUSANDS)

	1997	1996
	-----	-----
<b>Cash Flows from Operating Activities:</b>		
Net income.....	\$ 125,996	\$ 74,658
Amounts to reconcile net income to net cash flows used in operating activities:		
Depreciation and amortization.....	26,781	21,286
Provision (benefit) for deferred income taxes.....	(1,927)	1,120
Noncash interest income.....	(11,135)	(9,942)
Gain on sale of television stations.....	(144,259)	(73,850)
Changes in:		
Trade receivables.....	(29,705)	(28,766)
Program rights and program contracts payable.....	547	(887)
Accounts payable and accrued liabilities.....	75,645	24,421
Other, net.....	(19,351)	(12,872)
	-----	-----
Net cash flows provided by (used in) operating activities.....	22,592	(4,832)
	-----	-----
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of television stations, net of direct selling costs.....	156,301	98,544
Investments in, advances to and distributions from affiliates, net.....	(5,879)	467
Purchases of property and equipment, net.....	(23,424)	(76,541)
Payment upon disposal of Fiesta Texas partnership interest.....	--	(12,976)
Other, net.....	(1,616)	(4,692)
	-----	-----
Net cash flows provided by investing activities...	125,382	4,802
	-----	-----
<b>Cash Flows from Financing Activities:</b>		
Borrowings from (repayments to) Old Gaylord, net.....	(147,156)	4,357
Repayments of long-term debt.....	(1,181)	(425)
	-----	-----
Net cash flows provided by (used in) financing activities.....	(148,337)	3,932
	-----	-----
Net change in cash.....	(363)	3,902
Cash, beginning of period.....	9,785	8,863
	-----	-----
Cash, end of period.....	\$ 9,422	\$ 12,765
	=====	=====

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

NEW GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
(A WHOLLY OWNED SUBSIDIARY OF GAYLORD ENTERTAINMENT COMPANY)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

1. BASIS OF PRESENTATION

New Gaylord Entertainment Company ("New Gaylord"), formerly Gaylord Broadcasting Company, is a wholly owned subsidiary of Gaylord Entertainment Company ("Old Gaylord"). The unaudited condensed consolidated financial statements include the accounts of New Gaylord and its subsidiaries and have been prepared by New Gaylord pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although New Gaylord believes that the disclosures are adequate to make the financial information presented not misleading. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto of New Gaylord as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included. However, the consolidated financial information included herein may not necessarily reflect the consolidated results of operations, financial position, and cash flows of New Gaylord had New Gaylord been a separate, stand-alone entity during the periods presented. The results of operations for such interim periods are not necessarily indicative of the results for a full year.

2. WESTINGHOUSE MERGER

On February 9, 1997, Old Gaylord entered into an agreement (the "Merger Agreement") with Westinghouse and G Acquisition Corp., a wholly owned subsidiary of Westinghouse ("Sub"), pursuant to which Sub will be merged (the "Merger") with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly owned subsidiary of Westinghouse. Prior to the Merger, Old Gaylord will be restructured (the "Restructuring") so that certain assets and liabilities that are part of Old Gaylord's hospitality, attractions, music, television and radio businesses, including all of Old Gaylord's long-term debt, as well as the Country Music Television cable networks outside of the United States and Canada ("CMT International") and the management of and option to acquire 95% of Z Music, Inc. ("Z Music"), will be transferred to or retained by New Gaylord. As a result of the Restructuring and the Merger, substantially all of the assets of Old Gaylord's cable networks business, consisting primarily of TNN and the U.S. and Canadian operations of CMT, and certain other related businesses (collectively, the "Cable Networks Business") and certain liabilities to the extent that they arise out of the Cable Networks Business, will be held by Old Gaylord or one of its subsidiaries (other than New Gaylord or its subsidiaries after giving effect to the Restructuring) and will be acquired by Westinghouse in the Merger.

Following the Restructuring and on the day prior to the effective time of the Merger, Old Gaylord will distribute (the "Distribution") pro rata to its stockholders all of the outstanding capital stock of New Gaylord. As a result of the Distribution, each holder of record of Class A Common Stock, \$.01 par value ("Old Gaylord Class A Common Stock"), and Class B Common Stock, \$.01 par value ("Old Gaylord Class B Common Stock," and together with Old Gaylord Class A Common Stock, "Old Gaylord Common Stock"), of Old Gaylord on the record date for the Distribution will receive a number of shares of Common Stock, \$.01 par value, of New Gaylord ("New Gaylord Common Stock") equal to one-third the number of shares of Old Gaylord Common Stock held by such holder. Cash will be distributed in lieu of any fractional shares of New Gaylord Common Stock.

In the Merger, Old Gaylord's stockholders will receive shares of Westinghouse common stock valued at the agreed upon transaction price of \$1,550,000, at a per share consideration to be determined in accordance with the Merger Agreement that will be based upon the average market price of the Westinghouse common stock for a period ending shortly before the date on which the Merger occurs and the number of outstanding shares of Old

Gaylord Common Stock prior to the Merger, subject to certain limitations and termination rights contained in the Merger Agreement. The Distribution and the Merger are subject to the satisfaction or waiver of a number of conditions, including certain regulatory approvals, including an Internal Revenue Service ruling that the Distribution, the Merger, and certain aspects of the Restructuring will be tax-free transactions. The Distribution and the Merger are currently expected to occur during the third quarter of 1997.

In connection with the Merger, New Gaylord and Old Gaylord (or one or more of their respective subsidiaries) plan to enter into agreements pertaining to their ongoing business relationship. In addition, each party will agree not to compete with the other in certain areas of the cable networks industry.

### 3. SALE OF TELEVISION STATION

In June 1997, New Gaylord sold KSTW, its Tacoma-Seattle, Washington television station, for \$160,000 in cash. The sale resulted in a pretax gain of \$144,259, which is included in other gains (losses) in the condensed consolidated statements of income. New Gaylord utilized the net proceeds from the sale to reduce the payable to Old Gaylord.

## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The accompanying Unaudited Pro Forma Consolidated Statements of Income for the six-month period ended June 30, 1997 and for the year ended December 31, 1996 are presented as if the Restructuring, the Recapitalization, the Distribution and the Merger (the "Transactions") had occurred on January 1, 1997 and January 1, 1996, respectively. The Unaudited Pro Forma Consolidated Balance Sheet is presented as if the Transactions had occurred on June 30, 1997. These pro forma financial statements are presented for illustrative purposes only and may not be indicative of the actual financial position or results of operations that would have been obtained if the Transactions had occurred on such dates or that may be realized in the future. The results of operations for the interim period are not necessarily indicative of the results for the full year. The pro forma information should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere herein.

NEW GAYLORD ENTERTAINMENT COMPANY  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE SIX MONTHS ENDED JUNE 30, 1997  
 (AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL DATA	ADJUSTMENTS TO REFLECT WORD ACQUISITION(1)	ADJUSTMENTS TO REFLECT THE RESTRUCTURING(2)	ADJUSTMENTS TO REFLECT THE MERGER(3)	ADJUSTED PRO FORMA DATA(7, 8)
Revenues.....	\$387,840	\$46,838	\$ 126	\$(178,047)(4)	\$256,757
Operating expenses:					
Operating costs.....	230,916	28,589	131	(99,199)(4)	160,437
Selling, general and administrative.....	70,614	16,549	298	(24,164)(4) 4,468(5)	67,765
Depreciation and amortization.....	26,781	1,416	49	(6,017)(4)	22,229
Operating income.....	59,529	284	(352)	(53,135)	6,326
Interest expense.....	(22,132)	(4,299)	11,507	92(4)	(14,832)
Interest income.....	11,674	--	40	(189)(4)	11,525
Other gains (losses).....	142,828	--	(219)	3,554(4) (1,932)(6)	144,231
Income before provision for income taxes.....	191,899	(4,015)	10,976	(51,610)	147,250
Provision for income taxes.....	65,903	(1,546)(9)	3,955(9)	(20,666)(9)	47,646
Net income.....	\$125,996	\$(2,469)	\$ 7,021	\$ (30,944)	\$ 99,604
Pro forma net income per share.....					\$ 3.07
Pro forma weighted average shares outstanding.....					32,471(10)

- (1) Old Gaylord acquired the assets of Word on January 7, 1997. Old Gaylord will transfer the assets and liabilities of Word to New Gaylord as part of the Restructuring. The pro forma adjustments reflect Word's results of operations subsequent to Word's acquisition date.
- (2) The pro forma adjustments reflect the effects of the Restructuring (other than the transfer of the assets and liabilities of Word) as if it had occurred on January 1, 1997. These adjustments assign Old Gaylord's external long-term debt and operating activities to New Gaylord and remove New Gaylord's intercompany debt balance payable to Old Gaylord. Interest expense has been adjusted to reflect the differences in debt levels and related interest rates and to remove intercompany interest charges.
- (3) The pro forma adjustments reflect the effects of the Merger as if it occurred on January 1, 1997.
- (4) These pro forma adjustments reflect the removal of the results of operations of the Cable Networks Business from New Gaylord's results of operations.
- (5) These pro forma adjustments reflect corporate expenses historically allocated to the Cable Networks Business which will be absorbed by New Gaylord.
- (6) This pro forma adjustment reflects the reversal of minority interest related to Westinghouse's 33% ownership of CMT International that will be eliminated as a result of the Restructuring and the Merger.
- (7) The pro forma adjustments exclude certain non-recurring expenses which will be incurred in connection with or due to the Transactions. The non-recurring expenses are estimated to be approximately \$30 million.
- (8) In connection with the Merger, New Gaylord and Old Gaylord (or one or more of their respective subsidiaries) will enter into a number of agreements pertaining to their ongoing business relationship. The financial impact of such agreements to New Gaylord is not expected to be material and has not been reflected in the pro forma adjustments.
- (9) Reflects the adjustment of income tax expense to the expected effective tax rates.
- (10) The pro forma weighted average shares outstanding assume that the capital structure subsequent to the Recapitalization and the Distribution was in place as of January 1, 1997, and gives effect to the dilution related to common stock equivalents.

NEW GAYLORD ENTERTAINMENT COMPANY  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 1996  
 (AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL DATA	ADJUSTMENTS TO REFLECT THE RESTRUCTURING(1)	ADJUSTMENTS TO REFLECT THE MERGER(2)	ADJUSTED PRO FORMA DATA(6)(7)
	-----	-----	-----	-----
Revenues.....	\$747,158	\$ --	\$(320,612)(3)	\$426,546
Operating expenses:				
Operating costs.....	443,236	--	(182,061)(3)	261,175
Selling, general and administrative.....	125,456	3	(38,094)(3)	95,586
			8,221(4)	
Depreciation and amortization.....	48,856	--	(10,415)(3)	38,441
	-----	-----	-----	-----
Operating income.....	129,610	(3)	(98,263)	31,344
Interest expense.....	(49,880)	30,342	562(3)	(18,976)
Interest income.....	21,580	1,324	--	22,904
Other gains (losses).....	72,220	(479)	6,519(3)	74,281
			(3,979)(5)	
	-----	-----	-----	-----
Income before provision for income taxes....	173,530	31,184	(95,161)	109,553
Provision for income taxes.....	62,947	10,602(8)	(37,779)(8)	35,770
	-----	-----	-----	-----
Net income.....	\$110,583	\$20,582	\$ (57,382)	\$ 73,783
	=====	=====	=====	=====
Pro forma net income per share.....				\$ 2.26
				=====
Pro forma weighted average shares outstanding.....				32,585(9)
				=====

- (1) The pro forma adjustments reflect the effects of the Restructuring as if it had occurred on January 1, 1996. These adjustments assign Old Gaylord's external long-term debt and operating activities to New Gaylord and remove New Gaylord's intercompany debt balance payable to Old Gaylord. Interest expense has been adjusted to reflect the differences in debt levels and related interest rates and to remove intercompany interest charges.
- (2) The pro forma adjustments reflect the effects of the Merger as if it occurred on January 1, 1996.
- (3) These pro forma adjustments reflect the removal of the results of operations of the Cable Networks Business from New Gaylord's results of operations.
- (4) These pro forma adjustments reflect corporate expenses historically allocated to the Cable Networks Business which will be absorbed by New Gaylord.
- (5) This pro forma adjustment reflects the reversal of minority interest related to Westinghouse's 33% ownership of CMT International that will be eliminated as a result of the Restructuring and the Merger.
- (6) The pro forma adjustments exclude certain non-recurring expenses which will be incurred in connection with or due to the Transactions. The non-recurring expenses are estimated to be approximately \$30 million.
- (7) In connection with the Merger, New Gaylord and Old Gaylord (or one or more of their respective subsidiaries) will enter into a number of agreements pertaining to their ongoing business relationship. The financial impact of such agreements to New Gaylord is not expected to be material and has not been reflected in the pro forma adjustments.
- (8) Reflects the adjustment of income tax expense to the expected effective tax rates.
- (9) The pro forma weighted average shares outstanding assume that the capital structure subsequent to the Recapitalization and the Distribution was in place as of January 1, 1996, and gives effect to the dilution related to common stock equivalents.

NEW GAYLORD ENTERTAINMENT COMPANY  
 UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
 JUNE 30, 1997  
 (AMOUNTS IN THOUSANDS)

	HISTORICAL DATA	ADJUSTMENTS TO REFLECT WORD ACQUISITION(1)	ADJUSTMENTS TO REFLECT THE RESTRUCTURING(2)	ADJUSTMENTS TO REFLECT THE MERGER(3)	ADJUSTED PRO FORMA DATA
<b>Current assets:</b>					
Cash.....	\$ 9,422	\$ 1,160	\$ 2,513	\$ (2,723)(4)	\$ 10,372
Trade receivables, net.....	138,348	25,560	380	(72,587)(4)	91,701
Other current assets.....	65,146	32,146	7,687	(27,262)(4) (3,149)(6)	74,568
<b>Total current assets.....</b>	<b>212,916</b>	<b>58,866</b>	<b>10,580</b>	<b>(105,721)</b>	<b>176,641</b>
Property and equipment, net.....	634,533	967	140	(53,428)(4) (447)(6)	581,765
Intangible assets, net.....	37,674	60,294	6,324	(31,670)(4)	72,622
Investments.....	71,529	576	640	(1,030)(4)	71,715
Long-term notes and interest receivable.....	196,271	4,163	21,963	(1,099)(4)	221,298
Other assets.....	36,935	12,715	480	(13,872)(4)	36,258
<b>Total assets.....</b>	<b>\$1,189,858</b>	<b>\$137,581</b>	<b>\$ 40,127</b>	<b>\$(207,267)</b>	<b>\$1,160,299</b>
<b>Current liabilities:</b>					
Current portion of long-term debt	\$ --	\$ --	\$ 37,420	\$ --	\$ 37,420
Accounts payable and accrued expenses.....	170,631	12,499	30,008	(31,384)(4) 23,517(6)	205,271
Other current liabilities.....	15,309	--	--	(4,823)(4)	10,486
<b>Total current liabilities.....</b>	<b>185,940</b>	<b>12,499</b>	<b>67,428</b>	<b>(12,690)</b>	<b>253,177</b>
Due to Old Gaylord.....	324,264	126,809	(451,073)	--	--
Long-term debt.....	4,836	--	311,708	(4,836)(4)	311,708
Deferred income taxes.....	121,144	--	(11,625)	(8,663)(6)	100,856
Other liabilities and minority interest.....	26,467	384	22,407	(28,921)(4) 12,593(5)	32,930
Stockholders' equity.....	527,207	(2,111)	101,282	(133,707)(4) (18,450)(6) (12,593)(5)	461,628
<b>Total liabilities and stockholders' equity.....</b>	<b>\$1,189,858</b>	<b>\$137,581</b>	<b>\$ 40,127</b>	<b>\$(207,267)</b>	<b>\$1,160,299</b>

(1) Old Gaylord acquired the assets of Word on January 7, 1997. Old Gaylord will transfer the assets and liabilities of Word to New Gaylord as part of the Restructuring. The pro forma adjustments reflect Word's assets and liabilities as if the transfer of these assets and liabilities had occurred on June 30, 1997.

(2) The pro forma adjustments reflect the effects of the Restructuring (other than the transfer of the assets and liabilities of Word) as if it had occurred on June 30, 1997. These adjustments assign Old Gaylord's assets and liabilities, including external long-term debt, to New Gaylord. Intercompany debt to Old Gaylord is removed in the Restructuring.

(3) The pro forma adjustments reflect the effects of the Merger as if it occurred on June 30, 1997.

(4) These pro forma adjustments reflect the removal of the financial position of the Cable Networks Business from New Gaylord's reported financial position.



- (5) These pro forma adjustments reflect the reversal of minority interest related to Westinghouse's 33% ownership of CMT International that will be eliminated as a result of the Restructuring and the Merger.
- (6) These pro forma adjustments include the accrual of certain non-recurring expenses which will be incurred in connection with or as a result of the Transactions. These non-recurring expenses are estimated to be \$30 million, including certain asset write-downs of \$3.6 million. The tax effect of these non-recurring expenses is \$11.6 million, including deferred taxes of \$8.7 million.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this amended registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

NEW GAYLORD ENTERTAINMENT COMPANY

By: /s/ TERRY E. LONDON

-----  
Terry E. London  
President and Chief Executive  
Officer

Date: August 29, 1997

## INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
2.1+	-- Basic Agreement, dated as of December 15, 1993, among BASSGEC Management Company, Bass Pro Shops, Inc., Trackmar Corporation, Finley River Properties, Inc., John L. Morris, Trustee of the John L. Morris Revocable Living Trust, U/T/A dated December 23, 1986, as amended, Hospitality and Leisure Management, Inc., John L. Morris, and the Company (incorporated by reference to Exhibit 2.1 to Old Gaylord's Registration Statement on Form S-3 (Registration No. 33-74552)).
2.2+	-- Asset Purchase Agreement by and among Cencom Cable Television, Inc., Lenoir TV Cable, Inc., CCT Holdings Corporation and CCA Holdings Corporation dated as of March 30, 1995 (incorporated by reference to Exhibit 2 to Old Gaylord's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995).
2.3	-- Amendment 1 to the Asset Purchase Agreement by and among Cencom Cable Television, Inc., Lenoir TV Cable, Inc., CCT Holdings Corporation and CCA Holdings Corporation dated as of May 24, 1995 (incorporated by reference to Exhibit 2.2 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995).
2.4	-- Amendment 2 to the Asset Purchase Agreement by and among Cencom Cable Television, Inc., Lenoir TV Cable, Inc., CCT Holdings Corporation and CCA Holdings Corporation dated as of September 29, 1995 (incorporated by reference to Exhibit 2.3 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995).
2.5+	-- Asset Purchase Agreement dated as of September 15, 1995 between Tribune Broadcasting Company and Gaylord Broadcasting Company, L.P. (incorporated by reference to Exhibit 2.5 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1995).
2.6+	-- 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 Gaylord Entertainment Company 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.).
2.7+	-- 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 Gaylord Entertainment Company 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.).
2.8+	-- 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.).
2.9+	-- 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.).
2.10+	-- Asset Purchase Agreement by and between Cox Broadcasting, Inc. and Gaylord Broadcasting Company, L.P. dated January 20, 1997 (incorporated by reference to Exhibit 2.10 to Old Gaylord's Annual Report on Form 10-K, as amended by Form 10-K/A, for the year ended December 31, 1996).
2.11+	-- Agreement and Plan of Merger dated February 9, 1997 by and among Westinghouse Electric Corporation, G Acquisition Corp. and Gaylord Entertainment Company and Agreement and Plan of Distribution attached as Annex A thereto (incorporated by reference to Exhibit 2.1 to Old Gaylord's Current Report on Form 8-K dated February 9, 1997).
3.1*	-- Form of Restated Certificate of Incorporation of New Gaylord.

EXHIBIT NUMBER -----	DESCRIPTION -----
3.2*	-- Form of Restated By-laws of New Gaylord.
4.1*	-- Specimen of New Gaylord Common Stock certificate.
4.2**	-- The Credit Agreement dated as of August 19, 1997 among Old Gaylord, the Banks named therein and NationsBank of Texas, N.A., as Administrative Lender (including form of Swing Line Note, form of Revolving Credit Note, and form of Assumption Agreement).
9.1	-- Voting Trust Agreement ("Voting Trust Agreement") dated as of October 3, 1990 between certain stockholders of The Oklahoma Publishing Company and Edward L. Gaylord, Edith Gaylord Harper, Christine Gaylord Everest, E. K. Gaylord II and Martin C. Dickinson, as Voting Trustees (incorporated by reference to Exhibit 9.1 to Old Gaylord's Registration Statement on Form S-1 (Registration No. 33-42329)).
9.2	-- Amendment No. 1 to Voting Trust Agreement dated as of October 7, 1991 between certain stockholders of The Oklahoma Publishing Company and Edward L. Gaylord, Edith Gaylord Harper, Christine Gaylord Everest, Edward K. Gaylord II and Martin C. Dickinson, as Voting Trustees (incorporated by reference to Exhibit 9.2 to Old Gaylord's Registration Statement on Form S-1 (Registration No. 33-42329)).
10.1	-- Senior Subordinated Note issued on September 29, 1995 by CCT Holdings Corporation in the original principal amount of \$165,687,890 (incorporated by reference to Exhibit 10.1 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995).
10.2	-- Senior Subordinated Loan Agreement, dated as of September 29, 1995, between CCT Holdings and Cencom Cable Television, Inc. (incorporated by reference to Exhibit 10.2 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995).
10.3	-- Contingent Payment Agreement, dated as of September 29, 1995, between Charter Communications Entertainment, L.P., CCT Holdings Corporation and Cencom Cable Television, Inc. (incorporated by reference to Exhibit 10.3 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995).
10.4	-- Letter Agreement dated September 14, 1994 between CBS, Inc. and Gaylord Broadcasting Company (d/b/a KTVT, Fort Worth-Dallas) as modified by the Affiliation Agreement dated December 2, 1994 between the parties as amended by the letter agreement between the parties dated December 29, 1994 (incorporated by reference to Exhibit 10.20 of Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1994).
10.5	-- Amended and Restated Limited Partnership Agreement of Bass Pro, L.P. (incorporated by reference to Exhibit 2.3 to Old Gaylord's Registration Statement on Form S-3 (Registration No. 33-74552)).
10.6	-- Form of Tax Disaffiliation Agreement by and among Gaylord Entertainment Company, Gaylord Broadcasting Company and Westinghouse Electric Corporation (incorporated by reference to Annex V to Old Gaylord's definitive Proxy Statement relating to the Special Meeting held on August 15, 1997).
10.7	-- Form of Post-Closing Covenants Agreement among Westinghouse Electric Corporation, Gaylord Entertainment Company, Gaylord Broadcasting Company and certain subsidiaries of Gaylord Broadcasting Company (incorporated by reference to Annex IV to Old Gaylord's definitive Proxy Statement relating to the Special Meeting held on August 15, 1997).
10.8	-- EXECUTIVE COMPENSATION PLANS AND MANAGEMENT CONTRACTS New Gaylord Entertainment Company 1997 Stock Option and Incentive Plan (incorporated by reference to Annex VII to Old Gaylord's definitive Proxy Statement relating to the Special Meeting held on August 15, 1997).

EXHIBIT NUMBER -----	DESCRIPTION -----
10.9	-- 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)).
10.10	-- The Opryland USA Inc Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.22 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1992).
10.11	-- Gaylord Entertainment Company Excess Benefit Plan (incorporated by reference to Exhibit 10.30 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1994).
10.12	-- 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).
10.13	-- Gaylord Entertainment Company Directors' Unfunded Deferred Compensation Plan (incorporated by reference to Exhibit 10.32 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1994).
10.14	-- Form of Severance Agreement between Old Gaylord Entertainment Company and 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).
10.15	-- Form of Indemnity Agreement between Old Gaylord Entertainment Company and its directors (incorporated by reference to Exhibit 10.24 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1996).
21*	-- Subsidiaries of New Gaylord Entertainment Company (after giving effect to the Restructuring).
27.1*	-- Financial Data Schedule for year ended December 31, 1996 (for SEC use only).
27.2**	-- Financial Data Schedule for six months ended June 30, 1997 (for SEC use only).

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

\* Previously filed as an Exhibit to this Registration Statement on Form 10.

\*\* Filed herewith.

CREDIT AGREEMENT  
AMONG  
GAYLORD ENTERTAINMENT COMPANY  
THE BANKS NAMED HEREIN  
AND  
NATIONSBANK OF TEXAS, N.A.  
AS ADMINISTRATIVE LENDER

August 19, 1997

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## CREDIT AGREEMENT

CREDIT AGREEMENT dated as of August 19, 1997 (this "Agreement"), among GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation, having its principal office at One Gaylord Drive, Nashville, Tennessee 37214 (hereinafter called "Borrower"), the banks listed on the signature pages hereof (the "Banks"), the other Lenders that may become a party hereto pursuant to Section 8.16, and NATIONSBANK OF TEXAS, N.A., as administrative agent hereunder (in such capacity, together with any successor appointed pursuant to Article VII, herein called "Administrative Lender").

## BACKGROUND

Lenders have been requested to provide Borrower the funds required to refinance the Debt of Borrower under the Existing Credit Agreement (as hereinafter defined), the NationsBank Term Loan Agreement (as hereinafter defined), finance Acquisitions (as hereinafter defined) permitted hereunder and finance the ongoing working capital and general corporate requirements of Borrower and its Subsidiaries (as hereinafter defined). Lenders have agreed to provide such financing, subject to the terms and conditions set forth below.

In consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, receipt and sufficiency of which are acknowledged by all parties hereto, the parties hereto agree as follows:

## ARTICLE I.

## DEFINITIONS

The terms defined in this Article I (except as otherwise expressly provided in this Agreement) for all purposes shall have the following meanings, and the singular shall include the plural, and vice versa, unless otherwise specifically required by the context:

"Acquisition" means any transaction, other than transactions contemplated by the Gaylord Restructuring, pursuant to which any Company (a) whether by means of a capital contribution or purchase or other acquisition of Capital Stock, (i) acquires more than 50% of the Capital Stock in any Person pursuant to a solicitation by such Company of tenders of Capital Stock of such Person, or through one or more negotiated block, market, private or other transactions, or a combination of any of the foregoing, or (ii) makes any corporation a Subsidiary of such Company, or causes any corporation, other than a Subsidiary of such Company, to be merged into such Company (or agrees to be merged into any other corporation other than a wholly-owned

Subsidiary (excluding directors' qualifying shares) of such Company), or (b) purchases all or substantially all of the business or assets of any Person or of any operating division of any Person.

"Acquisition Consideration" means the consideration given by any Company for an Acquisition, including but not limited to the fair market value of any cash, property, stock or services given and the amount of any Debt assumed or incurred by any Company in connection with such Acquisition.

"Adjustment Date" means, for purposes of the Applicable LIBOR Rate Margin, the Commitment Fee payable pursuant to Section 2.4(a) and the Letter of Credit fees payable pursuant to Section 2.13(f)(i), (a) with respect to any change in the Applicable Rate Margin and such fees based on the Debt to Capitalization Ratio, the date of receipt by the Administrative Lender of the financial statements (and related Officer's Certificate) required to be delivered pursuant to Sections 3.2(a) and 3.2(b) which results in a change in the Applicable LIBOR Rate Margin and (b) with respect to any change in the Applicable Rate Margin and such fees based on the Index Debt Rating, the date of receipt by the Administrative Lender of notice of any issuance of, or change in, the Index Debt Rating which results in a change in the Applicable LIBOR Rate Margin.

"Administrative Lender" means NationsBank, or any successor Administrative Lender appointed pursuant to Section 7.1(c).

"Administrative Lender's Fee" means the fee described in Section 2.3(c).

"Affiliate" means a Person that directly or indirectly through one or more intermediaries, Controls or is Controlled By or is Under Common Control with any Person.

"Agreement Date" means the date of this Agreement.

"Applicable Law" means the Laws of the State of Texas, including, without limitation, Article 1.04, Title 79, Revised Civil Statutes of Texas, 1925, as amended to date ("Art. 1.04") and as the same may be amended at any time and from time to time hereafter and any other statute of the State of Texas now or at any time hereafter prescribing maximum rates of interest on loans and extensions of credit; provided, however, with respect to any Lender which is a national bank (or if not a national bank, is permitted by Law to cause the Law of one of the following states, as appropriate, to govern for the purpose of determining the Highest Lawful Rate) located in the State of California or New York, for purposes of determining the Highest Lawful Rate the Applicable Law shall mean the Laws of the State of California or New York, as appropriate, as now or hereafter in effect.

"Applicable LIBOR Rate Margin" means the following per annum percentages, applicable in the following situations:

	Applicability -----	Percentage -----
(a)	Initial Pricing Period	0.750%
(b)	Subsequent Pricing Period	
	Category 1 - The Funded Debt to Capitalization Ratio is less than 0.30 to 1 or the Index Debt Rating is BBB or better by S&P or Baa2 or better by Moody's	0.400%
	Category 2 - The Funded Debt to Capitalization Ratio is less than 0.35 to 1 but greater than or equal to 0.30 to 1 or the Index Debt Rating is BBB- by S&P or Baa3 by Moody's	0.500%
	Category 3 - The Funded Debt to Capitalization Ratio is less than 0.40 to 1 but greater than or equal to 0.35 to 1 or the Index Debt Rating is BB+ by S&P or Ba1 by Moody's	0.625%
	Category 4 - The Funded Debt to Capitalization Ratio is less than 0.45 to 1 but greater than or equal to 0.40 to 1 or the Index Debt Rating is BB by S&P or Ba2 by Moody's	0.750%
	Category 5 - The Funded Debt to Capitalization Ratio is greater than or equal to 0.45 to 1 or the Index Debt Rating is below BB by S&P or Ba2 by Moody's	1.000%

The Applicable LIBOR Rate Margin payable by Borrower on the LIBOR Advances outstanding hereunder shall be adjusted on each Adjustment Date if determined based on the (a) Funded Debt to Capitalization Ratio, according to the performance of Borrower for the most recent fiscal quarter (or fiscal year with respect to any adjustment based on fiscal year-end December 31 financial statements) or (b) the Index Debt Rating, according to the most recent determination of the Index Debt Rating. For purposes of the foregoing, (a) if the Index Debt Rating and the Funded Debt to Capitalization Ratio are in different categories, the Applicable LIBOR Rate Margin shall be determined on whichever of the Index Debt Rating or the Funded Debt to Capitalization Ratio falls within the superior (or numerically lower) category, (b) if the Applicable LIBOR Rate Margin is determined based on the Funded Debt to Capitalization Ratio and the financial statements (and related Officer's Certificate) required by Sections 3.2(a) and 3.2(b), as applicable, are not received by Administrative Lender by the date required, the Applicable LIBOR Rate Margin shall be determined as if the Funded Debt to Capitalization Ratio is greater than or equal to 0.45 to 1 until such time as such financial statements are received, and (c) if the Index Debt Rating established by Moody's and S&P shall fall within a different category, the Applicable LIBOR Rate Margin shall be determined by reference to whichever shall be the superior (or numerically lower) category. If the rating system of S&P or Moody's shall change prior to the Termination Date, Borrower and Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system.

"Art. 1.04" has the meaning specified in the definition herein of "Applicable Law".

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by Administrative Lender, in substantially the form of Exhibit A hereto.

"Assumption Agreement" means that certain Assumption Agreement to be executed by New Gaylord and Administrative Lender, in substantially the form of Exhibit S hereto.

"Auditors" means Arthur Andersen LLP or other independent certified public accountants selected by Borrower and acceptable to Administrative Lender.

"Banks" has the meaning specified in the recital of parties to this Agreement.

"Base Rate Basis" means an interest rate per annum for each day equal to the higher of (a) the Prime Rate in effect on such day without notice to Borrower or (b) the sum of (i) the Federal Funds Rate in effect on such day plus (ii) 0.50%.

"Borrower" means Gaylord Entertainment Company, a Delaware corporation, which (a) prior to the date immediately preceding the effective date of the Westinghouse Merger will own 100% of the issued and outstanding Capital Stock of New Gaylord and (b) after the date immediately preceding the effective date of the Westinghouse Merger, will own no issued and outstanding capital stock of New Gaylord; provided that as of the date immediately preceding the effective date of the Westinghouse Merger all references to Borrower herein shall mean and refer to New Gaylord, which shall change its name after the Westinghouse Merger to "Gaylord Entertainment Company".

"Borrowing" means a Revolving Credit Borrowing or Swing Line Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York, Texas or California and, if the applicable Business Day relates to any LIBOR Loan, on which dealings are carried on in the London interbank Eurodollar market.

"Capital Expenditures" means, for any period, expenditures by any Company to acquire or construct fixed assets, plant and equipment (including renewals, improvements and replacements during such period and the aggregate amount of items leased or acquired under Capital Leases at the cost of the item) computed in accordance with GAAP, consistently applied.

"Capital Leases" means capital leases and subleases, as defined in the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 13, dated November 1976, as amended.

"Capital Stock" means, as to any Person, the equity interests in such Person, including without limitation, the shares of each class of capital stock of any Person that is a corporation, each class of partnership interest (including, without limitation, general, limited and preference units) in any Person that is a partnership, and each class of member interest of any Person that is a limited liability company.

"Cash and Cash Equivalents" means with respect to each Company (a) cash, (b) securities issued or directly and fully guaranteed or insured by the United States Government or any agency or instrumentality thereof having maturities of not more than six months from the date of acquisition, (c) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any Lender or with any domestic commercial bank having capital and surplus in excess of \$500,000,000, (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) entered into with a financial institutional meeting the qualifications specified in clause (c) above, (e) commercial paper issued by any Lender or the parent corporation of any Lender, and commercial paper rated A-1 or the equivalent thereof by S&P, or P-1 or the equivalent thereof by Moody's, and in each case maturing within six months after the date of acquisition, and (f) a readily redeemable "money market mutual fund" advised by a bank described in clause (c) hereof, or an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, that has and maintains an investment policy limiting its investments primarily to instruments of the types described in clauses (a) through (e) hereof and having on the date of such Investment total assets of at least \$200,000,000.

"CERCLA" has the meaning specified in the definition of Environmental Law.

"Change of Control" means the occurrence of any of the following events after the Agreement Date (excluding, however, the effect of the Westinghouse Merger and the related distribution of New Gaylord Capital Stock immediately prior thereto): (a) the "beneficial ownership", as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of securities representing more than 33-1/3% of the combined voting power of Borrower are acquired by any "person" or "group" as defined in Sections 13(d) and 14(d) of the Exchange Act (other than (A) Borrower, (B) any trustee or other fiduciary holding securities under an employee benefit plan of Borrower, (C) the Voting Trust and the Voting Trustees, or (D) Edward L. Gaylord or any member of his Immediate Family, or (b) the shareholders of Borrower approve a definitive agreement to merge or consolidate Borrower with or into another company (other than a merger or consolidation which would result in the voting securities of Borrower outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of Borrower outstanding immediately after such merger or consolidation), or to sell or otherwise dispose of all or substantially all of its assets, or adopt a plan of liquidation; or (c) during any period of two consecutive years, individuals who at the beginning of such period were members of the Board of Directors of



Borrower cease for any reason to constitute at least a majority thereof (unless the election, or the nomination for election by Borrower's shareholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period).

"Closing Fee" means the fee described in Section 2.3(b).

"Code" means the Internal Revenue Code of 1986 (or any successor thereto), as amended from time to time and all regulations promulgated thereunder.

"Commitment" means, as to a Lender, the amount set forth opposite its name on Schedule I of this Agreement under the caption "Commitment" or, if such Lender has entered into one or more Assignments and Acceptances, the amount set forth for such Lender in the Register maintained by Administrative Lender pursuant to Section 8.16 (as the same may be reduced or terminated pursuant to Section 2.4), which at no time shall exceed such Lender's Specified Percentage of \$600,000,000.

"Commitment Fee" means the fee described in Section 2.3(a).

"Companies" means (a) prior to the Westinghouse Merger, Borrower and all of its Subsidiaries (including, without limitation, New Gaylord), and (b) on the date of and after the Westinghouse Merger, New Gaylord and all of its Subsidiaries. "Company" shall mean (a) prior to the Westinghouse Merger, either Borrower or any of its Subsidiaries (including, without limitation, New Gaylord), and (b) on the date of and after the Westinghouse Merger, either New Gaylord or any of its Subsidiaries.

"Contaminant" means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special or toxic waste, petroleum or petroleum-derived substance or waste, or any constituent of any such substance or waste, including any such substance regulated under any Environmental Law.

"Contingent Debt" means, for any Person:

(a) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities (whether direct or indirect) in connection with the obligations of any other Person;

(b) obligations under any contract providing for the making of loans, advances or capital contributions to any other Person, or for the purchase of any property from any other Person, in each case in order to enable such other Person primarily to maintain working capital, net worth or any other balance sheet condition or to pay debts, dividends or expenses;

(c) obligations under any contract to rent or lease (as lessee) any real or personal property if such contract (or any related document) provides that the obligation to make payments thereunder is absolute and unconditional under conditions not customarily found in commercial leases then in general use or requires that the lessee purchase or otherwise acquire securities or obligations of the lessor;

(d) obligations under any other contract which, in economic effect, is substantially equivalent to a guaranty, including but not limited to "keep well" or "capital maintenance" agreements; and

(e) obligations in respect of letters of credit to the extent such letters of credit are not issued with respect to indebtedness included within the definition of Total Liabilities.

"Control" or "Controlled By" or "Under Common Control" means possession, direct or indirect, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract or otherwise); provided that, in any event (i) any Person which beneficially owns 10% or more (in number of votes) of the securities having ordinary voting power for the election of directors of a corporation shall be conclusively presumed to control such corporation, and (ii) no Person shall be deemed to be an Affiliate of a corporation solely by reason of his being an officer or director of such corporation.

"Controlled Group" means, as to any Person, all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) which are under common control with such Person and which, together with such Person, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

"Conversion", "Convert" and "Converted" each refers to a conversion of Loans of one Type into Loans of another Type pursuant to Section 2.8 or 2.9.

"Country Music Television, Inc." means Country Music Television, Inc., a Tennessee corporation.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (including obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured); (b) all obligations evidenced by notes, bonds, debentures or similar instruments; (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (d) all obligations under Capital Leases; (e) all obligations in respect of interest swap agreements and other similar agreements designed to hedge against fluctuations in interest rates; and (f) all Debt referred to in clause (a), (b), (c), (d) or (e) above secured by (or for which the

holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness.

"Debtor Relief Laws" means any applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar debtor relief Laws affecting the rights of creditors generally from time to time in effect.

"Default" means any of the events specified in Section 6.1, whether or not any requirement in connection with such event for the giving of notice, or the lapse of time or the happening of any further condition, event or act has been satisfied.

"Default Rate" has the meaning specified in Section 2.6(d).

"Determining Lenders" means at any time Lenders owed more than 50% of the Loans (which for purposes of this calculation shall include for each Lender an amount equal to the product of such Lender's Specified Percentage multiplied by the aggregate principal amount of Swing Line Loans outstanding) owing to Lenders, or, if no such principal amount is then outstanding, Lenders having more than 50% of the Commitments of all Lenders.

"Disposition" has the meaning specified in Section 4.11.

"Dividends" means, for any Company, any dividend, payment or other distribution (other than a dividend, payment or distribution payable in such Company's common stock) of assets, rights, obligations or securities on account of any capital stock (or other similar property right in respect of a Company which is a partnership, joint venture or other legal entity) of such Company.

"DOL" means the United States Department of Labor or any successor thereto.

"Dollars" and the sign "\$" means lawful money of the United States of America.

"Domestic Loans" means Revolving Credit Loans which bear interest at the Base Rate Basis.

"EBITDA" means, for the Companies, on a consolidated basis, for the twelve (12) month period preceding any date of determination, the sum of (a) operating income plus (b) depreciation expense, plus (c) amortization expense (not including amortization expense related to program rights and inventories), plus (d) to the extent not already included in operating income, the lesser of (i) earnings or (ii) cash distributions received from unconsolidated Subsidiaries.

"Eligible Assignee" means (a) a commercial bank organized or licensed under the laws of the United States, or any State thereof, and having total assets in excess of \$3,000,000,000; (b) a commercial bank organized under the laws of any other country that is a member of the OECD,

or a political subdivision of any such country, and having total assets in excess of \$3,000,000,000 provided that such bank is acting through a branch or agency located in the country in which it is organized or another country that is also a member of the OECD; or (c) a finance company, insurance company or other financial institution or fund organized under the laws of the United States, or any State thereof, or under the laws of any other country that is a member of the OECD, or a political subdivision of any such country, which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and which has total assets in excess of \$500,000,000.

"Environmental Claim" means any written notice by any Tribunal alleging potential liability for damage to the environment, or by any Person alleging potential liability for personal injury (including sickness, disease or death), resulting from or based upon (a) the presence or release (including sudden or non-sudden, accidental or non-accidental, leaks or spills) of any Hazardous Material at, in or from property, whether or not owned by any Company, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. ss.9601 et seq.) ("CERCLA"), the Hazardous Material Transportation Act (49 U.S.C. ss.1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C ss.6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. ss.1251 et seq.), the Clean Air Act (42 U.S.C. ss.7401 et seq.), the Toxic Substances Control Act (15 U.S.C. ss.2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. ss.651 et seq.) ("OSHA"), as such laws have been or hereafter may be amended or supplemented, and any and all analogous future federal, or present or future state or local, Laws.

"Equity Consideration" means that consideration given by any Company for an Acquisition in the form of its Capital Stock.

"Equity Issuance" means the issuance of any Capital Stock of any Company.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time and all regulations promulgated thereunder.

"ERISA Event" means, as to any Company or any member of its Controlled Group, (a) a Reportable Event (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under regulations issued under Section 4043 of ERISA); (b) the withdrawal of Borrower or any member of its Controlled Group from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; (c) the institution by the PBGC of proceedings to terminate a Plan or to appoint a trustee to administer a Plan; (d) the failure to make required contributions which results in the imposition of a Lien under Section 412 of the Code or Section 302 of ERISA; or (e) any other event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the

appointment of a trustee to administer, any Plan which is subject to Title IV of ERISA or the imposition of any liability under Title IV of ERISA other than PBGC premiums due but not delinquent under Section 4007 of ERISA.

"Eurodollar Reserve Percentage" means the reserve requirement including any supplemental and emergency reserves (expressed as a percentage) applicable to member banks of the Federal Reserve System in respect of "Eurocurrency liabilities" under Regulation D of the Board of Governors of the Federal Reserve System, or such substituted or amended reserve requirement as may be hereafter applicable to member banks of the Federal Reserve System.

"Event of Default" means any of the events specified in Section 6.1, provided there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"Existing Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of August 25, 1995, among Gaylord, the lenders party thereto, and NationsBank of Texas, N.A., as Administrative Lender, as amended, modified or supplemented.

"Existing Debt" means those Debts of Companies existing on the Agreement Date and described on Exhibit B.

"Existing Letters of Credit" means those Letters of Credit outstanding on the Agreement Date, as described on Exhibit R.

"Existing Liens" means those Liens of Companies described on Exhibit C and other Liens of Companies existing on the Agreement Date involving Debt in an aggregate amount less than \$1,000,000.00.

"FCC" means the Federal Communications Commission and any successor thereto.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Dallas, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by Administrative Lender from three Federal funds brokers of recognized standing selected by it.

"Film Contracts" means contracts or agreements with suppliers which provide the right to broadcast certain specified film or video tape motion pictures or live or syndicated television programs.

"Financial Letter of Credit" means any Letter of Credit issued under the Letter of Credit Facility backing the financial obligations of any Person.

"Form 4224" and "Form 1001" each has the meaning specified in Section 2.11(e).

"Funded Debt" means, at the date of any determination, with respect to the Companies, on a consolidated basis, (a) all indebtedness for borrowed money or for the deferred purchase price of property or services other than trade payables in the ordinary course of business, (b) all obligations evidenced by notes, bonds, debentures or similar instruments and (c) all obligations under Capital Leases; provided, however, Funded Debt shall not include obligations payable under Film Contracts.

"Funded Debt to Capitalization Ratio" means, for the Companies on a consolidated basis, the ratio of Funded Debt to Total Capital.

"GAAP" means generally accepted accounting principles applied on a consistent basis, set forth in the Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or in such other statements by such other entity as Determining Lenders may reasonably approve, which are applicable in the circumstances as of the date in question, and the requisite that such principles be applied on a consistent basis shall mean that the accounting principles observed in a current period are comparable in all material respects to those applied in a preceding period (except for changes made with Auditors' concurrence). Unless otherwise indicated herein, all accounting terms will be defined according to GAAP.

"Gaylord Restructuring" means the transactions contemplated by Article IV of that certain Agreement and Plan of Distribution between the Borrower and New Gaylord, including the transfer by Borrower to New Gaylord of certain assets and liabilities of Borrower that are part of Borrower's hospitality, attractions, music, television and radio businesses, including all of Borrower's long-term Debt, as well as cable networks of Country Music Television, Inc. outside of the United States and Canada and the management and option to acquire Z Music, Inc.

"Guarantor" means (a) prior to the date immediately preceding the effective date of the Westinghouse Merger, each of the Material Subsidiaries of the Borrower (including New Gaylord), and (b) on and after the date immediately preceding the effective date of the Westinghouse Merger, each of the Material Subsidiaries of New Gaylord.

"Guaranty" means a guaranty of each Guarantor, substantially in the form of Exhibit D, duly completed and executed, and any amendments, modifications or restatements thereof.

"Hazardous Material" means those substances which are regulated by or form the basis of liability under any Environmental Laws.

"hereof", "hereto", "hereunder" and similar terms refer to this Agreement and not to any particular section or provision of this Agreement.

"Highest Lawful Rate" means at the particular time in question the maximum rate of interest which, under Applicable Law, any Lender is then permitted to charge on the Obligation. If the maximum rate of interest which, under Applicable Law, any Lender is permitted to charge on the Obligation shall change after the date hereof, the Highest Lawful Rate shall be automatically increased or decreased, as the case may be, from time to time as of the effective time of each change in the Highest Lawful Rate without notice to Borrower. For purposes of determining the Highest Lawful Rate under Applicable Law, the applicable rate ceiling shall be (a) the indicated rate ceiling described in and computed in accordance with the provisions of Section (a)(1) of Art. 1.04; or (b) provided notice is given as required in Section (h)(1) of Art. 1.04, either the annualized ceiling or quarterly ceiling computed pursuant to Section (d) of Art. 1.04; provided, however, that at any time the indicated rate ceiling, the annualized ceiling or the quarterly ceiling, as applicable, shall be less than 18% per annum or more than 24% per annum, the provisions of Sections (b)(1) and (2) of Art. 1.04 shall control for purposes of such determination, as applicable.

"Hostile Acquisition" means the acquisition of a voting interest of 30% or more in any Person if such acquisition is not approved by the board of directors, management or Persons owning, directly or indirectly, 51% or more of the voting securities of such Person.

"Immaterial Subsidiary" means any Subsidiary of any Company which is not a Material Subsidiary.

"Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, mother-in-law, or sister-in-law, and includes adoptive relationships.

"Index Debt Rating" means the rating applicable to Borrower's senior, unsecured, non-credit enhanced long-term indebtedness for borrowed money.

"Initial Adjustment Date" means the earlier of (a) date that the Lenders received the financial statements (and related Officer's Certificate) for the fiscal quarter ending June 30, 1997, required to be delivered pursuant to Section 3.2(a) or (b) the effective date of the first change in the Index Debt Rating occurring after the Agreement Date.

"Initial Date" has the meaning specified in Section 2.11(a).

"Initial Pricing Period" means the period from and including the Agreement Date to and including the Initial Adjustment Date.

"Interest Charges" means, for Borrower and its Subsidiaries, on a consolidated basis, determined in accordance with GAAP, for the twelve month period preceding any date of determination, aggregate gross interest expense (including interest expense pursuant to Capital Leases).

"Interest Period" means, with respect to any LIBOR Loan, the period beginning on the date a Loan is made or continued as or Converted into a LIBOR Loan and ending one, two, three or six months thereafter (as Borrower shall select) provided, however, that:

(a) Borrower may not select any Interest Period that ends after any principal repayment date unless, after giving effect to such selection, the aggregate principal amount of Domestic Loans and of LIBOR Loans having Interest Periods that end on or prior to such principal repayment date, shall be at least equal to the principal amount of Loans due and payable on and prior to such date;

(b) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(c) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Investment" means any acquisition of any or all assets of any Person, or any direct or indirect purchase or other acquisition of, or beneficial interest in, Capital Stock of any other Person, or any direct or indirect loan, advance (other than loans or advances to employees for moving and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contribution to, or investment in any other Person, including without limitation the purchase of accounts receivable of any other Person that are not current assets or do not arise in the ordinary course of business.

"IRS" means the Internal Revenue Service or any successor thereto.

"Issuing Bank" means NationsBank.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, injunctions, and decrees of the United States, any state or commonwealth, any municipality, any foreign country, any territory or possession, or any Tribunal.



"L/C Cash Collateral Account" has the meaning specified in Section 2.13(g).

"L/C Related Documents" has the meaning specified in Section 2.13(e).

"Lenders" means the Banks and each Eligible Assignee that shall become a party hereto pursuant to Section 8.16.

"Lending Office" means, with respect to each Lender, its branch or affiliate (a) initially, the office of such Lender, branch or affiliate identified as such in its signature block hereto, and (b) subsequently, such other office of such Lender, branch or affiliate as such Lender may designate to Borrower (through Administrative Lender) as the office from which the Loans of such Lender will be made and maintained and for the account of which all payments of principal and interest on the Loans of, and the Commitment Fee payable to, such Lender will thereafter be made. Any Lender may have one Lending Office for the purpose of making Domestic Loans and another Lending Office for the purpose of making LIBOR Loans.

"Letter of Credit" has the meaning specified in Section 2.13(a), and shall include the Existing Letters of Credit.

"Letter of Credit Agreement" has the meaning specified in Section 2.13(b)(i).

"Letter of Credit Facility" has the meaning specified in Section 2.13(a).

"LIBOR Basis" means an interest rate per annum equal to the lesser of (a) the Highest Lawful Rate and (b) the sum of (i) the Applicable LIBOR Rate Margin plus (ii) a rate per annum determined pursuant to the following formula:

$$\frac{\text{LIBOR Rate}}{\text{-----}} \\ 100\% - \text{Eurodollar Reserve Percentage}$$

"LIBOR Loans" means Revolving Credit Loans which bear interest at the LIBOR Basis.

"LIBOR Rate" means, for any LIBOR Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "LIBOR Rate" shall mean, for any LIBOR Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give or not to give any of the foregoing), any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement or other similar form of public notice under the Laws of any jurisdiction.

"Litigation" means any proceeding, claim, lawsuit and/or investigation conducted or threatened by or before any Tribunal, including, but not limited to, proceedings, claims, lawsuits, and/or investigations under or pursuant to any environmental, occupational, safety and health, antitrust, unfair competition, securities, Tax, or other Law, or under or pursuant to any contract, agreement or other instrument.

"Loan" or "Loans" means Revolving Credit Loans and/or Swing Line Loans, as the context requires.

"Loan Documents" means this Agreement, the Guaranty, the L/C Related Documents and all other documents, instruments and certificates to be executed by any Company pursuant to the terms of this Agreement.

"Loan Facility" means the aggregate amount of the Lenders' Commitments.

"Material Adverse Effect" means any act or circumstance or event which individually, or in the aggregate, (a) is material and adverse to the consolidated financial condition or business operations of Companies, taken as a whole, (b) in any manner whatsoever materially and adversely affects the legality, validity or enforceability of any of the Loan Documents or (c) causes a material adverse change or effect in or on the ability of the Companies to perform their monetary obligations under the Loan Documents.

"Material Contractual Obligations" means Existing Debt, the other Material Contractual Obligations described on Exhibit E and any other contracts, agreements or obligations of any kind whatsoever now or hereafter entered into by any Company or under which any Company or its property is bound which are material to the consolidated financial condition or business operations of Companies, taken as a whole.

"Material Subsidiary" means any Subsidiary of any Company designated as a Material Subsidiary on Exhibit F or, at any time, any other Subsidiary of any Company in which one or more of the following are applicable, (a) such Subsidiary has 5% or more of the Total Assets of the Companies (determined as of the last day of the most recent fiscal quarter of Borrower), (b) such Subsidiary has 5% or more of the EBITDA of the Companies for the twelve month period ending on the last day of the most recent fiscal quarter of Borrower or (c) such Subsidiary has received loans and advances from all Companies in an aggregate amount of 5% or more of the Total Assets of the Companies (determined as of the last day of the most recent fiscal quarter of Borrower).

"Maximum Amount" means the maximum amount of interest which, under Applicable Law, any Lender is permitted to charge on the Obligation.

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

"Multiemployer Plan" means, as to any Person, at any time, a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA and to which such Person or any member of its Controlled Group is making, or is obligated to make contributions or has made, or been obligated to make, contributions.

"NationsBank" means NationsBank of Texas, N.A., a national banking association.

"NationsBank Term Loan Agreement" means that certain Amended and Restated Credit Agreement, dated as of August 25, 1995, among Gaylord, NationsBank as a lender and as Administrative Lender, as amended, modified or supplemental.

"Net Income" means, for the Companies, on a consolidated basis, for any period, the net earnings (or the net deficit, if expenses and charges exceed revenues and other proper income credits) of Borrower and its Subsidiaries for such period, after provision for taxes and after extraordinary items, determined in accordance with GAAP.

"Net Proceeds" means with respect to any sale or disposition of assets or securities by any Person, the aggregate amount of proceeds, whether cash, notes, stock or other consideration, received, directly or indirectly, by such Person from such sale or disposition less all fees and expenses, including but not limited to customary brokerage commissions, legal and investment banking fees and other similar commissions, charges or fees incurred by such Person in connection with such sale or disposition and less any payments with respect to taxes payable by such Person with respect to such sale.

"Net Worth" means the excess of the total assets over the total liabilities that are reflected on the balance sheet of the Companies on a consolidated basis determined in accordance with GAAP.

"New Gaylord" means New Gaylord Entertainment Company, a Delaware corporation, which (a) prior to the date immediately preceding the date of the Westinghouse Merger, will be a wholly-owned Subsidiary of the Borrower, and (b) after the date immediately preceding the effective date of the Westinghouse Merger, will not be a Subsidiary of any Person.

"Nonfinancial Letter of Credit" means any Letter of Credit issued under the Letter of Credit Facility which is not a Financial Letter of Credit.

"Note" means any Revolving Credit Note or the Swing Line Note and "Notes" means the Revolving Credit Notes and the Swing Line Note.

"Notice of Borrowing" has the meaning specified in Section 2.2(a).

"Notice of Issuance" has the meaning specified in Section 2.13(b)(i).

"Notice of Swing Line Borrowing" has the meaning specified in Section 2.2(b).

"Obligation" or "Obligations" means all present and future obligations, indebtedness and liabilities, and all renewals and extensions of all or any part thereof, of the Companies to Lenders arising from, by virtue of, or pursuant to this Agreement, the Guaranty, the L/C Related Documents, any of the other Loan Documents, and any and all renewals and extensions thereof, or any part thereof, or future amendments thereto, all interest accruing on all or any part thereof and attorneys' fees incurred in the enforcement or the collection of all or any part thereof, whether such obligations, indebtedness and liabilities are direct, indirect, fixed, contingent, joint, several, or joint and several.

"OECD" means the Organization for Economic Cooperation and Development.

"Officer's Certificate" means a certificate signed in the name of Borrower by its President, any Vice President, Treasurer or any other officer acceptable to Administrative Lender.

"Old Gaylord" means Gaylord Entertainment Company, a Delaware corporation, at such time that it is no longer the Borrower hereunder as a result of the Westinghouse Merger.

"OSHA" has the meaning specified in the definition of Environmental Law.

"Other Taxes" has the meaning specified in Section 2.11(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permitted Debt" means, without duplication, (a) unsecured Debt not to exceed \$20,000,000 in aggregate principal amount, (b) Debt secured by Liens permitted by clause (g) of the definition of "Permitted Liens", provided, such Debt does not exceed \$20,000,000 in aggregate principal amount, (c) Existing Debt and extensions, renewals and refinancings (but not increases) thereof, (d) Debt pursuant to or in connection with Film Contracts, (e) trade payables incurred in the ordinary course of the Companies' respective businesses, (f) Debt and Contingent Debt pursuant to this Agreement, (g) intercompany Debt between Companies, (h) Debt in respect of interest swap agreements and other similar agreements designed to hedge against fluctuations in interest rates, and (i) Acquisition Consideration consisting of Debt incurred to the seller of assets acquired in an Acquisition or assumed pursuant to any single Acquisition not to exceed (A) during fiscal year 1997, the remainder of (1) \$100,000,000 minus (2) the aggregate amount of cash Acquisition Consideration paid for any such Acquisition during such fiscal year, (B) during fiscal year 1998, the remainder of (1) \$125,000,000 minus (2) the aggregate amount of cash

Acquisition Consideration paid for any such Acquisition during such fiscal year, and (C) during each fiscal year thereafter, the remainder of (1) \$150,000,000 minus (2) the aggregate amount of cash Acquisition Consideration paid for any such Acquisition during such fiscal year.

"Permitted Investments" means (a) accounts receivable that arise in the ordinary course of business, (b) Investments which are Acquisitions permitted pursuant to Section 4.6, (c) Investments in Subsidiaries which have complied with the requirements of Section 3.1(g), (d) Cash and Cash Equivalents, and (e) other Investments not to exceed in aggregate amount outstanding at any time 35% of Total Assets.

"Permitted Liens" means (a) Existing Liens, (b) pledges or deposits made to secure payment of workmen's compensation, or to participate in any fund in connection with workmen's compensation, unemployment insurance, pensions, or other social security programs, (c) good-faith pledges or deposits made to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money), or leases, or to secure statutory obligations, surety or appeal bonds, or indemnity, performance, or other similar bonds in the ordinary course of business, (d) non-monetary encumbrances, including but not limited to zoning restrictions, easements, or other restrictions on the use of real property, none of which impair the use of such property by any Company in the operation of its business in any manner which would have a Material Adverse Effect, (e) the following, if (i)(A) the validity or amount thereof is being contested in good faith and by appropriate and lawful proceedings and so long as levy and execution thereon have been stayed and continue to be stayed and (B) adequate reserves, if required by GAAP, are maintained, or (ii) they do not in the aggregate materially detract from the value of the property of Companies, taken as a whole, or materially impair the use thereof in the operation of the business of Companies, taken as a whole: claims and Liens for Taxes due and payable; Liens under Section 412 of the Code or Section 302 of ERISA; mechanic's and materialmen's Liens; claims and Liens upon, and defects of title to, real or personal property or other legal process prior to adjudication of a dispute on the merits; and adverse judgments on appeal, (f) Liens existing upon property acquired at the time of Acquisition, provided, that (i) no such Lien shall extend to or cover any property other than the property acquired, (ii) the Debt secured by such Lien shall not exceed the fair market value of the property acquired, (iii) no such Lien shall have been created in contemplation of such acquisition and (iv) the aggregate principal amount of the Debt secured by the Liens permitted by this clause (f) shall not exceed the amount specified in clause (c)(viii) of the definition of "Permitted Debt", (g) Liens arising solely to secure purchase money Debt; provided, that (i) any such Lien is limited to the asset or assets acquired or financed, (ii) the Debt secured by such Lien shall not exceed the fair market value of the asset or assets acquired or financed and (iii) the aggregate principal amount of the Debt secured by the Liens permitted by this clause (g) shall not exceed the amount specified in clause (b) of the definition of "Permitted Debt", (h) Liens arising as a result of the filing of financing statements for informational purposes only and (i) extensions, renewals and replacements of Existing Liens.

"Person" means and includes an individual, a partnership, a joint venture, a corporation, a trust, a Tribunal, an unincorporated organization, and a government or any department, agency or political subdivision thereof.

"Plan" means, with respect to any Company or any member of its Controlled Group, at any time, an employee pension benefit plan as defined in Section 3(3) of ERISA maintained for the employees of any Company or any member of its Controlled Group.

"Prime Rate" means the prime interest rate charged by NationsBank as announced or published by NationsBank from time to time, and which may not be the lowest interest rate charged by NationsBank.

"Principal Office" means the principal office of Administrative Lender, located at 901 Main Street, Dallas, Texas 75202.

"Pro Rata", "pro rata", "Pro Rata Part" and "pro rata part", as to each Lender, means according to its Specified Percentage.

"Quarterly Date" means the first Business Day of each January, April, July and October, commencing with the first such day after the date hereof.

"Reference Lender" means NationsBank.

"Register" has the meaning specified in Section 8.16(c).

"Regulation U" has the meaning specified in Section 5.8.

"Reimbursement Obligations" means, in respect of any Letter of Credit as at any date of determination, the sum of (a) the maximum aggregate amount which is then available to be drawn under such Letter of Credit plus (b) the aggregate amount of all drawings under such Letter of Credit and not theretofore reimbursed by Borrower.

"Reportable Event" means a reportable event as defined in Section 4043(b) of ERISA.

"Requirement of Law" means, as to any Person, the charter and by-laws or other organization or governing documents of such Person, and each law, rule or regulation, including Environmental Laws and ERISA, or order, decree or other determination of an arbitrator or a court or other Tribunal applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Retroactive Effective Date" has the meaning specified in Section 2.9(f).

"Revolving Credit Loan" has the meaning specified in Section 2.1(a).

"Revolving Credit Borrowing" means a borrowing consisting of Revolving Credit Loans of the same Type made on the same day by Lenders.

"Revolving Credit Note" means the Revolving Credit Note of Borrower payable to the order of a Lender, in substantially the form of Exhibit H, and any replacements, amendments, renewals and modifications thereof.

"Rights" means rights, remedies, powers and privileges.

"Set Date" has the meaning specified in Section 2.9(f).

"Solvent" means, with respect to any Person, that the fair value of the assets of such Person (both at fair valuation and at present fair saleable value) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person as of such date and that, as of such date, such Person is able to pay all liabilities of such Person as such liabilities mature and such Person does not have unreasonably small capital with which to carry on its business. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Special Counsel" means the law firm of Donohoe, Jameson & Carroll, P.C., Dallas, Texas, special counsel to Administrative Lender and Lenders.

"Specified Percentage" of each Lender means the percentage which the then existing aggregate amount of the Commitment of such Lender as set forth on Schedule I hereto is of the Total Commitment, provided, however, that if such Lender shall have entered into one or more Assignments and Acceptances, the Specified Percentage of such Lender shall be that percentage which is set forth for such Lender in the Register maintained by Administrative Lender pursuant to Section 8.16(c).

"S&P" means Standard & Poor's Ratings Group, a Division of McGraw-Hill, Inc., a New York corporation.

"Subsequent Pricing Period" means the period from and including the date which is the first day following the end of the Initial Pricing Period to the Termination Date.

"Subsidiary" of any Person means any corporation, partnership, joint venture, trust, estate or other Person of which (or in which) (a) more than 50% of:

- (i) the outstanding Capital Stock having voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock

of any other class or classes shall or might have voting power upon the occurrence of any contingency);

- (ii) the ownership interests having voting power to elect persons performing functions similar to board of directors;
- (iii) the interest in the capital or profits of such partnership or joint venture;
- (iv) the beneficial interest of such trust or estate, or
- (v) the equity interest of such other Person,

is at the time directly or indirectly owned by such Person, by such Person and one or more of its Subsidiaries or by one of more of such Person's Subsidiaries or (b) such Person, such Person and one or more of its Subsidiaries or one or more of such Person's Subsidiaries owns the controlling management interest thereof and as a result thereof would be reflected in Borrower's consolidated financial statements.

"Swing Line Bank" means NationsBank.

"Swing Line Borrowing" means a borrowing consisting of a Swing Line Loan.

"Swing Line Facility" has the meaning specified in Section 2.1(b).

"Swing Line Loan" has the meaning specified in Section 2.1(b).

"Swing Line Note" means the Swing Line Note of Borrower payable to the order of Swing Line Bank, in substantially the form of Exhibit G, and any replacements, amendments, renewals and modifications thereof.

"Taxes" has the meaning specified in Section 2.11(a).

"Termination Date" means July 31, 2002, or the earlier date of termination in whole of the Commitments of all Lenders pursuant to Section 2.4 or 6.2.

"Total Assets" means, as of any date of determination, determined for the Companies on a consolidated basis, the total assets of the Companies.

"Total Capital" means, as of any date of determination, the sum of (a) Funded Debt plus (b) Net Worth.

"Total Commitment" means the aggregate amount of the Lenders' Commitments.



"Tribunal" means any state, commonwealth, federal, foreign, territorial, or other court or governmental department, commission, board, bureau, agency or instrumentality.

"Type" refers to the distinction between Revolving Credit Loans bearing interest at the base Rate Basis and Revolving Credit Loans bearing interest at the LIBOR Basis.

"UCC" means the Uniform Commercial Code of Texas, as amended from time to time.

"United States" and "United States Person" each has the meaning specified in Section 2.11(d).

"Voting Trust" means the trust created by that certain Voting Trust Agreement, dated as of October 3, 1990, as amended October 7, 1991, and as amended from time to time hereafter.

"Voting Trustees" means the trustees of the Voting Trust.

"Westinghouse Merger" means the merger of a wholly-owned Subsidiary of Westinghouse Electric Corporation ("Westinghouse"), with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly-owned Subsidiary of Westinghouse, which merger shall take place after the Gaylord Restructuring, pursuant to the terms of that certain Agreement and Plan of Merger, dated as of February 9, 1997, among Westinghouse, G Acquisition Corp. and Borrower

## ARTICLE II.

### AMOUNTS AND TERMS OF THE LOANS AND THE LETTERS OF CREDIT

#### 2.1. The Loans.

(a) The Revolving Credit Loans. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make loans ("Revolving Credit Loans") to Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount not to exceed at any time outstanding (i) such Lender's Commitment, less (ii) such Lender's Specified Percentage of the aggregate principal amount of all Reimbursement Obligations (assuming compliance with all conditions to drawing) and Swing Line Loans then outstanding. Notwithstanding the immediately preceding sentence, at no time shall the sum of the aggregate principal amount of Revolving Credit Loans outstanding, plus the aggregate principal amount of Swing Line Loans outstanding, plus the aggregate principal amount of all Reimbursement Obligations then outstanding exceed the amount of the Total Commitment. Each Revolving Credit Borrowing shall be in an aggregate amount not less than \$5,000,000 or an integral multiple of \$500,000 in excess thereof and shall consist of Revolving Credit Loans of the

same Type made on the same day by the Lenders Pro Rata. Within the limits of each Lender's Commitment, and subject to the limits referred to above, Borrower may borrow under this Section 2.1(a), prepay pursuant to Section 2.7(a) and reborrow under this Section 2.1(a).

(b) The Swing Line Loans. Borrower may request Swing Line Bank to make, and Swing Line Bank may, if in its sole discretion it elects to do so, make, on the terms and conditions hereinafter set forth, loans ("Swing Line Loans") to Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount not to exceed at any time outstanding the lesser of (i) \$20,000,000 and (ii) the sum of (A) the Total Commitment, minus (B) the aggregate principal amount of Revolving Credit Loans then outstanding, minus (C) the aggregate principal amount of all Reimbursement Obligations then outstanding (assuming compliance with all conditions to drawing) (the "Swing Line Facility"). Each Swing Line Borrowing shall be in an amount not less than \$50,000. Within the limits of the Swing Line Facility, so long as Swing Line Bank, in its sole discretion, elects to make Swing Line Loans, Borrower may borrow under this Section 2.1(b), repay pursuant to Section 2.5 or prepay pursuant to Section 2.7(a) and reborrow under this Section 2.1(b).

## 2.2. Making the Loans.

(a) Except as otherwise provided in Section 2.2(b) or 2.13, each Revolving Credit Borrowing shall be made on notice, given not later than 11:00 a.m. (Dallas time) (i) in the case of such a Borrowing comprised of Domestic Loans, on the Business Day prior to the date of the proposed Borrowing, and (ii) in the case of such a Borrowing comprised of LIBOR Loans on the third Business Day prior to the date of the proposed Borrowing, in either case by Borrower to Administrative Lender, which shall give to each Lender prompt notice thereof by telex, telecopier or cable. Each such notice of a Revolving Credit Borrowing (a "Notice of Borrowing") shall be by telephone (confirmed by sending a Notice of Borrowing by one of the following means) telex, telecopier or cable, in substantially the form of Exhibit I, specifying therein the requested (A) date of such Borrowing, (B) Type of Loans comprising such Borrowing, (C) aggregate amount of such Borrowing, and (D) in the case of such a Borrowing consisting of LIBOR Loans, initial Interest Period for each such Loan. In the case of a proposed Revolving Credit Borrowing comprised of LIBOR Loans Administrative Lender shall promptly notify each Lender of the applicable interest rate under Section 2.6. Each Lender shall, before 12:00 noon (Dallas time) on the date of such Revolving Credit Borrowing, make available to Administrative Lender at Administrative Lender's Principal Office, in same day funds, such Lender's Pro Rata Part of such Borrowing. After Administrative Lender's receipt of such funds and upon fulfillment of the applicable conditions set forth in Sections 2.16 and 2.17, Administrative Lender will make such funds available to Borrower by depositing such funds received in the general deposit account of Borrower with Administrative Lender.

(b) Each Swing Line Borrowing shall be made on notice, given not later than 1:30 p.m. (Dallas time) on the date of the proposed Swing Line Borrowing, by Borrower to Swing Line Bank and Administrative Lender. Each such notice of a Swing Line Borrowing (a "Notice of Swing

Line Borrowing") shall be by telephone, telex or telecopier, specifying therein the requested (i) date of such Borrowing and (ii) amount of such Borrowing. If, in its sole discretion, it elects to make the requested Swing Line Loan, Swing Line Bank will make the amount thereof available to Administrative Lender at Administrative Lender's Principal Office, in same day funds. After Administrative Lender's receipt of such funds and upon fulfillment of the applicable conditions set forth in Sections 2.16 and 2.17, Administrative Lender will make such funds available to Borrower by depositing such funds received in the general deposit account of Borrower with Administrative Lender. Forthwith upon demand by Swing Line Bank and in any event upon the making of the request or the granting of the consent specified by Section 6.2 to authorize Administrative Lender to declare the Loans due and payable pursuant to the provisions of Section 6.2, each Lender, including Swing Line Bank, notwithstanding the failure of Borrower at such time to satisfy each condition specified in Section 2.17, shall make, by 12:00 noon (Dallas time) on the first Business Day following receipt by such Lender of notice from Swing Line Bank, a Revolving Credit Loan which is a Domestic Loan in an amount equal to the product of (x) such Lender's Specified Percentage multiplied by (y) the outstanding principal amount of such Swing Line Loan, and the proceeds of such Revolving Credit Loans will be applied by Administrative Lender to repay the outstanding Swing Line Loans.

(c) Anything in subsection (a) above to the contrary notwithstanding, Borrower may not select LIBOR Loans for any Borrowing if (i) the aggregate amount of such Borrowing is less than \$5,000,000, or (ii) the obligation of Lenders to make LIBOR Loans shall then be suspended pursuant to Section 2.9.

(d) Each Notice of Borrowing and Notice of Swing Line Borrowing shall be irrevocable and binding on Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of LIBOR Loans, Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure of Borrower to borrow any LIBOR Loans after a Notice of Borrowing has been given in accordance with Section 2.2(a), including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Loan to be made by such Lender as part of such Borrowing when such Loan, as a result of such failure, is not made on such date. The obligations of Borrower under this Section 2.2(d) shall survive termination of this Agreement.

(e) Unless Administrative Lender shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to Administrative Lender such Lender's Pro Rata Part, if any, of such Borrowing, Administrative Lender may assume that such Lender has made such portion available to Administrative Lender on the date of such Borrowing in accordance with subsection (a) or (b) of this Section 2.2 and Administrative Lender may, in reliance upon such assumption, make available to Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such Pro Rata Part available to Administrative Lender, such Lender and Borrower severally agree to repay to Administrative Lender forthwith on demand such corresponding amount together with interest thereon, for each

day from the date such amount is made available to Borrower until the date such amount is repaid to Administrative Lender, at (i) in the case of Borrower, the interest rate applicable at the time to Loans comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to Administrative Lender such corresponding amount, such amount so repaid shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(f) The failure of any Lender to make the Loans to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

### 2.3. Fees.

(a) Commitment Fee. Subject to the provisions of Section 8.13, Borrower shall pay to Administrative Lender, for the ratable account of Lenders, a Commitment Fee, on the average daily unused portion of the Total Commitment at the following per annum percentages, applicable in the following situations:

Applicability -----	Percentage -----
(a) Initial Pricing Period	0.250%
(b) Subsequent Pricing Period	
Category 1 - The Funded Debt to Capitalization Ratio is less than 0.30 to 1 or the Index Debt Rating is BBB or better by S&P or Baa2 or better by Moody's	0.125%
Category 2 - The Funded Debt to Capitalization Ratio is less than 0.35 to 1 but greater than or equal to 0.30 to 1 or the Index Debt Rating is BBB- by S&P or Baa3 by Moody's	0.150%
Category 3 - The Funded Debt to Capitalization Ratio is less than 0.40 to 1 but greater than or equal to 0.35 to 1 or the Index Debt Rating is BB+ by S&P or Ba1 by Moody's	0.200%
Category 4 - The Funded Debt to Capitalization Ratio is greater than or equal to 0.40 to 1 or the Index Debt Rating is BB or below by S&P or Ba2 or below by Moody's	0.250%

The Commitment Fee shall be payable quarterly in arrears on each Quarterly Date, commencing on the first Quarterly Date occurring after the Agreement Date, and on the Termination Date. For purposes of calculation of the Commitment Fee, (i) outstanding Swing Line Loans from time to time will not reduce the unused portion of the Total Commitment and (ii) outstanding Letters of

Credit from time to time will reduce the unused portion of the Total Commitment. The Commitment Fee shall be adjusted on each Adjustment Date if determined based on the (a) Funded Debt to Capitalization Ratio, according to the performance of Borrower for the most recent fiscal quarter (or fiscal year with respect to any adjustment based on fiscal year-end December 31 financial statements) or (b) the Index Debt Rating, according to the most recent determination of the Index Debt Rating. For purposes of the foregoing, (a) if the Index Debt Rating and the Funded Debt to Capitalization Ratio are in different categories, the Commitment Fee shall be determined on whichever of the Index Debt Rating or the Funded Debt to Capitalization Ratio falls within the superior (or numerically lower) category, (b) if the Commitment Fee is determined based on the Funded Debt to Capitalization Ratio and the financial statements (and related Officer's Certificate) required by Sections 3.2(a) and 3.2(b), as applicable, are not received by Administrative Lender by the date required, the Commitment Fee shall be determined as if the Funded Debt to Capitalization Ratio is greater than or equal to 0.40 to 1 until such time as such financial statements are received, and (c) if the Index Debt Rating established by Moody's and S&P shall fall within a different category, the Commitment Fee shall be determined by reference to whichever shall be the superior (or numerically lower) category.

(b) Closing Fee. Subject to the provisions of Section 8.13, Borrower agrees to pay to each Lender a closing fee as separately agreed with each Lender. Such fee shall be payable on the Agreement Date, and, subject to Section 8.13, fully-earned when due and non-refundable when paid.

(c) Administrative Lender's Fee. Subject to the provisions of Section 8.13, Borrower shall pay to Administrative Lender for its own account such fees as are set forth in the separate letter dated August 19, 1997 from Administrative Lender to Borrower.

#### 2.4. Reduction of Total Commitment.

(a) Voluntary. Borrower shall have the right, without payment of any premium or penalty, on any Quarterly Date upon not less than ten (10) Business Days' notice to Administrative Lender (if telephonic, to be confirmed by telex or in writing on or before the date of reduction or termination) prior to such Quarterly Date, which shall promptly notify Lenders, to terminate or reduce the Total Commitment, in whole or in part, provided that (i) each partial termination shall be in an aggregate amount which is an integral multiple of \$25,000,000, (ii) no such reduction in the Total Commitment shall cause any LIBOR Loan to be repaid prior to the last day of the Interest Period for such LIBOR Loan and (iii) no such reduction in the Total Commitment shall cause the Total Commitment to be in an amount less than the aggregate principal amount of all Reimbursement Obligations then outstanding. Once reduced or terminated, the Total Commitment may not be increased.

(b) Mandatory. On the Termination Date, the Total Commitment shall automatically be reduced to zero.

(c) Pro Rata. Each reduction in the Total Commitment pursuant to this Section 2.4 shall permanently reduce the Commitment of each Lender Pro Rata.

2.5. Repayment.

(a) Revolving Credit Loans. Borrower shall repay to Administrative Lender for the account of each Lender the outstanding principal amount of the Revolving Credit Loans on the Termination Date.

(b) Swing Line Loans. Borrower shall repay to Administrative Lender for the account of Swing Line Bank the outstanding principal amount of each Swing Line Loan on the Termination Date.

2.6. Interest. Borrower shall pay interest on the unpaid principal amount of each Loan owing to each Lender from the date of such Loan until such principal amount shall be paid in full, at the following rates per annum:

(a) Domestic Loans. Domestic Loans shall bear interest at a rate per annum equal to the Base Rate Basis, but no higher than the Highest Lawful Rate; provided, however, if the amount of interest payable for the account of any Lender on any interest payment date in respect of the immediately preceding interest computation period would exceed the Maximum Amount, the amount of interest payable on such interest payment date shall be automatically reduced to the Maximum Amount. If the amount of interest payable for the account of any Lender in respect of any interest computation period is reduced pursuant to the immediately preceding sentence and the amount of interest payable for its account in respect of any subsequent interest computation period would be less than the Maximum Amount, then the amount of interest payable for its account in respect of such subsequent interest computation period shall be automatically increased to such Maximum Amount; provided that at no time shall the aggregate amount by which interest paid for the account of any Lender has been increased pursuant to this sentence exceed the aggregate amount by which interest paid for its account has theretofore been reduced pursuant to the immediately preceding sentence. Interest on Domestic Loans shall be paid quarterly in arrears on each Quarterly Date and on the Termination Date.

(b) LIBOR Loans. Each LIBOR Loan shall bear interest at a rate per annum equal to the LIBOR Basis for such LIBOR Loan. Interest on each LIBOR Loan shall be payable on the last day of the Interest Period for such LIBOR Loan and on the Termination Date.

(c) Swing Line Loans. Swing Line Loans shall bear interest at a rate per annum equal to the Prime Rate in effect from time to time minus 0.25%, but no higher than the Highest Lawful Rate; provided, however, if the amount of interest payable for the account of Swing Line Bank on any interest payment date in respect of the immediately preceding interest computation period would exceed the Maximum Amount, the amount of interest payable on such interest payment date shall be automatically reduced to the Maximum Amount. If the amount of interest payable for the

account of Swing Line Bank in respect of any interest computation period is reduced pursuant to the immediately preceding sentence and the amount of interest payable for its account in respect of any subsequent interest computation period would be less than the Maximum Amount, then the amount of interest payable for its account in respect of such subsequent interest computation period shall be automatically increased to such Maximum Amount; provided that at no time shall the aggregate amount by which interest paid for the account of Swing Line Bank has been increased pursuant to this sentence exceed the aggregate amount by which interest paid for its account has theretofore been reduced pursuant to the immediately preceding sentence. Interest on Swing Line Loans shall be paid quarterly in arrears on each Quarterly Date and on the Termination Date.

(d) Default Rate. During the continuance of any Event of Default, Borrower shall pay, on demand, interest on the principal amount of all Loans outstanding and on all other Obligations due and unpaid hereunder at a rate per annum equal to the lesser of the (i) Base Rate Basis plus 2.00% or (ii) Highest Lawful Rate; provided, however, if the amount of interest payable for the account of any Lender on any interest payment date in respect of the immediately preceding interest computation period would exceed the Maximum Amount, the amount of interest payable on such interest payment date shall be automatically reduced to the Maximum Amount. If the amount of interest payable for the account of any Lender in respect of any interest computation period is reduced pursuant to the immediately preceding sentence and the amount of interest payable for its account in respect of any subsequent interest computation period would be less than the Maximum Amount, then the amount of interest payable for its account in respect of such subsequent interest computation period shall be automatically increased to such Maximum Amount; provided that at no time shall the aggregate amount by which interest paid for the account of any Lender has been increased pursuant to this sentence exceed the aggregate amount by which interest paid for its account has theretofore been reduced pursuant to the immediately preceding sentence.

#### 2.7. Prepayments.

(a) Optional. Borrower may, from time to time, prepay the outstanding principal amount of the Loans in whole or in part without penalty or premium, provided, however, that (w) each partial prepayment shall be in an aggregate principal amount not less than \$5,000,000 or an integral multiple of \$500,000 in excess thereof, (x) no such prepayment of a LIBOR Loan shall be made other than on the last day of the Interest Period therefor unless Borrower, simultaneously with such prepayment, pays the compensation required pursuant to Section 8.14(b) and (y) each prepayment of the principal amount of a LIBOR Loan shall also include accrued interest to the date of such prepayment on the principal amount prepaid.

#### (b) Mandatory.

(i) Borrower shall, on each Business Day, prepay an aggregate principal amount of the Revolving Credit Loans comprising part of the same Borrowings and the Swing Line Loans equal to the amount by which (A) the aggregate principal amount of the

Revolving Credit Loans plus the Swing Line Loans then outstanding plus the aggregate principal amount of all Reimbursement Obligations then outstanding (assuming compliance with all conditions to drawing) exceeds (B) the Total Commitment.

(ii) All prepayments under this subsection (b) shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

(iii) Borrower shall indemnify Lenders pursuant to Section 8.14(b) in connection with any payment required to be made under this Section 2.7(b).

#### 2.8. Conversion of Loans.

(a) Optional. Borrower may on any Business Day, subject to the notice provisions of Section 2.2(a) and the provisions of Section 2.9, Convert all or any portion of the Loans of one Type; provided, however, that (i) any Conversion of any LIBOR Loans into Domestic Loans shall be made on, and only on, the last day of the Interest Period for such LIBOR Loans and any Conversion of Domestic Loans into LIBOR Loans shall be in an amount not less than the minimum amount specified in Section 2.2(c) and (ii) no Conversion into LIBOR Loans shall be permitted at any time that a Default or Event of Default has occurred and is continuing. Each such notice of Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Loans to be Converted and (iii) if such Conversion is into LIBOR Loans the duration of the initial Interest Period for such Loans. Each notice of Conversion shall be irrevocable and binding on Borrower.

(b) Mandatory. If prior to the end of any Interest Period for any LIBOR Loan Borrower shall fail to give timely notice of the continuance or Conversion thereof, Administrative Lender will forthwith so notify Borrower and Lenders, whereupon each such LIBOR Loan will automatically, on the last day of the then existing Interest Period therefor, Convert into a Domestic Loan. If any notice given by Borrower pursuant to Section 2.2(a) for a LIBOR Loan or any notice given by Borrower pursuant to this Section 2.8(b) shall fail to designate an Interest Period, such notice shall be deemed to have designated an Interest Period of one (1) month.

#### 2.9. Increased Costs, Etc.

(a) If, due to either (i) the introduction of or any change (other than any change which is taken into account in the calculation of the LIBOR Basis) in or in the interpretation or administration of any Law or (ii) the compliance with any guideline or request from any central bank or other governmental authority, in any case introduced, changed, interpreted or requested after the date hereof (whether or not having the force of Law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining LIBOR Loans to Borrower or there shall be any reduction in the amount received or receivable by any Lender hereunder (whether of principal, interest or otherwise), then Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to Administrative Lender), pay to



Administrative Lender for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased costs or reductions, submitted to Borrower by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any Law or any guideline or request from any central bank or Tribunal (other than as set forth in the Risked-Based Capital Guidelines issued by the Board of Governors of the Federal Reserve System, in the form in effect on the date of this Agreement, in Appendix A to Part 208 of the Federal Reserve Board's Regulation H, 12 CFR Part 208, and in Appendix B to Part 225 of the Federal Reserve Board's Regulation Y, 12 CFR Part 225 (collectively, "Capital Adequacy Guidelines"), but not excluding from this Section 2.9(b) any increase in cost as a result of any amendment, modification or change in interpretation or administration of the Capital Adequacy Guidelines subsequent to the date of this Agreement) (whether or not having the force of Law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender or has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of the corporation controlling such Lender and that the amount of such capital is increased, or the return on such capital is decreased, by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type or the issuance of, or participations in, the Letters of Credit (or similar contingent obligations), then, upon demand by such Lender (with a copy of such demand to Administrative Lender), Borrower shall pay to Administrative Lender for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such controlling corporation in the light of such circumstances, to the extent that such Lender or such controlling corporation reasonably determines such increase in capital, or reduction in the return on capital, to be allocable to the existence of such Lender's commitment to lend hereunder or to the issuance or maintenance of, or participations in, any Letters of Credit. A certificate as to such amounts submitted to Borrower by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(c) If Determining Lenders notify Administrative Lender that the LIBOR Rate for any Interest Period for any LIBOR Loans will not adequately reflect the cost to such Lenders of making, funding or maintaining their LIBOR Loans for such Interest Period, Administrative Lender shall forthwith so notify Borrower and Lenders, whereupon (i) each such LIBOR Loan will automatically, on the last day of the then existing Interest Period therefor, Convert into a Domestic Loan and (ii) the obligation of Lenders to make or continue, or to Convert Loans into, LIBOR Loans shall be suspended until such Determining Lenders notify Administrative Lender that such Determining Lenders have determined that the circumstances causing such suspension no longer exist and Administrative Lender notifies Borrower and Lenders of such fact.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation or administration of any Law shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for any Lender to perform its obligations hereunder to make LIBOR

Loans or to continue to fund or maintain LIBOR Loans hereunder, then, on notice thereof and demand therefor by such Lender to Borrower and the other Lenders through Administrative Lender, (i) each LIBOR Loan will automatically, upon such demand, Convert into a Domestic Loan and (ii) the obligation of Lenders to make or continue, or to Convert Loans into, LIBOR Loans shall be suspended until such Lender notifies Administrative Lender that such Lender has determined that the circumstances causing such suspension no longer exist and Administrative Lender notifies Borrower and the other Lenders of such fact.

(e) Upon the occurrence and during the continuance of any Default or Event of Default, (i) each LIBOR Loan will automatically, on the last day of the then existing Interest Period therefor, Convert into a Domestic Loan and (ii) the obligation of Lenders to make or continue, or to Convert Loans into, LIBOR Loans shall be suspended.

(f) Failure on the part of any Lender to demand compensation for any increased costs, increased capital or reduction in amounts received or receivable or reduction in return on capital pursuant to this Section 2.9 with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period; provided, however, that any such Lender's demand for compensation shall not include any such compensation with respect to periods more than 90 days prior to such demand, unless the effective date of any event which causes a right to compensation is retroactive ("Retroactive Effective Date"). If any such event has a Retroactive Effective Date and any Lender demands compensation within 90 days after the date setting the Retroactive Effective Date (the "Set Date"), such Lender shall have the right to receive such compensation from the Retroactive Effective Date. If such Lender does not demand such compensation within 90 days after the Set Date, such Lender may not receive compensation with respect to periods more than 90 days prior to such demand.

(g) The obligations of Borrower under this Section 2.9 shall survive any termination of this Agreement.

(h) Any certificate delivered to Borrower by a Lender pursuant to this Section 2.9 shall include in reasonable detail the basis for such Lender's demand for additional compensation. Any Lender claiming any additional compensation payable pursuant to this Section 2.9 shall use reasonable efforts (consistent with legal and regulatory restrictions) to reduce or eliminate any such additional compensation which may thereafter accrue and which efforts would not, in the sole determination of such Lender, be otherwise disadvantageous to such Lender.

#### 2.10. Payments and Computations.

(a) Borrower shall make each payment hereunder not later than 12:00 noon (Dallas time) on the day when due in Dollars to Administrative Lender at Administrative Lender's Principal Office in same day funds. Administrative Lender will, on the same day, if received by Administrative Lender by the time prescribed in the immediately preceding sentence, or, on the next immediately succeeding Business Day, if received after such time, cause to be distributed like

funds relating to the payment of principal or interest or Commitment Fees Pro Rata (other than amounts payable pursuant to Section 2.9(a), 2.9(b), 2.11 or 2.13(d), amounts payable to Swing Line Bank in respect of Swing Line Loans and amounts payable to the Issuing Bank in respect of Letters of Credit) to Lenders, and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement. Such amounts received by Administrative Lender, if not distributed by Administrative Lender on the day of receipt but received in time for investment by Administrative Lender, shall bear interest for the account of such Lender to whom such funds are owed at the Federal Funds Rate. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.16(c), from and after the effective date of such Assignment and Acceptance, Administrative Lender shall make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Interest on Domestic Loans and Swing Line Loans, and the Commitment Fee, shall be calculated on the basis of a 365 or 366 day year, as appropriate. Subject to Section 8.13, interest on LIBOR Loans, and the commission on the Letters of Credit, shall be calculated on the basis of actual days elapsed but computed as if each year consisted of 360 days. Such computations shall be made including the first day but excluding the last day occurring in the period for which such interest or Commitment Fee is payable. Each determination by Administrative Lender of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation or payment of interest, as the case may be; provided, however, if such extension would cause payment of interest on or principal of LIBOR Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless Administrative Lender shall have received notice from Borrower prior to the date on which any payment is due to any Lenders hereunder that Borrower will not make such payment in full, Administrative Lender may assume that Borrower has made such payment in full to Administrative Lender on such date and Administrative Lender may, in reliance upon such assumption, cause to be distributed to each such Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Borrower shall not have so made such payment in full to Administrative Lender, each such Lender shall repay to Administrative Lender forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to Administrative Lender, at a rate per annum equal to the lesser of (i) the Highest Lawful Rate or (ii) the Federal Funds Rate.

## 2.11. Taxes.

(a) Any and all payments by Borrower hereunder shall be made, in accordance with Section 2.10, free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges and withholdings, and all liabilities with respect thereto, excluding, (i) in the case of each Lender and Administrative Lender, taxes imposed on its overall net income, and franchise taxes imposed on it, by the jurisdiction(s) under the laws of which such Lender or Administrative Lender (as the case may be) is organized or doing business or any political subdivision thereof, (ii) in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it, by the jurisdiction of such Lender's applicable Lending Office or any political subdivision thereof, (iii) in the case of each Lender, United States withholding tax (other than such tax which while designated as a "withholding tax" is in the nature of an income or franchise tax) payable with respect to payments hereunder under Laws (including, without limitation any statute, treaty, ruling, determination or regulation) in effect on the Initial Date and (iv) taxes imposed by reason of any failure of such Lender, if such Lender is entitled at such time to a total or partial exemption from withholding that is required to be evidenced by a United States Internal Revenue Service Form 1001 or 4224, to deliver to Administrative Lender or Borrower, from time to time as requested by Administrative Lender or Borrower, such Form 1001 under penalty of perjury or 4224 (as applicable) or any successor thereto, completed in a manner reasonably satisfactory to Administrative Lender or Borrower, but not excluding any United States withholding tax (other than such tax which while designated as a "withholding tax" is in the nature of an income or franchise tax) payable as a result of any adoption of or change in such Laws occurring after the Initial Date (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). For purposes of this section, the term "Initial Date" shall mean, in the case of each Bank, the date hereof and, in the case of each Lender other than a Bank, the date of the Assignment and Acceptance pursuant to which it becomes a Lender. If Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or Administrative Lender, (x) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.11) such Lender or Administrative Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (y) Borrower shall make such deductions and (z) Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, Borrower agrees to pay any and all stamp and documentary taxes and any and all other excise and property taxes, charges and similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) Borrower will indemnify each Lender and Administrative Lender for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.11) paid by such Lender or

Administrative Lender (as the case may be) and all liabilities (including penalties, additions to tax, interest and reasonable expenses) arising therefrom or with respect thereto whether or not such Taxes or Other Taxes were correctly or legally asserted, other than penalties, additions to tax, interest and expenses arising as a result of gross negligence on the part of such Lender or Administrative Lender, provided, however, that Borrower shall have no obligation to indemnify such Lender or Administrative Lender unless and until such Lender or Administrative Lender shall have delivered to Borrower a certificate setting forth in reasonable detail the basis of Borrower's obligation to indemnify such Lender or Administrative Lender pursuant to this Section 2.11. This indemnification shall be made within 30 days from the date such Lender or Administrative Lender (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, Borrower will furnish to Administrative Lender, at its address referred to in Section 8.6, the original or a certified copy of a receipt evidencing payment thereof if Borrower has received such receipt. If no Taxes are payable in respect of any payment hereunder, Borrower will furnish to Administrative Lender, at such address, a certificate from each appropriate taxing authority, or an opinion of counsel acceptable to Administrative Lender, in either case stating that such payment is exempt from or not subject to Taxes, provided, however, that such certificate or opinion need only be given if: (i) Borrower makes any payment from any account located outside the United States, or (ii) the payment is made by a payor that is not a United States Person. For purposes of this Section 2.11 the terms "United States" and "United States Person" shall have the meanings set forth in Section 7701 of the Code.

(e) Each Lender which is not a United States Person hereby agrees that:

(i) it shall, no later than the Initial Date, deliver to Borrower through Administrative Lender, with a copy to Administrative Lender:

- (A) if any Lending Office is located in the United States of America, two (2) accurate and complete signed originals of Internal Revenue Service Form 4224 or any successor thereto ("Form 4224"),
- (B) if any Lending Office is located outside the United States of America, two (2) accurate and complete signed originals of Internal Revenue Service Form 1001 or any successor thereto ("Form 1001").

in each case indicating that such Lender is on the date of delivery thereof entitled to receive payments of principal, interest and fees for the account of such Lending Office or Lending Offices under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time such Lender changes its Lending Office or Lending Offices or selects an additional Lending Office it shall, at the same time or reasonably promptly thereafter but only to the extent the forms previously delivered by it hereunder are no

longer effective, deliver to Borrower through Administrative Lender, with a copy to Administrative Lender, in replacement for the forms previously delivered by it hereunder:

- (A) if such changed or additional Lending Office is located in the United States of America, two (2) accurate and complete signed originals of Form 4224; or
- (B) otherwise, two (2) accurate and complete signed originals of Form 1001,

in each case indicating that such Lender is on the date of delivery thereof entitled to receive payments of principal, interest and fees for the account of such changed or additional Lending Office under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, before or promptly after the occurrence of any event (including the passing of time but excluding any event mentioned in clause (ii) above) requiring a change in the most recent Form 4224 or Form 1001 previously delivered by such Lender and if the delivery of the same be lawful, deliver to Borrower through Administrative Lender with a copy to Administrative Lender, two (2) accurate and complete original signed copies of Form 4224 or Form 1001 in replacement for the forms previously delivered by such Lender; and

(iv) it shall, promptly upon the request of Borrower to that effect, deliver to Borrower such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Lender's tax status for withholding purposes.

(f) Without prejudice to the survival of any other agreement of Borrower hereunder, the agreements and obligations of Borrower contained in this Section 2.11 shall survive the payment in full of principal and interest hereunder until the date which is 90 (ninety) days after the expiration of the statutory periods for the assessment of taxes.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.11 shall use its reasonable best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office, if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(h) Each Lender (and Administrative Lender with respect to payments to Administrative Lender for its own account) agrees that (i) it will take all reasonable actions by all usual means to maintain all exemptions, if any, available to it from United States withholding taxes (whether available by treaty, existing administrative waiver, by virtue of the location of any Lender's

Lending Office) and (ii) otherwise cooperate with Borrower to minimize amounts payable by Borrower under this Section 2.11; provided, however, Lenders and Administrative Lender shall not be obligated by reason of this Section 2.11(h) to contest the payment of any Taxes or Other Taxes or to disclose any information regarding its tax affairs or tax computations or reorder its tax or other affairs or tax or other planning.

2.12. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Loans and/or fees owing to it (other than pursuant to Section 2.9(a), 2.9(b), 2.11 or 2.13(d), payments to the Swing Line Bank in respect of Swing Line Loans and payments to the Issuing Bank in respect of Letters of Credit) in excess of its pro rata share of payments on account of the Loans and/or fees obtained by all Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Loans owing to them or make such other payment as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.12 may, to the fullest extent permitted by Law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Borrower in the amount of such participation.

2.13. Letters of Credit.

(a) The Letter of Credit Facility. Borrower may request Issuing Bank, on the terms and conditions hereinafter set forth, to issue, and Issuing Bank shall, if so requested, issue, letters of credit (the "Letters of Credit", including the Existing Letters of Credit) for the account of Borrower or any other Company from time to time on any Business Day from the date of the initial Borrowing until the Termination Date in an aggregate maximum amount (assuming compliance with all conditions to drawing) not to exceed at any time outstanding the lesser of (i) \$20,000,000 (the "Letter of Credit Facility") and (ii) the sum of (A) the Total Commitment minus (B) the aggregate principal amount of Revolving Credit Loans then outstanding, minus (C) the aggregate principal amount of Swing Line Loans outstanding. If any Letter of Credit is issued for the account of any Company other than Borrower, Borrower and such other Company shall be jointly and severally liable for all obligations in respect of such Letter of Credit and all references to Borrower which relate to obligations or provisions with respect to any such Letter of Credit shall also mean and refer to such other Company. No Letter of Credit shall have an expiration date (including all rights of renewal) later than the earlier of (i) the Termination Date or (ii) two years after the date of issuance thereof. Immediately upon the issuance of each Letter of Credit (or as of the Agreement Date, with respect to the Existing Letters of Credit), Issuing

Bank shall be deemed to have sold and transferred to each Lender, and each Lender shall be deemed to have purchased and received from Issuing Bank, in each case irrevocably and without any further action by any party, an undivided interest and participation in such Letter of Credit, each drawing thereunder and the obligations of Borrower under this Agreement in respect thereof in an amount equal to the product of (x) such Lender's Specified Percentage times (y) the maximum amount available to be drawn under such Letter of Credit (assuming compliance with all conditions to drawing). Within the limits of the Letter of Credit Facility, and subject to the limits referred to above, Borrower may request the issuance of Letters of Credit under this Section 2.13(a), repay any Revolving Credit Loans resulting from drawings thereunder pursuant to Section 2.13(c) and request the issuance of additional Letters of Credit under this Section 2.13(a).

(b) Request for Issuance.

(i) Each Letter of Credit shall be issued upon notice, given not later than 11:00 a.m. (Dallas time) on the third Business Day prior to the date of the proposed issuance of such Letter of Credit, by Borrower to Issuing Bank, which shall give to Administrative Lender and each Lender prompt notice thereof by telex, telecopier or cable. Each Letter of Credit shall be issued upon notice given in accordance with the terms of any separate agreement between Borrower (and if such Letter of Credit is for the account of any Company other than Borrower, such other Company) and Issuing Bank in form and substance reasonably satisfactory to Borrower and Issuing Bank providing for the issuance of Letters of Credit pursuant to this Agreement and containing terms and conditions not inconsistent with this Agreement (a "Letter of Credit Agreement"), provided that if any such terms and conditions are inconsistent with this Agreement, this Agreement shall control. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telex, telecopier or cable, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) maximum amount of such Letter of Credit, (C) expiration date of such Letter of Credit, (D) name and address of the beneficiary of such Letter of Credit, (E) form of such Letter of Credit and (F) such other information as shall be required pursuant to the relevant Letter of Credit Agreement. If the requested terms of such Letter of Credit are acceptable to Issuing Bank in its reasonable discretion, Issuing Bank will, upon fulfillment of the applicable conditions set forth in Sections 2.16 and 2.17, make such Letter of Credit available to Borrower at its office referred to in Section 8.6 or as otherwise agreed with Borrower in connection with such issuance.

(ii) Issuing Bank shall furnish to each Lender on each Quarterly Date (A) a written report summarizing issuance and expiration dates of Letters of Credit issued during the preceding quarter and drawings during such quarter under all Letters of Credit and setting forth such Lender's participation therein and (B) a copy of each Letter of Credit issued during the preceding quarter.



(c) Drawing and Reimbursement. The payment by Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by Issuing Bank of a Revolving Credit Loan, which shall be a Domestic Loan, in the amount of such draft (but without any requirement for compliance with the conditions set forth in Sections 2.16 and 2.17). In the event that a drawing under any Letter of Credit is not reimbursed by Borrower by 11:00 a.m. (Dallas time) on the first Business Day after such drawing, Issuing Bank shall promptly notify Administrative Lender and each other Lender. Unless the payment by Issuing Bank of a draft drawn under such Letter of Credit was made upon Issuing Bank's gross negligence or willful misconduct, each such Lender shall, on the first Business Day following such notification, make a Revolving Credit Loan, which shall be a Domestic Loan and shall be used to repay the applicable portion of Issuing Bank's Revolving Credit Loan with respect to such Letter of Credit, in an amount equal to the amount of its participation in such drawing for application to reimburse Issuing Bank (but without any requirement for compliance with the applicable conditions set forth in Sections 2.16 and 2.17) and shall make available to Administrative Lender for the account of Issuing Bank, by deposit at Administrative Lender's Principal Office, in same day funds, the amount of such Revolving Credit Loan. In the event that any Lender fails to make available to Administrative Lender for the account of Issuing Bank the amount of such Revolving Credit Loan, Issuing Bank shall be entitled to recover such amount on demand from such Lender together with interest thereon at a rate per annum equal to the lesser of (i) the Highest Lawful Rate or (ii) the Federal Funds Rate.

(d) Increased Costs. If, after the date hereof, any change in any law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof shall either (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against letters of credit or guarantees issued by, or assets held by, or deposits in or for the account of, Issuing Bank or any Lender or (ii) impose on Issuing Bank or any Lender any other condition regarding this Agreement or such Lender or any Letter of Credit, and the result of any event referred to in the preceding clause (i) or (ii) shall be to increase the cost to Issuing Bank of issuing or maintaining any Letter of Credit or to any Lender of purchasing any participation therein or making any Revolving Credit Loan pursuant to Section 2.13(c), then, upon demand by Issuing Bank or such Lender, Borrower shall pay to Issuing Bank or such Lender, from time to time as specified by Issuing Bank or such Lender, additional amounts that shall be sufficient to compensate Issuing Bank or such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to Borrower by Issuing Bank or such Lender, shall include in reasonable detail the basis for the demand for additional compensation and shall be conclusive and binding for all purposes, absent manifest error. The obligations of Borrower under this Section 2.13(d) shall survive termination of this Agreement. Issuing Bank or any Lender claiming any additional compensation under this Section 2.13(d) shall use reasonable efforts (consistent with legal and regulatory restrictions) to reduce or eliminate any such additional compensation which may thereafter accrue and which efforts would not, in the sole discretion of Issuing Bank or such Lender, be otherwise disadvantageous.

(e) Obligations Absolute. The obligations of Borrower under this Agreement with respect to any Letter of Credit, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit or any Revolving Credit Loan pursuant to Section 2.13(c) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of this Agreement, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of Borrower in respect of the Letters of Credit or any Revolving Credit Loan pursuant to Section 2.13(c) or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), Issuing Bank, any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not comply with the terms of such Letter of Credit except for any payment made upon Issuing Bank's gross negligence or willful misconduct;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from the Guaranty or any other guarantee, for all or any of the Obligations of Borrower in respect of the Letters of Credit or any Revolving Credit Loan pursuant to Section 2.13(c); or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower or a Guarantor.

## (f) Compensation.

(i) Borrower shall pay to Administrative Lender for the account of each Lender (including Issuing Bank) a commission on the average daily amount available for drawing under (i) all outstanding Financial Letters of Credit equal to 100% of the Applicable LIBOR Rate Margin which is in effect during the applicable period of calculation and (ii) all outstanding Nonfinancial Letters of Credit equal to 50% of the Applicable LIBOR Rate Margin which is in effect during the applicable period of calculation, in each case payable quarterly in arrears on each Quarterly Date and on the Termination Date.

(ii) Borrower shall pay to Issuing Bank, for its own account, an issuance fee equal to the product of (i) 0.125% multiplied by the average daily amount available for drawing under all outstanding Financial Letters of Credit and (ii) 0.0625% multiplied by the average daily amount available for drawing under all outstanding Nonfinancial Letters of Credit, in each case payable quarterly in arrears on each Quarterly Date and on the Termination Date.

## (g) L/C Cash Collateral Account.

(i) Upon the occurrence of an Event of Default and demand by Administrative Lender pursuant to Section 6.2(iv), Borrower will promptly pay to Administrative Lender in immediately available funds an amount equal to the maximum amount then available to be drawn under the Letters of Credit then outstanding. Any amounts so received by Administrative Lender shall be deposited by Administrative Lender in a deposit account maintained by Issuing Bank (the "L/C Cash Collateral Account").

(ii) As security for the payment of all Reimbursement Obligations and for any other Obligations, Borrower hereby conveys, assigns, pledges, sets over and transfers to Administrative Lender (for the benefit of Issuing Bank and Lenders), and grants and creates in Administrative Lender's favor (for the benefit of Issuing Bank and Lenders) a Lien in, all money, instruments and securities at any time held in or acquired in connection with the L/C Cash Collateral Account, together with all proceeds thereof. The L/C Cash Collateral Account shall be under the sole dominion and control of Administrative Lender and Borrower shall have no right to withdraw or to cause Administrative Lender to withdraw any funds deposited in the L/C Cash Collateral Account. At any time and from time to time, upon Administrative Lender's request, Borrower promptly shall execute and deliver any and all such further instruments and documents, including UCC financing statements, as may be necessary, appropriate or desirable in Administrative Lender's judgment to obtain the full benefits (including perfection and priority) of the security interest created or intended to be created by this paragraph (ii) and of the rights and powers herein granted. Borrower shall not create or suffer to exist any Lien on any amounts or investments held in the L/C Cash Collateral Account other than the Lien granted under this

paragraph (ii) and Liens arising by operation of Law and not by contract which secure amounts not yet due and payable.

(iii) Administrative Lender shall (A) apply any funds in the L/C Cash Collateral Account on account of Reimbursement Obligations when the same become due and payable if and to the extent that Borrower shall fail directly to pay such Reimbursement Obligations and (B) after the date on which the Commitments of Lenders shall have terminated, all Letters of Credit shall have expired and all Reimbursement Obligations shall have been paid in full, apply any proceeds remaining in the L/C Cash Collateral Account first to pay any unpaid Obligations then outstanding hereunder and then to refund any remaining amount to Borrower.

(iv) Borrower, no more than once in any calendar month, may direct Administrative Lender to invest the funds held in the L/C Cash Collateral Account (so long as the aggregate amount of such funds exceeds any relevant minimum investment requirement) in (A) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof and (B) one or more other types of investments permitted by Determining Lenders, in each case with such maturities as Borrower, with the consent of Determining Lenders, may specify, pending application of such funds on account of Reimbursement Obligations or on account of other Obligations, as the case may be. In the absence of any such direction from Borrower, Administrative Lender shall invest the funds held in the L/C Cash Collateral Account (so long as the aggregate amount of such funds exceeds any relevant minimum investment requirement) in one or more types of investments with the consent of Determining Lenders with such maturities as Borrower, with the consent of Determining Lenders, may specify, pending application of such funds on account of Reimbursement Obligations or on account of other Obligations, as the case may be. All such investments shall be made in Administrative Lender's name for the account of Lenders. Borrower recognizes that any losses or Taxes with respect to such investments shall be borne solely by Borrower, and Borrower agrees to hold Administrative Lender and Lenders harmless from any and all such losses and Taxes. Administrative Lender may liquidate any investment held in the L/C Cash Collateral Account in order to apply the proceeds of such investment on account of the Reimbursement Obligations (or on account of any other Obligation then due and payable, as the case may be) without regard to whether such investment has matured and without liability for any penalty or other fee incurred (with respect to which Borrower hereby agrees to reimburse Administrative Lender) as a result of such application.

(v) Borrower shall pay to Administrative Lender the fees customarily charged by Issuing Bank with respect to the maintenance of accounts similar to the L/C Cash Collateral Account.

2.14. Use of Proceeds. The proceeds of the Loans and the Letters of Credit shall be available (and Borrower agrees that it shall use such proceeds) solely to refinance Debt of

Borrower under the Existing Credit Agreement and the NationsBank Term Loan Agreement, finance Acquisitions permitted hereunder, provide working capital for Borrower and its Subsidiaries and to pay amounts owing under Letters of Credit and for other general corporate purposes.

2.15. Evidence of Debt.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to such Lender resulting from each Loan owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The obligations of Borrower with respect to the Revolving Credit Loans and the Swing Line Loans shall be evidenced by the Revolving Credit Notes and the Swing Line Note, respectively.

(b) The Register maintained by Administrative Lender pursuant to Section 8.16(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made and Letter of Credit issued hereunder, the Type of Loans comprising such Borrowing and any Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder and (iv) the amount of any sum received by Administrative Lender from Borrower hereunder and each Lender's share thereof.

(c) The entries made in the Register shall be presumed correct for all purposes, absent manifest error.

2.16. Conditions Precedent to Initial Borrowing and Issuance. The obligation of each Lender to make the initial Loan on the occasion of the initial Borrowing, and the right of Borrower to request the initial Swing Line Borrowing or the issuance of the initial Letter of Credit, shall be subject to the following conditions precedent on the date of such Borrowing or issuance:

(a) Certificate. Borrower shall have delivered to Administrative Lender an Officer's Certificate substantially in the form of Exhibit J, dated as of the Agreement Date, certifying to the matters described therein.

(b) Proceedings. All actions of Borrower and each Guarantor taken in connection with the transactions contemplated by this Agreement and all documents incidental thereto shall be reasonably satisfactory in form and substance to Administrative Lender and Special Counsel; and Administrative Lender shall have received copies of all documents or other evidence which Administrative Lender or Special Counsel may reasonably request in connection with said transactions, including without limitation, an Officer's Certificate of Borrower and each Guarantor, substantially in the forms of Exhibits K and L, respectively, together with all attachments and exhibits thereto.

(c) Guaranty. Borrower shall have caused to be delivered to Administrative Lender for Lenders the Guaranty duly executed by each Guarantor, dated as of the Agreement Date.

(d) Opinion of Counsel to Borrower and Guarantors. Administrative Lender shall have received from counsel to Borrower and Guarantors reasonably satisfactory to Administrative Lender and Special Counsel, an opinion substantially in the form of Exhibit M.

(e) Existing Indebtedness. Simultaneously with the initial Loans under this Agreement, all obligations of Borrower outstanding under the Existing Credit Agreement, the Senior Notes and the NationsBank Term Loan Agreement shall be paid in full, whereupon the Existing Credit Agreement, the Senior Notes and the NationsBank Term Loan Agreement shall automatically terminate and be of no further force or effect, except with respect to those obligations which specifically survive the termination of the Existing Credit Agreement, the Senior Notes and the NationsBank Term Loan Agreement as provided therein.

(f) Third Party Approvals. Administrative Lender shall have received appropriate evidence that (i) all shareholder, governmental and regulatory approvals (including, without limitation, any FCC approvals, which shall be final orders) and (ii) all other third party approvals the failure of which to obtain could be reasonably expected to have a Material Adverse Effect, necessary to the consummation of the transactions contemplated hereby, have been obtained.

(g) Administrative Lender's Fee Letter. Administrative Lender shall have received the Administrative Lender's fee letter referred to in Section 2.3(c), duly executed by Borrower.

(h) Revolving Credit Notes. Borrower shall have delivered its Revolving Credit Notes to Administrative Lender for each Lender, dated as of the Agreement Date, duly executed, with all blanks appropriately filled.

(i) Swing Line Note. Borrower shall have delivered its Swing Line Note to Administrative Lender for Swing Line Bank, dated as of the Agreement Date, duly executed, with all blanks appropriately filled.

(j) Opinion of Special Counsel. Administrative Lender shall have received from Special Counsel an opinion substantially in the form of Exhibit Q.

(k) Closing Fee. Each Lender shall have received its closing fee referred to in Section 2.3(b).

2.17. Conditions Precedent to Each Borrowing and Issuance. The obligation of each Lender to make a Loan on the occasion of each Borrowing (including the initial Borrowing), and the right of Borrower to request a Swing Line Borrowing or the issuance of Letters of Credit (including the initial Letter of Credit), shall be subject to the further following conditions precedent on the date of such Borrowing or issuance:

(a) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing, Notice of Swing Line Borrowing or Notice of Issuance and the acceptance by Borrower of the proceeds of such Borrowing or the issuance of such Letter of Credit shall constitute a representation and warranty by Borrower that on the date of such Borrowing or issuance such statements are true):

(i) The representations and warranties contained in each Loan Document are correct in all material respects (taking into account any amendment or supplement to Exhibit F required pursuant to Section 3.2(h)) on and as of the date of such Borrowing or issuance, before and after giving effect to such Borrowing or issuance and to the application of the proceeds therefrom, as though made on and as of such date, except to the extent that any such representation or warranty relates expressly to a specified date or is no longer correct because of a change in circumstances permitted by the Loan Documents; and

(ii) No event has occurred and is continuing, or would result from such Borrowing or issuance or from the application of the proceeds therefrom, that constitutes a Default or Event of Default; and

(b) Administrative Lender shall have received such other approvals, opinions or documents as any Lender or Issuing Bank through Administrative Lender may reasonably request; provided, however, that the obligation of each Lender to make a Revolving Credit Loan pursuant to Sections 2.2(b) and 2.13(c) shall each be absolute and unconditional (absent gross negligence or wilful misconduct on the part of Swing Line Bank or Issuing Bank, as appropriate) and such Loan shall be made by such Lender notwithstanding the failure of Borrower to satisfy any condition set forth in this Section 2.17, provided that the Swing Line Bank or Issuing Bank, as appropriate, had no actual knowledge that any condition set forth in this Section 2.17 had not been satisfied at the time of the making of the Swing Line Loan or the issuance of the Letter of Credit, as applicable, with respect to which such Revolving Credit Loan is being made.

2.18. Determinations Under Section 2.16. For purposes of determining compliance with the conditions specified in Section 2.16, each Lender, except in instances of gross negligence or willful misconduct of Administrative Lender, shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to Lenders unless an officer of Administrative Lender responsible for the transactions contemplated by the Loan Documents and holding the position of Vice President or a more senior position shall have received notice from such Lender prior to the Agreement Date specifying its objection thereto and either such objection shall not have been withdrawn by notice to such officer to that effect or such Lender shall not have made available to Administrative Lender such Lender's Pro Rata Part of the Loans.

2.19. Legal Details. All documents executed or submitted pursuant hereto by any Company shall be reasonably satisfactory in form and substance to Administrative Lender and

Special Counsel. Administrative Lender and Special Counsel shall receive all information, and such counterpart originals or certified or other copies of any such materials, as Administrative Lender or Special Counsel may reasonably request. All legal matters incident to the transactions contemplated by this Agreement shall be reasonably satisfactory to Special Counsel and counsel to each Lender.

2.20. Substitution of Lender. If any Lender has demanded compensation under Section 2.9 or 2.11 or it becomes illegal for any Lender to continue to fund or to make LIBOR Loans pursuant to Section 2.9(d), Borrower shall have the right, with the assistance of Administrative Lender, to designate a substitute Lender or Lenders for each such Lender mutually satisfactory to Borrower, Administrative Lender and Lenders to purchase its Revolving Credit Note and assume the Commitment of such Lender. Such purchase shall be without recourse to or warranty by, or expense to, such Lender for a purchase price equal to the outstanding principal amount of the Loans payable to such Lender, plus any accrued and unpaid interest on such Loans and accrued but unpaid Commitment Fees and other fees in respect of such Lender's Commitment and any other amounts payable to such Lender, including but not limited to, the additional amounts due and owing under Sections 2.9 and 2.11. Any Lender replaced pursuant to this Section 2.20 shall (i) have no obligation to pay any processing and recordation fee pursuant to Section 8.16(a) and (ii) continue to be entitled to the Rights available to Lenders pursuant to Sections 2.9, 2.11, 2.13(d), 8.10 and 8.14.

### ARTICLE III.

#### AFFIRMATIVE COVENANTS

From the Agreement Date, and so long as any Loan shall remain unpaid, any Letter of Credit shall be outstanding, any Lender shall have any Commitment hereunder or any part of the Obligation shall remain unpaid:

#### 3.1. General Covenants. Borrower covenants that it will:

(a) Payment of Taxes and Claims. Cause to be paid and discharged (i) all lawful Taxes imposed upon the income or profits of each Company or upon any property belonging to any Company before the same shall be in default, except where contested in good faith by proper proceedings and for which adequate reserves have been established in accordance with GAAP or where the failure to so pay and discharge would not have a Material Adverse Effect, and (ii) all lawful claims for labor, rentals, materials and supplies which, if unpaid, might become a Lien other than a Permitted Lien; and Borrower shall, and shall cause each other Company to, pay such Tax, charge or claim before any property subject thereto shall be sold to satisfy a Lien, except where the failure to so pay would not have a Material Adverse Effect;



(b) Maintenance of Corporate Existence. Cause to be done all things necessary to preserve and keep in full force and effect the corporate existence of each Company to the extent that a failure to do so could result in a Material Adverse Effect;

(c) Preservation of Property. Keep, and cause each other Company to keep, its respective properties, which are necessary to prevent a Material Adverse Effect, whether owned in fee or otherwise, or leased, in good operating condition, ordinary wear and tear excepted, and comply, and cause each other Company to comply, with all material leases to which any Company is a party or under which any Company occupies property so as to prevent any material loss or forfeiture thereunder to the extent necessary to prevent a Material Adverse Effect;

(d) Licenses. Obtain and maintain all material licenses, permits and franchises necessary for each Company's business except those the loss of which do not in the aggregate cause a Material Adverse Effect;

(e) Insurance. Maintain, and cause each other Company to maintain, in force with financially sound and reputable insurers, policies with respect to its property and business against such casualties and contingencies and in such amounts as are consistent with their respective past practices;

(f) Compliance with Applicable Laws. Comply, and cause each other Company to comply, with the requirements of all applicable Laws and orders of any Tribunal, except where contested in good faith and by proper proceedings, and obtain and maintain, and cause each other Company to obtain and maintain, all licenses, permits, franchises and other governmental authorizations (including FCC approvals), in each case to the extent necessary both for the ownership of its respective properties and to prevent a Material Adverse Effect; and

(g) Guaranty. In the event that any Company shall acquire a Material Subsidiary not listed in Exhibit F or in the event any Subsidiary which has not executed the Guaranty becomes a Material Subsidiary, Borrower shall promptly deliver to the Administrative Lender a guaranty of the Obligation by such Subsidiary substantially in the form of Exhibit D and an Officer's Certificate of such Subsidiary in the form of Exhibit L, together with an opinion of counsel, in form and substance reasonably satisfactory to Administrative Lender.

3.2. Accounts, Reports and other Information. The Companies shall maintain a system of accounting in accordance with GAAP (except as set forth below) consistently applied, and Borrower shall furnish or caused to be furnished to each Lender the following:

(a) Quarterly Statements. As soon as practicable after the end of each of Borrower's quarters in each fiscal year, and in any event within 60 days after the end of each of said quarters (except the last quarter of each fiscal year) copies of:

(i) An unaudited consolidated balance sheet of the Companies as of the end of such period,

(ii) An unaudited consolidated statement of income of the Companies for such period and for the portion of the fiscal year ending with such period, and

(iii) An unaudited consolidated statement of cash flows of the Companies for the portion of the fiscal year ending with such period,

setting forth in each case in comparative form figures as of the end of and for the corresponding periods in the previous fiscal year, all in reasonable detail and certified as (y) being complete and correct and prepared consistently with past practices and substantially in accordance with GAAP, subject to changes resulting from year-end adjustment, and (z) presenting fairly the financial condition of the Companies and their results of operations by the chief financial officer of Borrower or such other officer of Borrower reasonably acceptable to Administrative Lender;

(b) Annual Audit. As soon as practicable after the end of each fiscal year of Borrower, and in any event within 120 days thereafter, copies of:

(i) A consolidated balance sheet of the Companies as of the end of such year, and

(ii) A consolidated statement of income, consolidated statement of stockholders' equity and a consolidated statement of cash flows of the Companies for such year,

setting forth in each case in comparative form the figures as of the end of and for the previous fiscal year, all in reasonable detail and accompanied by an opinion by Auditors, which opinion shall state that said consolidated financial statements have been prepared in accordance with GAAP consistently applied, except to the extent stated therein (to which Auditors concur), that the examination of Auditors in connection with such financial statements has been made in accordance with generally accepted auditing standards and that said financial statements present fairly the financial condition of the Companies and their results of operations;

(c) Other Reports. Promptly upon their becoming available a copy of (i) each regular or periodic report and any registration statement (other than statements on Form S-8), prospectus or written communication in respect thereof filed by any Company with any securities exchange or with the Securities and Exchange Commission or any successor agency, and (ii) all press releases concerning material financial aspects of any Company;

(d) Notice of Default. Promptly upon the happening of any condition or event of which an officer of Borrower has actual knowledge and which constitutes an Event of Default or Default, a written notice specifying the nature and period of existence thereof and what action Borrower is taking and proposes to take with respect thereto;

(e) Notice of Litigation. Promptly upon becoming aware of the existence of any proceedings before any Tribunal involving any Company which could reasonably be expected to involve the payment of \$5,000,000.00 or more in excess of insurance coverage by any Company or in which an adverse decision could reasonably be expected to have a Material Adverse Effect, a written notice specifying the nature thereof and whether such Company will contest such proceeding or decision;

(f) Notice of Claimed Default. Promptly upon becoming aware that the holder of any note or any evidence of indebtedness or other security of any Company in excess of \$1,000,000.00 has given notice or taken any action with respect to a claimed default or event of default thereunder, a written notice specifying the notice given or action taken by such holder and the nature of the claimed default or event of default thereunder and what action such Company is taking or proposes to take with respect thereto;

(g) Notice from Regulatory Agencies. Promptly upon receipt thereof, written information with respect to and copies of all notices received from federal or state regulatory agencies or any Tribunal (including, without limitation, the FCC) relating to an order, ruling, statute or other Law which could reasonably be expected to result in the payment of money by any Company in the amount of \$5,000,000 or more, or which would have a Material Adverse Effect;

(h) Exhibit F Amendment. As soon as practicable after the end of each of Borrower's fiscal quarters in each fiscal year, and in any event within 60 days after the end of said quarters, amendments and supplements to Exhibit F so as to ensure that, at the time of delivery of such amendment or supplement, Exhibit F is accurate and complete in all material respects; and

(i) Requested Information. With reasonable promptness, such other material financial data and information as from time to time may be reasonably requested by any Lender.

3.3. Officer's Certificates. Each set of financial statements delivered to Lenders pursuant to Section 3.2(a) or 3.2(b) shall be accompanied by an Officer's Certificate substantially in the form of Exhibit N, appropriately completed.

3.4. Auditors' Letters. Each set of annual financial statements delivered pursuant to Section 3.2(b) shall be accompanied by a letter from Auditors, stating (i) that, except to the extent stated therein, said statements are comparative in form and information provided in all material respects to those previously delivered, (ii) that they have reviewed this Agreement, and (iii) whether, in making their audit, they have become aware of any condition or event which then constitutes an Event of Default or Default, and if any such condition or event then exists, specifying the nature and period of existence thereof.

3.5. Inspection. Upon the occurrence of a Default or Event of Default, Borrower shall permit, upon written, telex or cabled application by any Lender (stating the reasons therefor) any officers of any Lender to visit and inspect at said Lender's expense, any of the properties of any

Company, to examine all books of account, records, reports and other papers, to make copies and extracts therefrom at said Lender's expense, and to discuss the affairs, finances and accounts with their respective officers, employees and Auditors (and by this provision Borrower authorizes said Auditors to discuss with any Lender's representatives the finances and affairs of the Companies), during normal business hours, after such reasonable notice, and as often as may be reasonably requested; provided, however, that in no event shall such inspection, examination or inquiry interfere with or disrupt the operations of any Company.

3.6. Notices Regarding ERISA. Borrower will, and will cause each other Company to, furnish to Administrative Lender, with sufficient copies for Lenders:

(a) promptly and in any event (i) within thirty (30) days after Borrower or any member of its Controlled Group knows or has reason to know that any ERISA Event described in clause (a) of the definition of ERISA Event or any event described in Section 4063(a) of ERISA with respect to any Plan of Borrower or any member of its Controlled Group has occurred, if such ERISA Event or such other event has a reasonable likelihood of resulting in liability in excess of Five Million Dollars (\$5,000,000), and (ii) within ten (10) days after Borrower or any member of its Controlled Group knows that any other ERISA Event with respect to any Plan has occurred, if such ERISA Event has a reasonable likelihood of resulting in liability in excess of Five Million Dollars (\$5,000,000) or a request for a minimum funding waiver under Section 412 of the Code with respect to any Plan has been made, if the effect of such waiver has a reasonable likelihood of resulting in liability in excess of Five Million Dollars (\$5,000,000), a statement of the chief financial officer of Borrower describing such ERISA Event and the action, if any, which Borrower or such member of its Controlled Group proposes to take with respect thereto together with a copy of the notice of such ERISA Event or other event, if required by the applicable regulations under ERISA, given to the PBGC;

(b) promptly and in any event within thirty (30) days after receipt thereof, a copy of each notice, determination letter, ruling or opinion Borrower or any member of its Controlled Group receives from the PBGC, DOL or IRS with respect to any Plan unless the subject matter of such notice, determination, letter, ruling or opinion would not have a reasonable likelihood of resulting in liability in excess of Five Million Dollars (\$5,000,000);

(c) promptly and in any event within ten (10) Business Days after receipt thereof, a copy of all correspondence Borrower or any member of its Controlled Group receives from the Plan Sponsor (as defined by Section 4001(a)(10) of ERISA) of any Plan concerning potential withdrawal liability of Borrower or any member of its Controlled Group pursuant to Section 4219 or 4202 of ERISA, and a statement from the chief financial officer of Borrower or such member of its Controlled Group setting forth details as to the events giving rise to such potential withdrawal liability and the action which Borrower or such member of its Controlled Group proposes to take with respect thereto unless the potential withdrawal liability would not have a reasonable likelihood of exceeding Five Million Dollars (\$5,000,000);

(d) notification within thirty (30) days prior to any material increase in the benefits under any existing Plan, or the establishment of any new Plan, or the commencement of contributions to any Plan, to which Borrower or any member of its Controlled Group was not previously contributing except to the extent that any such action (i) is required to maintain the qualified status of such Plan under Section 401(a) of the Code or (ii) would not have a reasonable likelihood of resulting in liability in excess of Five Million Dollars (\$5,000,000); and

(e) promptly after receipt of written notice of commencement thereof, notice of any action, suit or proceeding before any Tribunal affecting such Company or any member of its Controlled Group with respect to any Plan, except those which, in the aggregate, if adversely determined could not have a Material Adverse Effect.

### 3.7. Employee Plans.

(a) Borrower will, and will cause each member of its Controlled Group to, with respect to other than a Multiemployer Plan, for each existing Plan and each Plan hereafter adopted or maintained by Borrower or any member of its Controlled Group which is intended to be "qualified" within the meaning of Section 401(a) of the Code, (i) seek and receive determination letters from the IRS to the effect that such Plan is so qualified; (ii) from and after the adoption of any such Plan, cause such Plan to be so qualified, to be administered in all material respects in accordance with the requirements of ERISA and Section 401(a) of the Code and to be amended to incorporate provisions for such Plan to remain qualified under the Code prior to the expiration of any remedial amendment period with respect to such Plan; (iii) make all required contributions by the due date under Section 412 of the Code and Section 302 of ERISA; and (iv) not take any action which could reasonably be expected to cause such Plan not to be qualified within the meaning of Section 401(a) of the Code or not to be administered in all material respects in accordance with the requirements of ERISA and Section 401(a) of the Code, except where the failure to perform any of the covenants set forth in clauses (i)-(iv) immediately preceding would not individually, or in the aggregate, have a reasonable likelihood of resulting in liability to Borrower or any member of its Controlled Group in excess of Twenty Million Dollars (\$20,000,000); and

(b) Borrower will, and will cause each member of its Controlled Group to, with respect to each Multiemployer Plan and each Plan which is not intended to be qualified within the meaning of Section 401(a) of the Code, (i) make all contributions required by the provisions of such Multiemployer Plan and each such Plan and (ii) comply in all respects with the provisions of ERISA applicable to each such Plan, except where the failure to perform any of the covenants set forth in clauses (i) or (ii) immediately preceding would not individually, or in the aggregate, have a reasonable likelihood of resulting in liability to Borrower or any member of its Controlled Group in excess of Twenty Million Dollars (\$20,000,000).

## 3.8. Environmental Notice and Inspection.

(a) Borrower will notify Administrative Lender and Lenders in writing, promptly upon Borrower or any other Company learning, of any of the following which has a reasonable likelihood of resulting in liability in excess of Five Million Dollars (\$5,000,000):

(i) each Environmental Claim which any Company receives, including one to take any remedial, removal or other action with respect to any Hazardous Materials contained on any property, whether or not owned by such Company;

(ii) each notice of violation of any Environmental Law; and

(iii) each commencement of any judicial or administrative proceeding or investigation concerning an Environmental Claim with respect to any of the Companies.

(b) Borrower will permit and cause each other Company to permit Administrative Lender, any Lender and any agent or any representative thereof, during normal business hours and with reasonable prior notice, to, at Administrative Lender's or such Lender's expense, inspect all unprivileged documents, property and operations, and interview any employees, representatives or agents, of any Company, in each case pertaining to the areas of environmental compliance, hazard or liability.

(c) Borrower will upon written request by Administrative Lender or any Lender, submit and cause each other Company to submit, to Administrative Lender or such Lender, at reasonable intervals, a report providing an update of the status of any environmental, health or safety compliance, hazard or liability issue identified in any notice or report required pursuant to this Section and any other environmental, health or safety compliance obligation, remedial obligation or liability that individually has a reasonable likelihood of resulting in liability in excess of Five Million Dollars (\$5,000,000).

3.9. Solvency. Borrower shall continue, and shall cause each of its Material Subsidiaries to continue, to be Solvent.

## ARTICLE IV.

## NEGATIVE COVENANTS

From the Agreement Date, and so long as any Loan shall remain unpaid, any Letter of Credit shall be outstanding, any Lender shall have any Commitment hereunder or any part of the Obligation shall remain unpaid:

4.1. Funded Debt to Capitalization Ratio. Borrower shall not permit the Funded Debt to Capitalization Ratio to exceed (a) 0.55 to 1 at any time during the period from the Agreement Date to and including September 30, 1999 and (b) 0.50 to 1 at any time thereafter.

4.2. EBITDA To Interest Charges. Borrower shall not permit the ratio of EBITDA to Interest Charges to be less than (a) 2.50 to 1 at any time during the period from the Agreement Date to and including September 30, 1998, (b) 3.00 to 1 at any time after September 30, 1998 to and including September 30, 1999, and (c) 3.25 to 1 at any time thereafter.

4.3. Capital Expenditures. Borrower shall not, nor shall it permit any other Company to, make or commit to make any Capital Expenditures after the Agreement Date in an aggregate amount for all Companies in excess of (a) \$60,000,000 during fiscal year 1997 and (b) \$75,000,000 during any fiscal year thereafter.

4.4. Net Worth. Borrower shall not permit Net Worth (a) at any time prior to the Westinghouse Merger to be less than an amount equal to the sum of (i) \$563,000,000, plus (ii) 50% of the cumulative Net Income from and including July 1, 1997 through the date of calculation (but excluding from the calculation of cumulative Net Income the effect, if any, of any fiscal quarter (or a portion of a fiscal quarter not yet ended) of Borrower for which Net Income was a negative number), plus (iii) 75% of the Net Proceeds received by Borrower or any of its Subsidiaries from any Equity Issuance occurring on or after the Agreement Date, plus (iv) any increase in stockholders' equity of Borrower pursuant to the conversion or exchange of preferred Capital Stock of Borrower into common Capital Stock of Borrower, plus (v) an amount equal to 75% of the net worth of any Person that becomes a Subsidiary of Borrower or substantially all of the assets of which are acquired by Borrower or any of its Subsidiaries to the extent the purchase price therefor is paid in Capital Stock of Borrower or any of its Subsidiaries, and (b) as of the date of the Westinghouse Merger (taking into account the effect thereof) and thereafter to be less than an amount equal to the sum of (i) the greater of 90% of Net Worth on the date of the Westinghouse Merger (taking into account the effect thereof) or \$425,000,000, plus (ii) 50% of the cumulative Net Income from and including the date of the Westinghouse Merger (but excluding from the calculation of cumulative Net Income the effect, if any, of any fiscal quarter (or a portion of a fiscal quarter not yet ended) for which Net Income was a negative number), plus (iii) 75% of the Net Proceeds received by Borrower or any of its Subsidiaries from any Equity Issuance occurring on and after the Westinghouse Merger, plus (iv) any increase in stockholders' equity of Borrower pursuant to the conversion or exchange of preferred Capital Stock of Borrower into common Capital Stock of Borrower, plus (v) an amount equal to 75% of the net worth of any Person that becomes a Subsidiary of Borrower or substantially all of the assets of which are acquired by Borrower or any of its Subsidiaries to the extent the purchase price therefor is paid in Capital Stock of Borrower or any of its Subsidiaries.

4.5. Investments. Borrower shall not, nor shall it permit any other Company to, make, acquire or own any Investment other than Permitted Investments; provided, however, neither Borrower nor any other Company shall make, acquire or own any Permitted Investment if

immediately prior to such Investment or as a result of owning such Investment, a Default or Event of Default exists, or if after giving effect to any such Investment, a Default or Event of Default exists or would result therefrom.

4.6. Acquisitions. Borrower shall not, nor shall it permit any other Company to, directly or indirectly, make any Acquisitions; provided, however, if immediately prior to and after giving effect to the proposed Acquisition there shall exist no Default or Event of Default, Borrower or any of its Subsidiaries may make Acquisitions so long as (i) Administrative Lender shall have received written notice of such proposed Acquisition at least ten days prior to the date of such Acquisition, which shall include an Officer's Certificate setting forth the covenant calculations therein both immediately prior to and after giving effect to such proposed Acquisition, (ii) the assets, property or business acquired in such proposed Acquisition shall be in a business or activity described in Section 5.16, (iii) if such Acquisition results in a Material Subsidiary, such Subsidiary shall simultaneously with or immediately following such Acquisition comply with Section 3.1(g), (iv) during fiscal year 1997 (A) the aggregate Acquisition Consideration (excluding Equity Consideration) for any single Acquisition during such year shall not exceed \$100,000,000 and (B) the aggregate Acquisition Consideration for any single Acquisition during such year shall not exceed \$150,000,000, (v) during fiscal year 1998 (A) the aggregate Acquisition Consideration (excluding Equity Consideration) for any single Acquisition during such year shall not exceed \$125,000,000 and (B) the aggregate Acquisition Consideration for any single Acquisition during such year shall not exceed \$200,000,000 and (vi) during each fiscal year thereafter (A) the aggregate Acquisition Consideration (excluding Equity Consideration) for any single Acquisition during such year shall not exceed \$150,000,000 and (B) the aggregate Acquisition Consideration for any single Acquisition during such year shall not exceed \$250,000,000.

4.7. Limitation on Liens. Borrower shall not, nor shall it permit any other Company to, create or suffer to be created or to exist any Lien upon any of its property or assets except a Permitted Lien.

4.8. Debt. Borrower shall not, nor shall it permit any other Company to, directly or indirectly, create, incur, assume, become or be liable, in any manner in respect of, or suffer to exist, any Debt or Contingent Debt except Permitted Debt.

4.9. Mergers, etc. Neither Borrower nor any other Company shall be a party to any merger or consolidation other than the Westinghouse Merger, unless (a) with respect to a merger or consolidation, Borrower shall be the survivor, unless the merger or consolidation involves a Company other than Borrower, in which case one of Borrower's Subsidiaries shall be the surviving corporation, (b) such transaction shall not be utilized to circumvent compliance with any term or provision herein, and (c) no Default or Event of Default shall then be in existence or occur as a result of such transaction.

4.10. ERISA. Borrower will not directly or indirectly permit any member of its Controlled Group to directly or indirectly (a) terminate any Plan so as to result in any liability to



Borrower or any member of its Controlled Group in an amount in excess of Twenty Million Dollars (\$20,000,000); (b) permit to exist any ERISA Event or any event described in Section 4063(a) of ERISA with respect to any Plan which would have a reasonable likelihood of resulting in liability to Borrower or any member of its Controlled Group in an amount in excess of Twenty Million Dollars (\$20,000,000); (c) make a complete or partial withdrawal (within the meaning of Section 4201 of ERISA) from any Multiemployer Plan so as to result in any liability to Borrower or any member of its Controlled Group in an amount in excess of Twenty Million Dollars (\$20,000,000); (d) enter into any new Plan or modify any existing Plan so as to increase its obligations thereunder except (i) as shall be required to maintain the qualified status of such Plan under Section 401(a) of the Code or (ii) to the extent that any such action would not have a reasonable likelihood of resulting in liability to Borrower or any member of its Controlled Group in excess of Twenty Million Dollars (\$20,000,000); (e) permit the present value of all benefit liabilities, as defined in Title IV of ERISA, under any Plan subject to Title IV of ERISA (using the actuarial assumptions utilized by the PBGC upon termination of a Plan) to exceed the fair market value of Plan assets allocable to such benefits all determined as of the most recent valuation date for each such Plan unless the existence of such deficiency would not have a reasonable likelihood of resulting in liability to Borrower or any member of its Controlled Group in excess of Twenty Million Dollars (\$20,000,000); or (f) engage in any transaction prohibited by Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available, unless such transaction would not have a reasonable likelihood of resulting in liability in excess of Twenty Million Dollars (\$20,000,000) to Borrower or any member of its Controlled Group.

4.11. Dispositions of Assets. Borrower shall not, nor shall it permit any other Company to, sell, lease, transfer or otherwise dispose of any of its assets (each a "Disposition"), if immediately prior to such Disposition, a Default or Event of Default exists, or if after giving effect to any such Disposition, a Default or Event of Default would result therefrom. Notwithstanding anything in this Section 4.11 to the contrary, Borrower shall not sell The Opryland Hotel.

4.12. Transactions with Affiliates. Except as contemplated by the Gaylord Restructuring, to the extent not inconsistent with past practices, Borrower shall not, nor shall it permit any other Company to, directly or indirectly, enter into any transaction (including, but not limited to, the sale or exchange of property or the rendering of service) with any of its Affiliates (other than Borrower or any Guarantor), other than in the ordinary course of business and upon fair and reasonable terms no less favorable than such Company could obtain or could become entitled to in an arm's-length transaction with a Person which was not an Affiliate of such Company.

4.13. Accounting Changes. Borrower shall not, nor shall it permit any other Company to, make or permit any change in accounting policies affecting the presentation of financial statements or reporting practices, except as required or permitted pursuant to GAAP; provided, however, to the extent that any such change would materially affect any accounting determination contemplated by this Agreement, Borrower and Lenders agree to negotiate in good faith revisions to the appropriate covenants and related definitions to account for such changes.

4.14. Margin Regulations. Borrower shall not, nor shall it permit any other Company to, use the proceeds of any Loan or Letter of Credit to purchase or carry any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934, and no Loan or Letter of Credit shall otherwise be, in violation of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

4.15. Hostile Acquisitions. Borrower shall not, nor shall it permit any other Company to, cause any of the proceeds of the Loans to fund a Hostile Acquisition without providing Lenders with 10 Business Days' prior written notice of such Hostile Acquisition specifying the nature thereof. If any Lender shall inform Borrower and other Lenders, within 5 Business Days of receipt of notice of such Hostile Acquisition from Borrower, that such Lender has a conflict with funding such Hostile Acquisition, Borrower agrees to use its best efforts to designate a replacement Lender or Lenders reasonably satisfactory to Administrative Lender and Determining Lenders to purchase the Revolving Credit Note of such Lender and to assume the Commitment of such Lender. Such purchase shall be without recourse to or warranty by, or expense to, such Lender for a purchase price equal to the outstanding principal amount of the Loans payable to such Lender and accrued but unpaid interest, Commitment Fees and other fees in respect of such Lender's Commitment and any other amounts payable to such Lender under this Agreement. Any Lender replaced pursuant to this Section 4.12 shall (i) have no obligation to pay any processing and recordation fee pursuant to Section 8.16(a) and (ii) continue to be entitled to the Rights available to Lenders pursuant to Sections 2.9, 2.11, 2.13(d), 8.10 and 8.14.

#### ARTICLE V.

##### REPRESENTATIONS AND WARRANTIES

Borrower represents, warrants and covenants, but not any time prior to the Agreement Date, as follows:

5.1. Organization and Qualification. The Companies (a) are duly organized, validly existing, and in good standing under the Laws of their jurisdictions of incorporation to the extent necessary not to have a Material Adverse Effect; (b) are duly licensed and in good standing as a foreign entity in each jurisdiction in which the nature of the business transacted or the property owned is such as to require licensing as such, except where the failure to be so licensed would not have a Material Adverse Effect; and (c) possess all legal authority, power, licenses, permits and franchises necessary to conduct their business the failure to possess which would have a Material Adverse Effect and to execute, deliver and comply with the terms of the Loan Documents to be executed by them, all of which have been duly authorized and approved by all necessary legal action and for which no approval or consent of any Tribunal is required. The respective jurisdictions of organization and the percentage ownership by each Company of each other Company listed on Exhibit F (as Exhibit F is amended or supplemented pursuant to Section 3.2(h)) are true and correct.

5.2. Financial Statements. The audited consolidated financial statements of Companies as of and for the period ended December 31, 1996 and the unaudited financial statements of Companies as of and for the period ended March 31, 1997, heretofore furnished to Lenders are complete and correct in all material respects and were prepared substantially in accordance with GAAP except to the extent stated therein, and fairly present the financial condition and results of operation of Companies as of the dates indicated and for the periods involved. As of the date of said financial statements there were no contingent liabilities, liabilities for Taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments, any of which are material in amount in relation to the financial condition of Companies, except as referred to or reflected or provided for in said financial statements. Since the date of said financial statements, there has been no material adverse change in the consolidated financial condition or business operations of Companies, taken as a whole.

5.3. Taxes. Borrower and each other Company have filed all federal, state and other income tax returns which are required to be filed (other than tax returns, none of which concern a material part of the business, operations or properties of Companies taken as a whole, which in the reasonable opinion of Borrower are not required to be filed) and have paid all Taxes as shown on said returns, and all Taxes due or payable without returns and all assessments received to the extent that such Taxes or assessments have become due, except for any Taxes and assessments being contested in good faith by proper proceedings and for which adequate reserves have been established in accordance with GAAP or where the non-filing or non-payment of which has no reasonable likelihood of having a Material Adverse Effect. All Tax liabilities of Borrower and each other Company are adequately provided for on the books of each Company, including interest and penalties, except where the failure to so provide would not have a Material Adverse Effect. No income tax liability of a material nature has been asserted by taxing authorities for Taxes in excess of those already paid, and federal, state and other income tax returns of Borrower and each other Company have been examined and reported on by the taxing authorities or closed by applicable Laws and satisfied for all years prior to and including 1993.

5.4. Compliance With Laws and Other Matters. None of the Companies is, nor will the execution, delivery and performance and compliance with the terms of the Loan Documents cause any of the Companies to be: (a) in violation of any Law or their articles of incorporation or bylaws in any respect which would have any Material Adverse Effect; or (b) in violation of or in default with the terms of any Material Contractual Obligation (including, without limitation, network affiliation agreements) to which any Company is a party which violation or default would have a Material Adverse Effect or result in or require the creation or imposition of any Lien (other than a Permitted Lien) upon or with respect to any of the properties of any Company. Except for matters affecting the broadcasting, communications and entertainment industries generally and for matters described in Exhibit O, there is no existing Litigation pending against or, to the knowledge of Borrower, threatened against any Company or its properties which is not fully covered by insurance (or for which adequate reserves have not been set up and reflected on the financial statements delivered to Lenders and described in Section 5.2) or which would have a Material

Adverse Effect. There are no outstanding or unpaid final judgments against any of the Companies which would have a Material Adverse Effect.

5.5. Total Liabilities. Since the date of the financial statements referred to in Section 5.2, no Company has incurred any material liability included within total liabilities, except (i) as referred to or reflected in the financial statements referred to in Section 5.2, (ii) as disclosed in Exhibit P, (iii) liabilities incurred in the ordinary course of business, or (iv) such liabilities as would not have a Material Adverse Effect.

5.6. Title to Properties. Each Company has (a) full power, authority and legal right to own and operate the properties which it now owns, and to carry on the business in which it is now engaged; and (b) to the extent necessary to carry on its business without causing a Material Adverse Effect, good and marketable title in fee simple to all real property owned by it (except as to real property or parcels thereof acquired by quitclaim) and good and merchantable title to all its other properties and assets subject to no Lien of any kind except Permitted Liens.

5.7. Corporate Authorization; Validity. The Board of Directors of Borrower and each Guarantor, as appropriate, have duly authorized the execution and delivery of this Agreement, the Notes and the other Loan Documents and the performance of their respective terms. No consent of the stockholders of Borrower or any Guarantor is required as a prerequisite to the validity and enforceability of this Agreement or any document contemplated herein. Borrower and each Guarantor have full power, authority and legal right to execute and deliver and to perform and observe the provisions of this Agreement, the Notes and all other Loan Documents, as appropriate, to be executed and delivered by them. This Agreement is, and the Notes and each of the other Loan Documents will on due execution and delivery thereof be, the legal, valid and binding obligation of Borrower or the Guarantor executing and delivering it, enforceable in accordance with their respective terms, subject as to enforcement of remedies to any Debtor Relief Laws and general equitable principles.

5.8. Use of Proceeds. No Company is engaged principally in the business of extending credit secured directly or indirectly, in whole or in part, by margin stock (within the meaning of Regulation U ("Regulation U") of the Board of Governors of the Federal Reserve System), and, after giving effect to each Loan and Letter of Credit hereunder and the application of the proceeds thereof, not more than 25% of the assets of the Companies are or will be margin stock. No Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or any of the other Loan Documents to violate any regulation of the Board of Governors of the Federal Reserve System or to violate the Securities Exchange Act of 1934, in each case as in effect now or as the same may hereafter be in effect.

5.9. Possession of Franchises, Licenses, Etc. Each Company possesses all franchises, certificates, licenses, permits and other authorizations from governmental political subdivisions or regulatory authorities that (i) are necessary in any material respect for the ownership, maintenance and operation of their properties and assets, and (ii) the loss of possession of which

would have a Material Adverse Effect, and no Company is in violation of any thereof in any material respect the result of which would have a Material Adverse Effect.

5.10. Leases. Each Company peacefully enjoys possession of all property leased for the operation of its properties and assets, the loss of possession of which could have a Material Adverse Effect. All such leases are valid and subsisting and are in full force and effect to the extent necessary so as to not result in a Material Adverse Effect.

5.11. Disclosure. Neither this Agreement nor any other document, certificate or statement, taken as a whole, furnished to the Lenders by or on behalf of Borrower or any other Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading when taken as a whole.

5.12. Government Regulation. No Company is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940, the Interstate Commerce Act (other than Grand Ole Opry Tours, Inc.) (as any of the preceding acts have been amended), or any other Law which the incurring of Debt by Borrower would violate in any material respect, including, without limitation, Laws relating to common or contract carriers or the sale of electricity, gas, steam, water, or other public utility services; provided, however, that certain of the Companies are regulated by the FCC, and are subject to requirements of the Communications Act of 1934, as amended, and the current rules and regulations of the FCC, but (a) are in compliance with respect thereto in all circumstances where the failure to do so would have a Material Adverse Effect and (b) no approval or authorization by or filing with any Tribunal is necessary or required for the execution and delivery of any of the Loan Documents or the performance of their respective terms; provided, however, that this Agreement may be required to be filed with the FCC within thirty (30) days after execution hereof.

5.13. Environmental Matters.

(a) The operations of Borrower and each other Company comply in all respects with all Environmental Laws and all other applicable Requirements of Law concerning environmental health and safety, except for such non-compliance which may not result in liability in excess of Twenty Million Dollars (\$20,000,000).

(b) Except where the failure to obtain would not have a Material Adverse Effect, Borrower and each other Company have obtained or applied for all environmental, health and safety permits necessary for their operations. With respect to all such permits which have been obtained, all such permits are in good standing other than those which have expired as to which applications for renewal or extension are pending. With respect to all such permits which have been obtained and those which have expired as to which applications for renewal or extension have been made, Borrower and each other Company are in compliance with all terms and conditions

of such permits except where the failure of such compliance could not be reasonably expected to have a Material Adverse Effect.

(c) Except as set forth on Exhibit O, neither Borrower nor any other Company nor any of their present property or operations (as well as their past property or operations) is subject to any outstanding written order from or agreement with any Tribunal or other Person or subject to any judicial or docketed administrative proceeding respecting (i) any Environmental Law or any other environmental or health or safety Requirement of Law, the result of which would have a Material Adverse Effect; (ii) any action required to clean up, remove, treat or in any other way address Contaminants in the indoor or outdoor environment, the result of which would have a Material Adverse Effect; or (iii) any Environmental Claim arising from the release or threatened release of a Contaminant into the environment which could reasonably be expected to result in liability in excess of Twenty Million Dollars (\$20,000,000).

(d) Except as set forth on Exhibit O, there are no conditions or circumstances associated with any property of Borrower or any other Company formerly owned or operated by Borrower or any other Company or any of its predecessors or with the former operations, including off-site disposal practices, of Borrower or any other Company or its predecessors which could reasonably be expected to give rise to Environmental Claims which could result in liability in excess of Twenty Million Dollars (\$20,000,000).

(e) Except as set forth on Exhibit O, there are no conditions or circumstances which may give rise to any Environmental Claim arising from the operations of Borrower or any other Company which could reasonably be expected to result in liability in excess of Twenty Million Dollars (\$20,000,000). (i) Neither Borrower nor any other Company has any underground storage tanks (A) that are not properly permitted under applicable Environmental Laws or (B) that are leaking or dispose of Contaminants off-site which could reasonably be expected to result in liability in excess of Twenty Million Dollars (\$20,000,000) and (ii) Borrower and each other Company have notified all of its employees of the existence, if any, of any health hazard arising from the conditions of its employment and have met all notification requirements under Title III of CERCLA and under OSHA, the violation of which has a reasonable likelihood of resulting in liability in excess of Twenty Million Dollars (\$20,000,000) in the aggregate.

5.14. ERISA. Each Plan is in compliance in all respects with the applicable provisions of ERISA, the Code and all other applicable federal or state Laws. With respect to each Plan, all reports required under ERISA or any other applicable Law to be filed with the relevant Tribunal have been duly filed and all such reports are true and correct in all material respects as of the date given. No Plan which is subject to Section 412 of the Code has been terminated nor has any accumulated funding deficiency (as defined in Section 412(a) of the Code) been incurred (without regard to any waiver granted under Section 412 of the Code) nor has any funding waiver from the IRS been received or requested. Neither Borrower nor any member of its Controlled Group has failed to make any contribution or pay any amount due or owing as required by Section 412 of the Code or Section 302 of ERISA or the terms of any Plan prior to the due date under Section 412

of the Code and Section 302 of ERISA or the terms of any Plan. There has been no ERISA Event or any event requiring disclosure under ERISA with respect to any Plan or trust maintained pursuant to any Plan of Borrower or any member of its Controlled Group. The value of the assets of each Plan (other than a Multiemployer Plan) equalled or exceeded the present value of the benefit liabilities, as defined in Title IV of ERISA, of each such Plan as of the most recent valuation date using Plan actuarial assumptions at such date. There are no pending or threatened claims, lawsuits or actions (other than routine claims for benefits in the ordinary course) asserted or instituted against and neither Borrower nor any member of its Controlled Group has knowledge of any threatened litigation or claims against the assets of any Plan or trust maintained pursuant to any Plan or against any fiduciary of such Plan or such trust with respect to the operation of such Plan or such trust. Neither Borrower nor any member of its Controlled Group has engaged in any prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, in connection with any Plan which has not been corrected. Neither Borrower nor any member of its Controlled Group (i) has incurred or reasonably expects to incur (A) any liability under Title IV of ERISA (other than premiums due under Section 4007 of ERISA to the PBGC), (B) any withdrawal liability (and no event has occurred which with the giving of notice under Section 4219 of ERISA would result in such liability) under Section 4201 of ERISA as a result of a complete or partial withdrawal (within the meaning of Section 4203 or 4205 of ERISA) from a Multiemployer Plan which has not been paid in full or (C) any liability under Section 4062 of ERISA to the PBGC or to a trustee appointed under Section 4042 of ERISA which has not been paid in full or (ii) has withdrawn from any Multiemployer Plan. Neither Borrower nor any member of its Controlled Group nor any organization to which Borrower or any member of its Controlled Group is a successor or parent corporation within the meaning of ERISA Section 4069(b) has engaged in a transaction within the meaning of Section 4069 of ERISA. Neither Borrower nor any member of its Controlled Group maintains or has established any Plan which constitutes a welfare benefit plan within the meaning of Section 3(1) of ERISA which provides for continuing health, medical or hospitalization benefits or coverage for any participant or any beneficiary of any participant after such participant's termination of employment except (i) as may be required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and the regulations thereunder, (ii) to the extent that the full cost thereof is borne by the participant or beneficiary or (iii) any such arrangement (or the liability associated with such arrangement) which would not be required to be disclosed on Borrower's consolidated financial statements pursuant to GAAP. Borrower and each member of its Controlled Group which maintains a welfare benefit plan within the meaning of Section 3(1) of ERISA has complied with all applicable notice and continuation requirements of COBRA and the regulations thereunder except where the failure to so comply could not result in the loss of a tax deduction or imposition of a tax or other penalty on Borrower or any member of its Controlled Group. Notwithstanding anything herein to the contrary, no statement, representation or warranty contained in this Section 5.14 shall be deemed to be or to have been false, misleading or erroneous in any material respect when made if the effect of the failure of such statement, representation or warranty to be true and correct would not have a reasonable likelihood of resulting in liability to Borrower or any member of its Controlled Group, individually or in the aggregate, in excess of Twenty Million Dollars (\$20,000,000).

5.15. Solvency. Borrower and each Guarantor is, and Borrower and its Subsidiaries on a consolidated basis are, Solvent.

5.16. Business. Borrower and its Subsidiaries, taken as a whole, are engaged primarily in the broadcasting, communications and entertainment business and activities directly related thereto.

#### ARTICLE VI.

##### DEFAULT

6.1. Default. The term "Event of Default" as used herein means the occurrence and continuance of any one or more of the following events (including the passage of time, if any, specified therefor):

(a) Payments. The failure or refusal of Borrower to pay when due the principal of the Loans, interest on the Loans, the Commitment Fee, the Administrative Lender's Fee, any fee in respect of the Letters of Credit or any other obligation created pursuant to this Agreement, the Notes or evidenced by any of the other Loan Documents and such failure shall not have been remedied by the earlier of (i) one (1) Business Day after telephonic notice (to be confirmed in writing) by Administrative Lender to Borrower or (ii) five (5) Business Days after the date such payment is due.

(b) Negative Covenants. The failure or refusal of any Company to comply or be in compliance with any covenant, term or provision in Article IV.

(c) Other Covenants. The failure or refusal of any Company punctually and properly to perform, observe and comply with any covenant, agreement or condition contained in any of the Loan Documents (other than covenants to pay the Obligation or contained in Article IV) and such failure shall not have been remedied within 30 days after the earlier of notice of such failure to such Company, as applicable, or such other time as an officer of such Company shall have actual knowledge thereof.

(d) Voluntary Debtor Relief. Borrower or any Guarantor shall (i) execute an assignment for the benefit of creditors, or (ii) admit in writing its inability, or be generally unable, to pay its debts generally as they become due, or (iii) voluntarily seek the benefit or benefits of any Debtor Relief Law, or (iv) voluntarily become a party to any proceeding provided for by any Debtor Relief Law, (v) consent to, or acquiesce in, any order, judgment, decree or petition described in Section 6.1(e) or (vi) take any corporate action to authorize any of the foregoing.

(e) Involuntary Proceedings. Borrower or any Guarantor shall involuntarily (i) have an order, judgment or decree entered against it by any Tribunal pursuant to any Debtor Relief



Law, and such order, judgment or decree is not stayed or reversed within 60 days after the entry thereof, or (ii) have a petition filed against it seeking the benefit or benefits provided for by any Debtor Relief Law, and such petition is not discharged within 60 days after the filing thereof.

(f) Judgments. Any Company shall have rendered against it a money judgment which would have a Material Adverse Effect and such judgment is not stayed or dismissed within 30 days.

(g) Other Debt. Except as to matters being disputed or contested in good faith, (i) any Company shall default in the payment of principal of or interest on any other obligation for money borrowed or received as an advance (or any obligation under any conditional sale or other title retention agreement or any obligation issued or assumed as full or partial payment for property whether or not secured by purchase money Lien, or any obligation under notes payable or drafts accepted representing extensions of credit), excluding any such obligations which in the aggregate are not in excess of \$5,000,000.00 and which (A) are not secured directly or indirectly by Liens or (B) if secured directly or indirectly by Liens, the aggregate value of assets secured by said Liens is not in excess of \$5,000,000.00, or (ii) a default or any other event shall occur or condition shall exist under any agreement or instrument under which such obligation is created and shall continue after any applicable grace period, if the effect of such default or the effect of such event or condition is to cause or permit the holder or holders of such obligation (or any trustee on their behalf) to cause such obligation to become due prior to its date of maturity or require such obligation to be purchased, prepaid or redeemed.

(h) Misrepresentation. The discovery by any Lender that any statement, representation or warranty in the Loan Documents or in any writing ever delivered to any Lender pursuant to the Loan Documents, shall prove to have been false, misleading or erroneous in any material respect when made or deemed made.

(i) ERISA. With respect to any Plan of Borrower or any member of its Controlled Group: (i) Borrower, any such member of its Controlled Group or any other party-in-interest or disqualified person shall engage in transactions which in the aggregate would reasonably result in a liability to Borrower or any member of its Controlled Group under Section 409 or 502 of ERISA or Section 4975 of the Code; (ii) Borrower or any member of its Controlled Group shall incur any accumulated funding deficiency, as defined in Section 412 of the Code, or request a funding waiver from the IRS for contributions to a Plan that is subject to Section 412 of the Code; (iii) Borrower or any member of its Controlled Group shall incur any withdrawal liability as a result of a complete or partial withdrawal within the meaning of Section 4203 or 4205 of ERISA; (iv) Borrower, any member of its Controlled Group or any Plan sponsor shall notify the PBGC of an intent to terminate, or the PBGC shall institute proceedings to terminate, a Plan; (v) a Reportable Event shall occur with respect to a Plan; (vi) a trustee shall be appointed by a court of competent jurisdiction to administer any Plan or the assets thereof; (vii) except as shall be required to maintain the qualified status of any Plan under Section 401(a) of the Code, the benefits of any Plan shall be increased, or Borrower or any member of its Controlled Group shall begin to maintain,

or begin to contribute to, any Plan; (viii) any ERISA Event with respect to a Plan shall have occurred, and thirty (30) days thereafter (A) such ERISA Event (if correctable) shall not have been corrected and (B) with respect to a Plan subject to Title IV of ERISA, the then present value of such Plan's benefit liabilities, as defined in Title IV of ERISA, shall exceed the then current value of assets accumulated in such Plan; or (ix) Borrower or any member of its Controlled Group shall fail to make a required contribution by the due date under Section 412 of the Code or Section 302 of ERISA which would result in the imposition of a Lien (other than a Permitted Lien) under Section 412 of the Code or Section 302 of ERISA; provided, however, that the events listed in subsections (i)-(viii) shall constitute Events of Default only if, as of the date thereof or any subsequent date, the maximum amount of liability which Borrower or any member of its Controlled Group has a reasonable likelihood of incurring in the aggregate under the applicable provisions of ERISA resulting from such event or such events exceeds Twenty Million Dollars (\$20,000,000).

(j) Guaranty. The Guaranty shall, for any reason other than expressly pursuant to the terms thereof, be deemed invalid or unenforceable with respect to any Guarantor, or Borrower or any Guarantor shall assert that, for any reason, the Guaranty is invalid or unenforceable.

(k) Change of Control. A Change of Control shall occur.

#### 6.2. Certain Rights of Lenders.

(a) Remedies Upon Default. If an Event of Default specified in subparagraph (d) or (e) of Section 6.1 occurs, the Commitments of Lenders shall automatically terminate concurrently therewith and the Obligation shall thereupon become due and payable concurrently therewith, without any action by Administrative Lender or any Lender and without diligence, presentment, demand, protest, notice of protest or intent to accelerate, or notice of any other kind, all of which are hereby expressly waived. Should any other Event of Default occur and be continuing, Administrative Lender may, with the consent of, or shall, at the request of, Determining Lenders, do any one or more of the following, without diligence, presentment, demand, protest, notice of protest, acceleration or intent to accelerate, or notice of any other kind, all of which are hereby expressly waived:

(i) Acceleration. Declare the entire unpaid balance of the Obligation (which shall include, without limitation, the aggregate amount of all obligations with respect to outstanding Letters of Credit), or any part thereof, immediately due and payable, whereupon it shall be due and payable.

(ii) Termination. Terminate all or any portion of the Commitments to lend hereunder.

(iii) Judgment. Reduce any claim to judgment.

(iv) Letters of Credit. If any Letter of Credit shall be then outstanding, make demand upon Borrower to, and forthwith upon such demand, Borrower shall, pay to Administrative Lender in same day funds at the office of Administrative Lender in such demand, for deposit in the L/C Cash Collateral Account, an amount equal to the maximum amount available to be drawn under the Letters of Credit then outstanding, less any funds previously deposited by Borrower, and then-remaining on deposit, in the L/C Cash Collateral Account in connection with such Letters of Credit.

(v) Rights. Exercise any and all Rights afforded by the Laws of the State of Texas or any other jurisdiction, as Administrative Lender shall deem appropriate, including, but not limited to, the UCC, or by any of the Loan Documents, or by Law or equity, or otherwise.

(vi) Guaranties. Exercise any and all Rights under the Guaranties.

(vii) Offset. Exercise the Rights of offset and/or banker's Lien against the interest of Borrower or any Subsidiary in and to every account with any Lender or any participant, and other property in possession of any Lender or any participant, to the full extent of the Obligation.

(b) Lenders Not In Control. None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Lenders the Rights or power to exercise control over the affairs and/or management of Borrower or any Subsidiary of Borrower, the power of Lenders being limited to the Right to exercise the remedies provided in the other subparagraphs and subsections of this Section; provided that, if any Lender becomes the owner of any stock, or other equity interest in, any Person whether through foreclosure or otherwise, such Lender shall be entitled to exercise such legal Rights as it may have by being an owner of such stock, or other equity interest in, such Person.

(c) Waivers. The acceptance by Administrative Lender or any Lender at any time and from time to time of part payment on the Obligation shall not be deemed to be a waiver of any Event of Default then existing. No waiver by Administrative Lender or any Lender of any particular Event of Default shall be deemed to be a waiver of any Event of Default other than said particular Event of Default. No delay or omission by any Lender or Administrative Lender in exercising any Right under the Loan Documents shall impair such Right or be construed as a waiver thereof or an acquiescence therein, nor shall any single or partial exercise of any such Right preclude any other or further exercise thereof, or the exercise of any other Right under the Loan Documents or otherwise.

(d) Cumulative Rights. All Rights available to Administrative Lender and Lenders under the Loan Documents shall be cumulative of and in addition to all other Rights granted to Administrative Lender and Lenders at Law or in equity, whether or not the Obligation shall be due

and payable and whether or not Administrative Lender or any Lender shall have instituted any suit for collection or other action in connection with the Loan Documents.

(e) Expenditures by Lenders. After the occurrence of an Event of Default, any sums spent by Administrative Lender or any Lender pursuant to the exercise of any Right provided herein shall become part of the Obligation and shall bear interest at a rate per annum equal to the lesser of (i) the Domestic Rate plus 2% or (ii) the Highest Lawful Rate from the date spent until the date repaid by Borrower.

## ARTICLE VII.

### AGREEMENT AMONG LENDERS

7.1. Agreement Among Lenders. Lenders agree among themselves that:

(a) Administrative Lender. Each Lender hereby appoints NationsBank as its nominee in its name and on its behalf, to receive all documents and items to be furnished hereunder; to act as nominee for and on behalf of all Lenders in and under all the Loan Documents; to hold in trust for the benefit of Lenders monies received under all Loan Documents (but without creating any trustee relationship between Administrative Lender and Lenders other than in respect of the holding of such monies); to take such action as may be requested by Determining Lenders, provided that, unless and until Administrative Lender shall have received such requests, Administrative Lender may take such action, or refrain from taking such action, as it may deem advisable and in the best interests of Lenders, provided, further, Administrative Lender shall not be required to take any action which exposes Administrative Lender to personal liability or which is contrary to this Agreement or applicable Law; to arrange the means whereby the proceeds of Loans of Lenders are to be made available to Borrower; to, except as otherwise specifically provided herein, promptly distribute to each Lender, at such Lender's principal office, information, requests, documents and items received from Borrower and others, and its share of each Loan payment and such other payments owing to it pursuant to this Agreement and the other Loan Documents; and to deliver to Borrower and others, requests, demands, approvals and consents received from Lenders. Administrative Lender shall have no trustee or other fiduciary relationship in respect of any Lender by reason of this Agreement or any other Loan Document. The duties of Administrative Lender under this Agreement and the other Loan Documents are mechanical in nature.

(b) Replacement of Administrative Lender. Should NationsBank or any successor Administrative Lender ever cease to be a Lender herein (and/or sell by participation 100% of its Commitment), or should NationsBank or any successor Administrative Lender ever resign as Administrative Lender (which resignation may not occur earlier than 30 days after Administrative Lender's giving of notice of resignation), or should NationsBank or any successor Administrative Lender ever be removed with or without cause by Determining Lenders, then the Lender

appointed by Determining Lenders shall forthwith become Administrative Lender, and each Company and Lenders shall execute such documents as such Lender may reasonably request to reflect such change in and under the Loan Documents. Any resignation or removal of NationsBank or any successor Administrative Lender shall become effective upon the appointment by Determining Lenders of a successor Administrative Lender and Determining Lenders agree to promptly appoint a successor Administrative Lender; provided that, if Determining Lenders fail for any reason to appoint a successor within 60 days after such removal or resignation, then NationsBank or any successor Administrative Lender (as the case may be) shall thereafter have no duty or obligation to act as Administrative Lender hereunder, provided NationsBank or any such successor Administrative Lender (as the case may be) shall have appointed a successor.

(c) Expenses. Each Lender shall pay its pro rata part of any reasonably necessary expenses incurred by Administrative Lender in connection with any of the Loan Documents (other than the initial preparation and negotiation of this Agreement and the other Loan Documents) if Administrative Lender does not receive reimbursement therefor from other sources within 60 days after the date incurred. Any amount so paid by Lenders to Administrative Lender shall be returned by Administrative Lender pro rata to each paying Lender to the extent later paid by Borrower to Administrative Lender.

(d) Delegation of Duties. Administrative Lender may execute any of its duties hereunder by or through officers, directors, employees, attorneys or agents, and shall be entitled to (and shall be protected in relying upon) advice of counsel concerning all matters pertaining to its duties hereunder.

(e) Reliance by Administrative Lender. Administrative Lender and its officers, directors, employees, attorneys and agents shall be entitled to rely and shall be fully protected in relying on any writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telex or teletype message, statement, order, or other document or conversation believed by it or them in good faith to be genuine and correct and to have been signed or made by the proper Person and, with respect to legal matters, upon opinions of counsel selected by Administrative Lender. Administrative Lender may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless Administrative Lender shall receive written notice to the contrary from the payee of any Note.

(f) Limitation of Administrative Lender's Liability. Neither Administrative Lender nor any of its officers, directors, employees, attorneys or agents shall be liable for any action taken or omitted to be taken by it or them hereunder in good faith and believed by it or them to be within the discretion or power conferred upon it or them by the Loan Documents or be responsible for the consequences of any error of judgment. Except as set forth in Section 7.1(a), Administrative Lender shall be under no duty to enforce any Rights with respect to any of the Loans or the security therefor. Administrative Lender shall not be compelled to do any act hereunder or to take any action towards the execution or enforcement of the powers hereby created or to prosecute or defend any suit in respect hereof, unless indemnified to its satisfaction (but

excluding indemnification for gross negligence or wilful misconduct of Administrative Lender) against loss, cost, liability and expense. Administrative Lender shall not be responsible in any manner to any Lender for the effectiveness, enforceability, genuineness, validity or due execution (other than its own) of any of the Loan Documents or for any representation, warranty, document, certificate, report or statement made herein or furnished under or in connection with any of the Loan Documents by any other Person, or be under any obligation to any Lender to ascertain or to inquire as to the performance or observation of any of the terms, covenants or conditions of any of the Loan Documents on the part of Borrower. TO THE EXTENT ADMINISTRATIVE LENDER IS NOT REIMBURSED BY BORROWER THEREFOR, EACH LENDER, INCLUDING NATIONSBANK, SEVERALLY AGREES TO INDEMNIFY, PRO RATA, ADMINISTRATIVE LENDER AND HOLD IT HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES AND/OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, ASSERTED AGAINST, OR INCURRED BY ADMINISTRATIVE LENDER IN ANY WAY RELATING TO OR ARISING OUT OF THE LOAN DOCUMENTS OR ANY ACTION TAKEN OR OMITTED BY ADMINISTRATIVE LENDER UNDER THE LOAN DOCUMENTS (INCLUDING ANY NEGLIGENT ACTION OR INACTION OF ADMINISTRATIVE LENDER), EXCEPT AND ONLY TO THE EXTENT THE SAME RESULT FROM GROSS NEGLIGENCE OR WILLFUL MISCONDUCT BY ADMINISTRATIVE LENDER.

(g) Liability Among Lenders. No Lender shall incur any liability to any other Lender except for acts or omissions in bad faith, and except as provided in the last sentence of Section 7.1(f).

(h) Liability for Other Lenders. No Lender shall incur any liability to any Company or any other Person for any act or omission of any other Lender.

(i) Rights as Lender. With respect to its Commitment and Loans made by it, Administrative Lender shall have the same Rights as a Lender and may exercise the same as though it were not Administrative Lender, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Administrative Lender in its individual capacity. Administrative Lender may accept deposits from, act as trustee under indentures of, and generally engage in any kind of business with, Borrower and any Person who may do business with or own securities of Borrower all as if Administrative Lender were not Administrative Lender hereunder and without any duty to account therefor to Lenders.

7.2. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon Administrative Lender or any other Lender and based upon the financial statements referred to in Section 5.2 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Administrative Lender or any other Lender and based upon such documents and information as it shall deem appropriate at

the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

7.3. Benefits of Article. None of the provisions of this Article VII shall inure to the benefit of Borrower or any Subsidiary, or any Person other than Lenders; consequently, neither Borrower or any Subsidiary, nor any other Person, shall be entitled to rely upon, or to raise as a defense, in any manner whatsoever, the failure of any Lender to comply with such provisions.

#### ARTICLE VIII.

##### MISCELLANEOUS

8.1. Accounting Terms. All accounting and financial terms used herein, and the compliance with each covenant contained herein which relates to financial matters, shall be determined in accordance with GAAP, except to the extent that a deviation therefrom is expressly stated herein.

8.2. Money. Unless stipulated otherwise, all references herein to "Dollars", "money", "payments", or other similar financial or monetary terms, are references to currency of the United States of America.

8.3. Number and Gender of Words. Wherever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

8.4. Headings. The headings, captions and arrangements used in any of the Loan Documents are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of the Loan Documents, or affect the meaning thereof.

8.5. Articles, Sections, and Exhibits. All references to "Articles", "Sections", "subparagraphs" or "subsections" contained herein are, unless specifically indicated otherwise, references to articles, sections, subparagraphs and subsections of this Agreement. All references to "Exhibits" contained herein are references to exhibits attached hereto, all of which are made a part hereof for all purposes, the same as if set forth herein verbatim. If any exhibit attached hereto which is to be executed and delivered contains blanks or requires attachments or is otherwise required to be updated or completed from time to time, it shall be completed correctly and in accordance with the terms and provisions contained and as contemplated herein prior to or at the time of the execution and delivery thereof.

8.6. Notices, Etc. All notices, demands and other communications provided for hereunder shall be in writing (including telegraphic, telecopy, telex or cable communication) and mailed, telegraphed, telecopied, telexed, cabled or delivered, if to Borrower, at its address at One

Gaylord Drive, Nashville, Tennessee 37214, Attention: Chief Financial Officer; if to any Bank, at its office specified opposite its name on Schedule II hereto; if to any other Lender, at its office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to Administrative Lender, at its address at 901 Main Street, 67th Floor, Dallas, Texas 75202, Attention: Todd A. Shipley, Southwest Corporate Finance Department; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall be effective (i) when received, if mailed or delivered, or (ii) when delivered to the telegraph company, transmitted by telecopier, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to Administrative Lender pursuant to Article II or VI shall not be effective until received by Administrative Lender.

8.7. No Waiver; Remedies. No failure on the part of any Lender or Administrative Lender to exercise, and no delay in exercising, any Right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such Right preclude any other or further exercise thereof or the exercise of any other Right. The remedies herein provided are cumulative and not exclusive of any remedies provided by Law.

8.8. Survival of Agreements. All covenants, agreements, representations and warranties made herein shall survive the execution and the delivery of this Agreement and the other Loan Documents. All statements contained in any certificate or other instrument delivered by or on behalf of Borrower or any Subsidiary hereunder shall be deemed to constitute representations and warranties made by Borrower or such Subsidiary.

8.9. Binding Effect. All covenants and agreements contained in this Agreement and all other Loan Documents shall bind and inure to the benefit of the respective permitted successors and assigns of the parties hereto, except that Borrower may not assign its Rights, obligations and duties hereunder without the prior written consent of all Lenders.

8.10. Expenses. Borrower agrees to pay (i) all reasonable out-of-pocket expenses of Administrative Lender, including reasonable fees and expenses of Special Counsel, from time to time in connection with amendments or consents to, or waivers of, any of the Loan Documents, and the consideration of legal questions relevant thereto and (ii) all reasonable out-of-pocket expenses of Administrative Lender and each Lender in connection with the enforcement of the Loan Documents following the occurrence of an Event of Default, including, without limitation, the reasonable fees and expenses of Special Counsel and each Lender with respect thereto. The obligations of Borrower under this Section 8.10 shall survive any termination of this Agreement.

8.11. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) with respect to Events of Default other than as specified in subparagraph (d) or (e) of Section 6.1, the making of the request or the granting of the consent specified by Section 6.2 to authorize Administrative Lender to declare the Loans due and payable pursuant to the provisions of Section 6.2, each Lender, subject to Section 2.12, is hereby authorized at any time



and from time to time, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of Borrower against any and all of the Obligations of Borrower, irrespective of whether Administrative Lender or such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured. Each Lender agrees promptly to notify Borrower after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender may have.

8.12. Governing Law. THIS AGREEMENT AND ALL OTHER LOAN DOCUMENTS SHALL BE DEEMED CONTRACTS MADE UNDER THE LAWS OF TEXAS AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF TEXAS, EXCEPT TO THE EXTENT FEDERAL LAWS GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT AND INTERPRETATION OF ALL OR ANY PART OF THIS AGREEMENT AND ALL OTHER LOAN DOCUMENTS. WITHOUT EXCLUDING ANY OTHER JURISDICTION, BORROWER AGREES THAT THE COURTS OF TEXAS WILL HAVE JURISDICTION OVER PROCEEDINGS IN CONNECTION HEREWITH. THIS AGREEMENT AND ALL OTHER LOAN DOCUMENTS SHALL BE PERFORMABLE IN DALLAS COUNTY, TEXAS.

8.13. Usury Provision. It is not the intention of any of the parties to this Agreement to make an agreement violative of the Laws of any applicable jurisdiction relating to usury. Regardless of any provision in any of the Loan Documents, no Lender shall ever be entitled to receive, collect or apply, as interest on the Obligation, any amount in excess of the Maximum Amount. If any Lender ever receives, collects or applies, as interest, any such excess, such amount which would be excessive interest shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining excess shall be paid to Borrower. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Maximum Amount, Borrower and Lenders shall, to the maximum extent permitted under Applicable Laws, (i) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effect thereof, and (iii) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligation so that the interest rate is uniform throughout the entire term of the Obligation; provided that if the Obligation is paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lenders shall refund to Borrower the amount of such excess or credit the amount of such excess against the total principal amount owing, and, in such event, no Lender shall be subject to any penalties provided by any Laws for contracting for, charging or receiving interest in excess of the Maximum Amount. This Section 8.13 shall

control every other provision of all agreements among the parties to this Agreement pertaining to the transactions contemplated by or contained in the Loan Documents.

8.14. Indemnity.

(A) BORROWER AGREES TO, AND DOES INDEMNIFY AND HOLD HARMLESS EACH LENDER AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, CLAIMS, COSTS, EXPENSES AND DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST ANY LENDER IN ANY WAY RELATING TO OR ARISING OUT OF ANY EVENT OF DEFAULT OR ANY ACT OR OMISSION OR TRANSACTION OF ANY COMPANY OR ANY OF THEIR OFFICERS OR DIRECTORS, TO THE EXTENT THAT ANY OF THE SAME RESULTS, DIRECTLY OR INDIRECTLY, FROM ANY CLAIMS MADE OR ACTIONS, SUITS OR PROCEEDINGS COMMENCED BY OR ON BEHALF OF ANY PERSON OTHER THAN A LENDER OR ANY ACTION IN GOOD FAITH BROUGHT BY BORROWER OR ANY GUARANTOR. IN ADDITION, BORROWER HEREBY AGREES TO INDEMNIFY ADMINISTRATIVE LENDER AND EACH LENDER AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES OR EXPENSES INCURRED BY ANY OF THEM ARISING OUT OF OR BY REASON OF ANY INVESTIGATION OR LITIGATION OR OTHER PROCEEDINGS (INCLUDING ANY THREATENED INVESTIGATION OR LITIGATION OR OTHER PROCEEDINGS) RELATING TO ANY ACTUAL OR PROPOSED USE BY BORROWER OR ANY SUBSIDIARY OF THE PROCEEDS OF ANY OF THE LOANS, INCLUDING, WITHOUT LIMITATION, THE REASONABLE FEES AND DISBURSEMENTS OF COUNSEL INCURRED IN CONNECTION WITH ANY SUCH INVESTIGATION OR LITIGATION OR OTHER PROCEEDINGS (BUT EXCLUDING ANY SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES OR EXPENSES INCURRED BY REASON OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PERSON TO BE INDEMNIFIED, BUT SPECIFICALLY INCLUDING ANY SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES OR EXPENSES INCURRED BY REASON OF MERE NEGLIGENCE OF THE PERSON TO BE INDEMNIFIED).

(b) If (i) any payment of principal of, or Conversion of, any LIBOR Loan is made by Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Loan, as a result of a payment or Conversion pursuant to Section 2.7, 2.8, 2.9(d), 2.20 or 4.13, acceleration of the maturity of the Loans pursuant to Section 6.1, or for any other reason, (ii) Borrower shall fail to Convert into or continue a LIBOR Loan or borrow a LIBOR Loan on the date specified in the notice thereof (other than a result of any wrongful act or omission of any Lender), or (iii) any Lender shall sell its rights and obligations under this Agreement to an Eligible Assignee within 180 days after the Agreement Date resulting in breakage of a LIBOR Loan made by such selling Lender prior to the last day of the Interest Period therefor, Borrower shall, upon

demand by such Lender (with a copy of such demand to Administrative Lender), pay to Administrative Lender for the account of such Lender any and all amounts required to compensate such Lender for any and all additional losses, costs and expenses that it may reasonably incur as a result of such payment, Conversion or failure to Convert or continue, failure to borrow or breakage cost as a result of such sale, including, without limitation (except that with respect to clause (iii) immediately preceding the following shall be the only loss, cost or expense to be received by a selling Lender), any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Loan. Such Lender claiming compensation under this Section 8.14(b) shall deliver to Borrower and Administrative Lender a certificate setting forth calculation of the additional amounts or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

(c) The obligations of Borrower under this Section 8.14 shall survive any termination of this Agreement.

8.15. Severability. If any provision of any of the Loan Documents is held to be illegal, invalid or unenforceable under present or future Laws during the term thereof, such provision shall be fully severable, the appropriate Loan Document shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof, and the remaining provisions thereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance therefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as a part of such Loan Document a provision as similar in terms to the illegal, invalid or unenforceable provision as may be possible and legal, valid and enforceable.

#### 8.16. Assignments and Participations.

(a) Each Lender, with the prior written consent of Borrower and Administrative Lender (which consents shall not be unreasonably withheld, provided that no consent of Borrower shall be required for any assignment during any time that an Event of Default has occurred and is continuing), may assign to one or more banks or other entities all or a portion of its Rights and obligations under this Agreement and the other Loan Documents (including, without limitation, all or a portion of its Commitment, the Loans owing to it and its participation in any Letters of Credit); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all of the assigning Lender's Rights and obligations under and in respect of all of its Commitment, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than the lesser of (A) the entire Commitment of such Lender at such time or (B) \$10,000,000, (iii) each such assignment shall be to an Eligible Assignee and (iv) the parties to each such assignment shall execute and

deliver to Administrative Lender, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the delivery thereof to Administrative Lender or, if so specified in such Assignment and Acceptance, the date of acceptance thereof by Administrative Lender, (x) the assignee thereunder shall be a party hereto and, to the extent that Rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the Rights and obligations of a Lender hereunder and under the other Loan Documents and (y) the Lender assignor thereunder shall, to the extent that Rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its Rights and be released from its obligations under this Agreement and under the other Loan Documents (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's Rights and obligations under this Agreement and under the other Loan Documents, such Lender shall cease to be a party hereto, except that such Lender shall continue to be entitled to the Rights available to Lenders pursuant to Sections 2.9, 2.11, 2.13(d), 8.10 and 8.14).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or any Guarantor or the performance or observance by Borrower or any Guarantor of any of their respective obligations under this Agreement, the Guaranty or any other Loan Document or any other instrument or document furnished hereto or thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 5.2 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon Administrative Lender, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes Administrative Lender to take such action as nominee on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Administrative Lender by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with its terms all of the obligations that by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Lender.

(c) Administrative Lender shall maintain at its address referred to in Section 8.6 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrower, Administrative Lender and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, Administrative Lender shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit A, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to Borrower. Within five (5) Business Days after its receipt of notice that Administrative Lender has received an executed Assignment and Acceptance, Borrower shall execute and deliver to Administrative Lender for delivery to the relevant assignee) a new Revolving Credit Note evidencing such assignee's assigned Loans and Commitment, and if the Lender assignor has retained a portion of its Loans and its Commitment, a replacement Revolving Credit Note in the amount of the Commitment retained by the Lender assignor (such Revolving Credit Note to be in exchange for, but not payment of, the Revolving Credit Note held by such Lender).

(e) Notwithstanding any other provision set forth in this Agreement to the contrary, any Lender may at any time and from time to time assign, as collateral or otherwise in the ordinary course of business of such Lender, all or any portion of its Rights under the Loan Documents (including without limitation rights to payment of principal and interest under such Lender's Revolving Credit Note) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System. Any such assignment may be made without notice to or consent of Administrative Lender, Issuing Bank, Swing Line Bank, Borrower and other Lenders.

(f) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its Rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Loans owing to it and its participation in any Letters of Credit); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrower, Administrative Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's Rights and obligations under this Agreement and (iv) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any party thereto, except to the extent that such amendment, waiver or consent would

reduce or increase the principal of, or interest on, the Loans or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the Loans or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.16, disclose to the assignee or participant or proposed assignee or participant, any information relating to Borrower furnished to such Lender by or on behalf of Borrower; provided, however, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information to the extent required of Lenders hereunder pursuant to Section 8.19.

8.17. No Liability of Issuing Bank. Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither Issuing Bank nor any Lender nor any of their respective officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit, except, as to the Issuing Bank only, for any payment made upon Issuing Bank's gross negligence or willful misconduct; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that Borrower shall have a claim against Issuing Bank, and Issuing Bank shall be liable to Borrower, to the extent of any direct, but not consequential, damages suffered by Borrower that Borrower proves were caused by (i) Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any Letter of Credit comply with the terms of such Letter of Credit or (ii) Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

8.18. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and such amendment, waiver or consent shall be consented to in one or more writings signed by or consented to by Determining Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by or consented to by all Lenders, do any of the following: (i) waive any of the conditions specified in Section 2.16 or 2.17, (ii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Lenders, that shall be required for Lenders or

any of them to take any action hereunder, (iii) amend this Section 8.18, (iv) increase the Commitments of Lenders or subject the Lenders to any additional obligations, (v) reduce or forgive the principal of, or interest on, the Loans, the Reimbursement Obligations or any fees, commissions or other amounts payable hereunder, (vi) postpone any date fixed for any payment of principal of, or interest on, the Loans, the Reimbursement Obligations or any fees, commissions or other amounts payable hereunder, (vii) release any Guarantor or (viii) change the definition of Determining Lenders; provided, further, that no term or condition relating to (A) Swing Line Loans may be amended or waived unless in writing and signed by Swing Line Bank or (B) the Letters of Credit may be amended or waived unless in writing and signed by Issuing Bank; provided, further, that no amendment, waiver or consent shall, unless in writing and signed by Administrative Lender in addition to Lenders required above to take such action, affect the rights or duties of Administrative Lender under this Agreement.

8.19. Confidentiality. Each Lender and Administrative Lender agrees (on behalf of itself and each of its Affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices, any non-public information supplied to it by any Company pursuant to this Agreement, provided that nothing herein shall limit the disclosure of any such information (i) to the extent required by statute, rule, regulation, judicial process or any Tribunal, (ii) to counsel for any of Lenders or Administrative Lender, (iii) to bank examiners, regulators, auditors or accountants, (iv) to Administrative Lender or any other Lender, (v) in connection with any litigation to which any one or more of Lenders is a party, (vi) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) agrees to preserve the confidentiality of any confidential information to the extent required of Lenders pursuant to this Section 8.19 or (vii) to the extent such information becomes available through a Person not a Company without knowledge by Administrative Lender or Lender of any requirements of confidentiality. Except as otherwise provided in the immediately preceding sentence, all such non-public information supplied to each Lender and Administrative Lender shall not be copied or distributed to any Person other than a Lender without the prior written consent of Borrower.

8.20. Release and Assumption. Simultaneously with the execution by New Gaylord of the Assumption Agreement upon the date immediately prior to the effective date of the Westinghouse Merger, (a) Borrower, automatically and without any action by Administrative Lender, any Lender or any other Person, shall be released and discharged from all obligations and liabilities arising under this Agreement and any other Loan Documents, (b) New Gaylord shall assume all obligations and liabilities of Borrower under this Agreement and the other Loan Documents, as more particularly described in the Assumption Agreement, and (c) all references to Borrower in this Agreement and the other Loan Documents shall mean and refer to New Gaylord.

8.21. Exceptions to Covenants. Borrower shall not be deemed to be permitted to take any action or fail to take any action which is permitted as an exception to any of the covenants contained herein or which is within the permissible limits of any of the covenants contained herein if such action or omission would result in the breach of any other covenant contained herein.

8.22. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. It is not necessary that each Lender execute the same counterpart, so long as counterparts are executed by Borrower and each Lender.

8.23. WAIVER OF JURY TRIAL. EACH OF BORROWER, ADMINISTRATIVE LENDER AND LENDERS HEREBY, TO THE FULLEST EXTENT PERMITTED BY LAW, IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATED TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

8.24. ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT THE MATTERS COVERED HEREIN AND THEREIN AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GAYLORD ENTERTAINMENT COMPANY

By:

-----  
Terry E. London  
President

One Gaylord Drive  
Nashville, Tennessee 37214

ACKNOWLEDGED AND AGREED FOR  
PURPOSES OF SECTION 8.20 HEREOF:

NEW GAYLORD ENTERTAINMENT COMPANY

By:

-----  
Name: -----  
Title: -----  
-----

NATIONSBANK OF TEXAS, N.A.  
as a Lender, Swing Line Bank, Issuing  
Bank and as Administrative Lender

By: -----  
Name: -----  
Title: -----

Lending Office:  
901 Main Street, 67th Floor  
Dallas, Texas 75202  
Attention: Todd A. Shipley

THE BANK OF NEW YORK

By: -----  
Joseph P. Matteo  
Vice President

Lending Office:  
One Wall Street, 16th Floor  
New York, New York 10286  
Attention: Joe Matteo

THE FUJI BANK, LIMITED, ATLANTA  
AGENCY

By: -----  
T.. Mitsui  
Senior Vice President

Lending Office:  
245 Peachtree Center Avenue  
Marquis Towers, Suite 2100  
Atlanta, Georgia 30303  
Attention: Manijeh Harmon

SUNTRUST BANK, NASHVILLE, N.A.

By: -----  
Name: -----  
Title: -----

Lending Office:  
201 Fourth Avenue N  
Nashville, Tennessee 37219  
Attention: J. Lee Lamprecht

FIRST AMERICAN NATIONAL BANK

By: -----  
Scott Bane  
Senior Vice President

Lending Office:  
327 Union Street  
Nashville, Tennessee 37237-0310  
Attention: Scott Bane

CREDIT LYONNAIS NEW YORK BRANCH

By: -----  
Name: -----  
Title: -----

Lending Office:  
1301 Avenue of the Americas  
New York, New York 10019  
Attention: Robert Ivosevich

with a copy to:

2200 Ross Avenue, Suite 4400 West  
Dallas, Texas 75201  
Attention: Blake Wright

BANQUE PARIBAS

By: -----  
Name: -----  
Title: -----

By: -----  
Name: -----  
Title: -----

Lending Office:  
2029 Century Park East, Suite 3900  
Los Angeles, California 90067  
Attention: Todd Rodgers

WELLS FARGO BANK (TEXAS), NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Lending Office:  
1445 Ross Avenue, Suite 300  
Dallas, Texas 75202  
Attention: Drew Keith

FIRST UNION NATIONAL BANK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Lending Office:  
150 Fourth Avenue North  
Nashville, Tennessee 37219  
Attention: John Nichols

THE SAKURA BANK, LIMITED

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Lending Office:  
245 Peachtree Center Avenue, N.E.,  
Suite 2703  
Atlanta, Georgia 30303  
Attention: Charles S. Zimmerman

THE INDUSTRIAL BANK OF JAPAN,  
LIMITED, ATLANTA AGENCY

By: -----  
Name: -----  
Title: -----

Lending Office:  
One Ninety One Peachtree Tower, Suite 3600  
191 Peachtree Street N.E.  
Atlanta, Georgia 30303-1757  
Attention: James Masters

COMERICA BANK

By: -----  
Kristine L. Andersen  
Account Officer

Lending Office:  
9th Floor, MC 3280  
500 Woodward Avenue  
Detroit, Michigan 48226  
Attention: Kristine L. Andersen

THE LONG-TERM CREDIT BANK OF JAPAN,  
LTD.

By: -----  
Name: -----  
Title: -----

Lending Office:  
165 Broadway  
New York, New York 10006  
Attention: Kathy Dorsh-Santiago

THE SANWA BANK, LIMITED

By: -----  
Dennis S. Losin  
Vice President

Lending Office:  
133 Peachtree Street, NE  
Suite 4950 Georgia-Pacific Center  
Atlanta, Georgia 30303  
Attention: Dennis S. Losin

THE BANK OF NOVA SCOTIA

By: -----  
Name: -----  
Title: -----

Lending Office:  
One Liberty Plaza  
New York, New York 10006  
Attention: Margot Bright

WACHOVIA BANK, N.A.

By: -----  
Name: -----  
Title: -----

Lending Office:  
191 Peachtree Street (GA3940)  
Atlanta, Georgia 30303  
Attention: Ken Washington

BANK OF TOKYO MITSUBISHI TRUST  
COMPANY

By: -----  
Name: -----  
Title: -----

Lending Office:  
1251 Avenue of the Americas, 12th Floor  
New York, New York 10020  
Attention: Glenn Eckert



SCHEDULE I  
 COMMITMENT OF LENDERS  
 THIS AGREEMENT

LENDER -----	COMMITMENT -----	SPECIFIED PERCENTAGE -----
NationsBank of Texas, N.A.	\$185,000,000.00	30.8333333333%
The Bank of New York	\$ 20,000,000.00	3.3333333333%
The Fuji Bank, Limited, Atlanta Agency	\$ 10,000,000.00	1.666666667%
SunTrust Bank, Nashville, N.A.	\$ 50,000,000.00	8.3333333333%
First American National Bank	\$ 20,000,000.00	3.3333333333%
Credit Lyonnais New York Branch	\$ 35,000,000.00	5.8333333333%
Banque Paribas	\$ 20,000,000.00	3.3333333333%
Wells Fargo Bank (Texas), National Association	\$ 50,000,000.00	8.3333333333%
First Union National Bank	\$ 20,000,000.00	3.3333333333%
The Sakura Bank, Limited	\$ 20,000,000.00	3.3333333333%
The Industrial Bank of Japan, Limited, Atlanta Agency	\$ 20,000,000.00	3.3333333333%
Comerica Bank	\$ 20,000,000.00	3.3333333333%
The Long-Term Credit Bank of Japan, Ltd.	\$ 50,000,000.00	8.3333333333%
The Sanwa Bank, Limited	\$ 20,000,000.00	3.3333333333%
The Bank of Nova Scotia	\$ 10,000,000.00	1.666666667%
Wachovia Bank, N.A.	\$ 30,000,000.00	5.0000000000%
Bank of Tokyo Mitsubishi Trust Company	\$ 20,000,000.00	3.3333333333%

## SCHEDULE II

## LENDER'S ADDRESSES

NATIONSBANK OF TEXAS, N.A.  
901 Main Street, 67th Floor  
Dallas, Texas 75202

THE BANK OF NEW YORK  
One Wall Street, 16th Floor  
New York, New York 10286

THE FUJI BANK, LIMITED, ATLANTA AGENCY  
245 Peachtree Center Avenue  
Marquis Towers, Suite 2100  
Atlanta, Georgia 30303

SUNTRUST BANK, NASHVILLE, N.A.  
201 Fourth Avenue N  
Nashville, Tennessee 37219

FIRST AMERICAN NATIONAL BANK  
327 Union Street  
Nashville, Tennessee 37237-0310

CREDIT LYONNAIS NEW YORK BRANCH  
1301 Avenue of the Americas  
New York, New York  
10019

BANQUE PARIBAS  
2029 Century Park East, Suite 3900  
Los Angeles, California 90067

WELLS FARGO BANK (TEXAS), NATIONAL ASSOCIATION  
1445 Ross Avenue, Suite 300  
Dallas, Texas 75202

FIRST UNION NATIONAL BANK  
150 Fourth Avenue North  
Nashville, Tennessee 37219

THE SAKURA BANK, LIMITED  
245 Peachtree Center Avenue, N.E.  
Suite 2703  
Atlanta, Georgia 30303

THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA AGENCY  
One Ninety One Peachtree Tower, Suite 3600  
191 Peachtree Street N.E.  
Atlanta, Georgia 30303-1757

COMERICA BANK  
9th Floor, MC 3280  
500 Woodward Avenue  
Detroit, Michigan 48226

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.  
165 Broadway  
New York, New York 10006

THE SANWA BANK, LIMITED  
133 Peachtree Street, NE  
Suite 4950 Georgia-Pacific Center  
Atlanta, Georgia 30303

THE BANK OF NOVA SCOTIA  
One Liberty Plaza  
New York, New York 10006

WACHOVIA BANK, N.A.  
191 Peachtree Street (GA3940)  
Atlanta, Georgia 30303

BANK OF TOKYO MITSUBISHI TRUST COMPANY  
1251 Avenue of the Americas, 12th Floor  
New York, New York 10020

EXHIBIT G

SWING LINE NOTE

U.S. \$ \_\_\_\_\_

Dated: August 19, 1997

FOR VALUE RECEIVED, the undersigned, GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation (the "Company"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Swing Line Bank") for the account of its Lending Office (as defined in the Credit Agreement referred to below) the lesser of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) and the unpaid principal amount of the Swing Line Loans (as defined in the Credit Agreement referred to below) made by the Swing Line Bank to the Company pursuant to the Credit Agreement, payable at such times, and in such amounts, as are specified in the Credit Agreement.

The Company promises to pay interest on the unpaid principal amount of the Swing Line Loans from the date made until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to NationsBank of Texas, N.A. as Administrative Lender for the Swing Line Bank, at NationsBank Plaza, 901 Main Street, Dallas, Texas 75202 in immediately available funds.

This Swing Line Note is the Swing Line Note referred to in, and is entitled to the benefits of, the Credit Agreement dated as of August 19, 1997 among Gaylord Entertainment Company, the Swing Line Bank and certain other banks parties thereto, and NationsBank of Texas, N.A., as Administrative Lender for the Swing Line Bank and such other banks (as from time to time amended, modified or supplemented, the "Credit Agreement"). The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

THIS SWING LINE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

GAYLORD ENTERTAINMENT COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT H

REVOLVING CREDIT NOTE

U.S. \$ \_\_\_\_\_

Dated: August 19, 1997

FOR VALUE RECEIVED, the undersigned, GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation (the "Company"), HEREBY PROMISES TO PAY to the order of [Name of Lender] (the "Lender") for the account of its Lending Office (as defined in the Credit Agreement referred to below) the lesser of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) and the unpaid principal amount of the Revolving Credit Loans made by the Lender to the Company pursuant to the Credit Agreement, payable at such times, and in such amounts, as are specified in the Credit Agreement.

The Company promises to pay interest on the unpaid principal amount of the Revolving Credit Loans from the date made until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to NationsBank of Texas, N.A., as Administrative Lender for the Lender, at 901 Main Street, Dallas, Texas 75202 in immediately available funds.

This Revolving Credit Note is one of the Revolving Credit Notes referred to in, and is entitled to the benefits of, the Credit Agreement dated as of August 19, 1997 among Gaylord Entertainment Company, the Lender and certain other banks parties thereto, and NationsBank of Texas, N.A., as Administrative Lender for the Lender and such other banks (as from time to time amended, modified or supplemented, the "Credit Agreement"). The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

THIS REVOLVING CREDIT NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

GAYLORD ENTERTAINMENT COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT S

## ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (this "Agreement"), dated as of \_\_\_\_\_, 1997, is executed by NEW GAYLORD ENTERTAINMENT COMPANY, a corporation organized under the laws of the State of Delaware ("New Gaylord"), for the benefit of NATIONSBANK OF TEXAS, N.A., for itself and as Administrative Lender (the "Administrative Lender"), for itself and certain other lenders (the "Lenders") party to a Credit Agreement dated as of August 19, 1997 (said Credit Agreement, as amended, modified, supplemented or restated from time to time, the "Credit Agreement"; capitalized terms used herein and not defined herein shall have the meaning given to them in the Credit Agreement) with Gaylord Entertainment Company, a Delaware corporation ("Old Gaylord"), and for the benefit of Old Gaylord.

## BACKGROUND

A. Contemporaneously herewith the Westinghouse Merger is taking place, and, pursuant to the terms hereof, New Gaylord is assuming all Loans and all of the other indebtedness, obligations and liabilities of Old Gaylord under the Credit Agreement.

B. The Lenders have required this Agreement to, among other things, confirm and evidence New Gaylord's liabilities under the Loan Documents.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, New Gaylord covenants and agrees as follows:

1. ASSUMPTION. New Gaylord hereby irrevocably and unconditionally (i) accepts, assumes and agrees to pay and perform each and all of the indebtedness, liabilities and obligations of Old Gaylord pursuant to the Credit Agreement, the Notes and all other Loan Documents to which Old Gaylord is a party in accordance with their respective terms, (ii) agrees that New Gaylord will perform in accordance with their terms all the obligations which by the terms of the Credit Agreement, the Notes and each other Loan Document are required to be performed by Old Gaylord, as though New Gaylord were a signatory party to each such Loan Document, (iii) accepts, assumes, and agrees to pay and perform each and all of the indebtedness, liabilities and obligations of Old Gaylord that expressly survive termination of the Existing Credit Agreement and the NationsBank Term Loan Agreement, and (iv) agrees to execute such agreements, replacement Notes and other documents to further evidence the assumptions provided herein. Upon the effectiveness of this Agreement and without any action by the Administrative Lender or any Lender, Old Gaylord shall be released of any and all of its liabilities and obligations under the Credit Agreement, the Existing Credit Agreement, and the NationsBank Term Loan

Agreement, and New Gaylord shall be released of any and all of its liabilities and obligations under the Guaranty.

2. REPRESENTATIONS AND WARRANTIES . By its execution and delivery of this Agreement, New Gaylord represents and warrants that, as of the date hereof and after giving effect to this Agreement:

(a) The execution, delivery and performance by New Gaylord of this Agreement is within its respective powers and has been duly authorized by all necessary corporate action. This Agreement constitutes the legal, valid and binding obligation of New Gaylord, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity regardless of whether enforcement is sought in equity or at law) and except as rights to indemnity may be limited by federal or state securities laws;

(b) neither the execution, delivery and performance of this Agreement or any other documents contemplated hereby, nor the consummation of any transactions herein, will contravene or conflict with any law, rule or regulation to which New Gaylord is subject or any indenture, agreement or other instrument to which New Gaylord or any of its property is subject which, in any case, could reasonably be expected to have a Material Adverse Effect or result in or require the creation or imposition of any Lien (other than a Permitted Lien) upon or with respect to any of the properties of New Gaylord; and

(c) no authorization, approval, consent, or other action by, notice to, or filing with, any governmental authority or other Person which has not heretofore been obtained, is required for the execution, delivery or performance by New Gaylord of this Agreement or any other documents contemplated hereby.

3. EFFECTIVENESS. This Agreement shall be effective as of the effective date of the Westinghouse Merger.

4. COSTS AND EXPENSES. New Gaylord agrees to pay on demand all reasonable costs and expenses of the Administrative Lender actually incurred in connection with the preparation, reproduction, execution and delivery of this Agreement and the other instruments and documents to be delivered hereunder.

5. GOVERNING LAW; BINDING EFFECT. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas (except to the extent federal laws govern the validity, construction, enforcement and interpretation of all or any part of this Agreement) and shall be binding upon New Gaylord and the Administrative Lender and their respective successors and assigns.

6. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

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IN WITNESS WHEREOF, New Gaylord and the Administrative Lender have each executed this Agreement as of the date first above written.

GAYLORD ENTERTAINMENT COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

NATIONSBANK OF TEXAS, N.A., as  
Administrative Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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JAN-01-1997  
JUN-30-1997  
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